

What's Standing Alfalfa Worth in 2016?¹



One of the challenges in coming up with a value for standing hay is the lack of daily commodity market pricing like corn and soybeans. Another challenge this year is the significant drop in hay price, in some cases almost half of what it was going for just a few years ago. So the price for standing hay last year might not be appropriate this year. Here is one example for pricing standing hay in 2016.

Assuming a four (4.0) ton dry matter (DM) yield/acre for the entire year of dairy quality alfalfa hay ranging from \$100 to \$150/ton baled (\$0.06 to \$0.09/lb DM) with half the value going to the land owner for input costs (land, taxes, seed, chemical and fertilizer), and half the value credited to the buyer for harvesting, field loss and weather risk, standing value for this alfalfa field for the entire season would be \$230 to \$360/acre.

Using a three cut (43% / 31% / 26%) or four cut (36% / 25% / 21% / 18%) harvest schedule, the following price range (rounded to the nearest \$5) may offer a starting point for buyers and sellers to negotiate a sale of high quality standing alfalfa in 2016:

	<u>4 cuts</u>	<u>3 cuts</u>
1 st crop...	\$ 85-130/a	\$100-155/a
2 nd crop...	\$ 60- 90/a	\$ 70-110/a
3 rd crop...	\$ 50- 75/a	\$ 60- 95/a
4 th crop...	\$ 40- 65/a	

To help farmers and landowners better evaluate their pricing options, Greg Blonde, UW-Extension Agriculture Agent released a Smartphone app last year for pricing standing hay. With over a thousand users since last spring, the app provides easy access to the current baled hay market for reference prices, and calculates standing value per acre for each cutting based on projected annual yield and harvest costs. The app is free and can be downloaded on all Android smart phones and tablets through the Google Play store (search for **Hay Pricing**) or by going to:

<https://play.google.com/store/apps/details?id=com.smartmappsconsulting.haypricing>



Keep in mind ownership costs can run \$300-400/acre when considering lost rent, establishment costs and top-dress fertilizer to maintain soil fertility. That's why the same price is not always the right price for everyone. As the old saying goes "a fair price is whatever a willing seller and an able buyer can agree on".

¹ Greg Blonde, Waupaca County UW-Extension Agent. April 2016.