

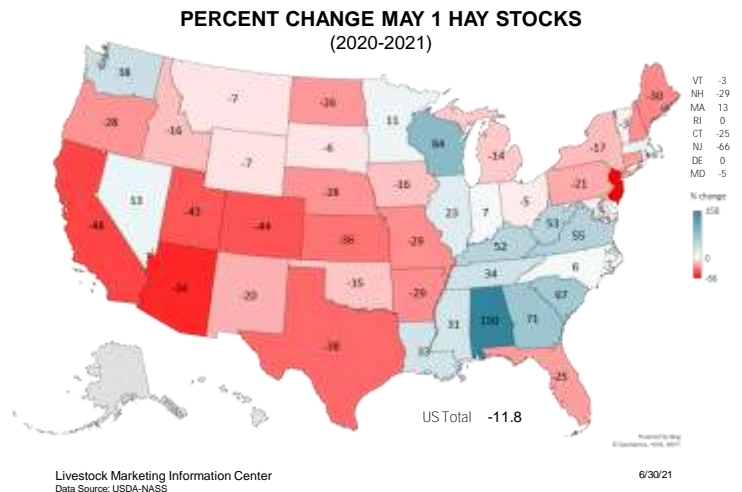
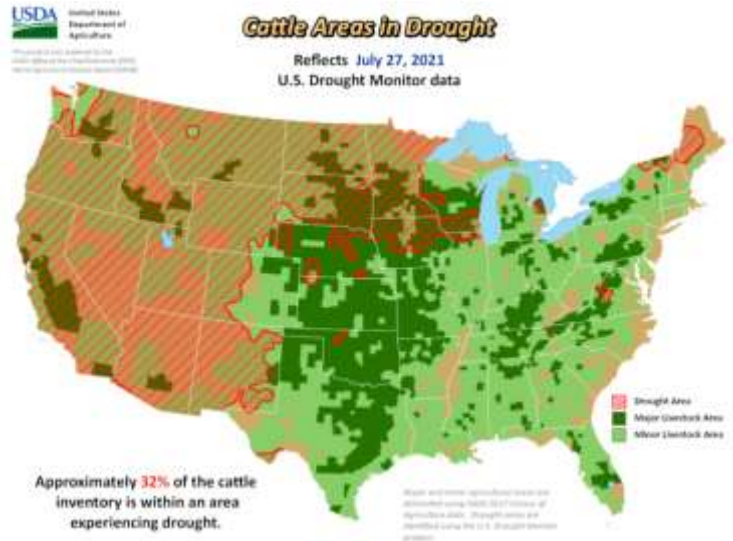
Pasture and range conditions held stable last week with only 19% and 23% in the poor and very poor rating systems assigned by USDA NASS in the weekly crop progress report. This is the same as last week on a national basis. Upper ratings of good and excellent both gave up ground compared to prior week losing a percent each.

Western states continue to be plagued by extremely dry conditions and high priced forage. More than 65% of the Western states (AZ, CA, ID, NV, NM, OR, UT, WA) pasture conditions require feed supplementation. Great Plains states (CO, KS, MT, NE, ND, SD, WY) too are struggling, and still have more than 50% of their pasture requiring supplemental feeding. Other regions have less than 20% in those conditions. The drought monitor continues to indicate extreme drought in large parts of cow calf country. For illustration, the World Outlook Board weekly releases an “[Ag in Drought](#)” publication. Last week, the percent of cattle in the U.S. estimated to be in drought conditions was 32%.

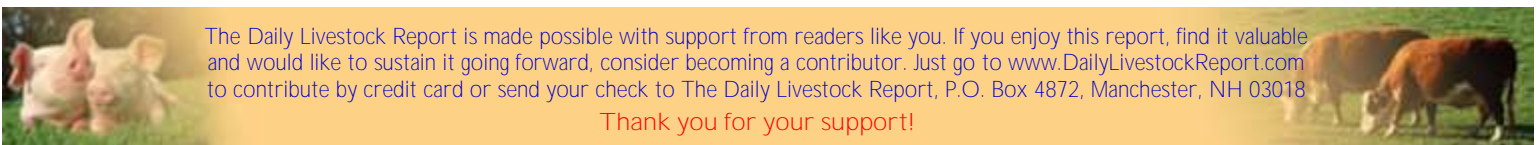
For many of these areas, this is the second year of dry conditions. Low hay production and higher usage last year led to a 12% reduction nationally in the May 1 stocks. Areas of deep declines in hay stocks largely overlay the same areas that are experiencing critical drought now.

The most recent Agricultural prices is for June hay price data, that is presented as a weighted average by state. Other hay or non-alfalfa hay is expected to hit another year of \$200+ in many of the Western states. The highest priced hay per ton listed in last month's Agricultural prices was Washington at \$240 per ton, a \$5 increase from last year. Colorado was the next highest at \$220. The national weight average price only sits at \$140 per ton, but that is up 9% from last June. The weighted average price is also muting some of the differences that may be happening by quality grade. USDA NASS does provide a weighted average for Premium and Supreme alfalfa hay in select states, which has a greater influence on dairy feed prices. California and Idaho are the two western states listed in that report. Both were up about 17% year-over-year in June.

Hay cutting season is not yet over, but the drought is unlikely to break with enough time to substantially improve hay supplies. Hay prices are expected remain elevated and will likely inch higher this winter. The bottom of the hay marketing year typically occurs in September, but prices usually move lower between May and September as more hay cuttings ease supplies. So far that has not been the case. On a season average basis the U.S. other hay price is expected to remain above a year ago. For already high prices, areas with little stocks, those prices are expected to sore even higher. For comparison



sake, 2012/13 was the highest season average other hay price on record at \$144 per ton. Other hay prices nationally are already outpacing May and June prices in that drought year. For livestock producers, the problem is two fold: availability and an expensive input. This is expected to be the driving factor in cow liquidation and culling decisions in August.



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