Daily Livestock Report

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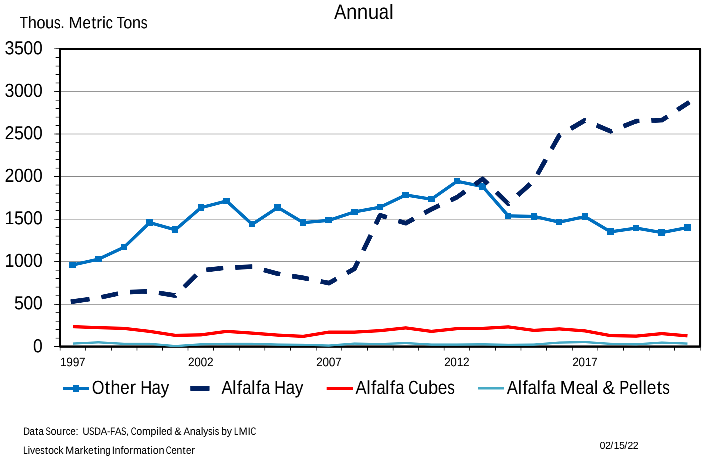
Correction: Yesterday's DLR had a typo regarding cattle imports from Canada. The sentence should have read: Last year, Canada, starting about mid-year, shifted to **exporting** significantly higher volumes of feeder cattle to the U.S., and outpaced 2020 by about 25,600 thousand head, a 22% increase.

Annual hay trade data was released last week by USDA FAS. U.S. hay prices have trended higher of the last couple of years, as drought and shifts in acreage have impacted production. The export market for total hay products (cubes, meal, bales, etc.) account for roughly 3% of total U.S. hay production. In shorter production years, that proportion rises for example in 2012, total hay exports were the equivalent of more than 3% of hay production. There has been a shift to larger proportion in recent year. Since 2017, U.S. hay exports have been 3% of U.S. production or more. Last year was the highest proportion at 3.3% in the last 20 years or so.

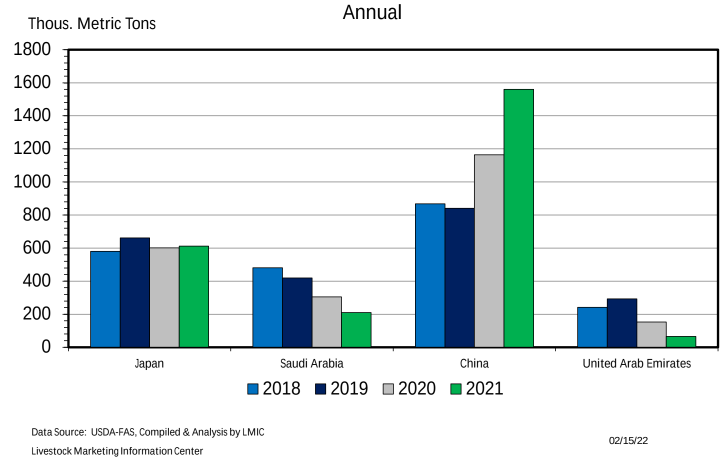
U.S. HAY & HAY PRODUCT EXPORTS
Annual



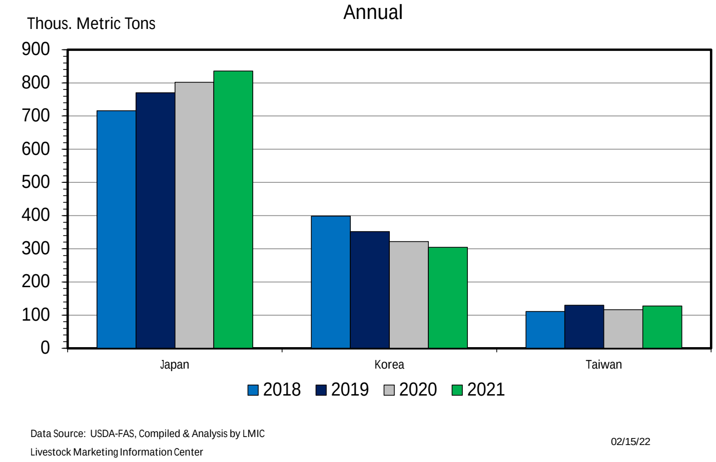
The hay export market is generally focused on hay with alfalfa taking the lions share of tonnage, however, that has only been the case in the last decade. Alfalfa's strong export growth can be attributed to the rise in alfalfa exports to China and Saudi Arabia. China is now 55% of total U.S. alfalfa exports (2.9 million metric tons) and dwarfs the second largest market of Japan, by more than double. Saudi Arabia increased purchases about 2013, starting from near zero to a peak volume in 2018 of 480 thousand metric tons. In 2021, Saudi Arabia bought 210 thousand metric tons, the lowest value since 2015.

Other hay exports were seeing some increases in the early 2000s, but have been on a downward trend in the last 10 years. The largest buyer of U.S. other hay is Japan, which took about 60% of all U.S. other hay exports in 2021. The second largest market is South Korea, which in 2021 bought about a third of the volume of Japan.

ALFALFA HAY EXPORTS
Annual



OTHER HAY EXPORTS
Annual



U.S. livestock producers should be prepared to weather high hay costs again in 2022. Lower seedings of alfalfa, and continued drought presence will likely impact production figures. LMIC estimates alfalfa hay prices will remain elevated, and remain over $200 per ton nationally for another marketing year. Other hay prices are forecast to be very similar to the 2021/22 marketing year, staying close to the $150 per ton mark nationally. The export markets have at times reacted to higher prices, but China, has largely been undeterred by high alfalfa prices in the past.

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