



Q1 2025 OUTLOOK

We Made Enough Hay

By Matt Clark

SITUATION

Range conditions ended the 2024 grazing season on a sour note, but hay stocks and potentially winter wheat grazing should be adequate for the winter season.

OUTLOOK

Strong production and a smaller beef and dairy herd mean end-of-year hay stocks are likely to be robust. Although winter wheat acres are lower, the ratio of acres to calves should also be sufficient.

Hay production in 2024 increased about 7% from year-ago levels and more than 13% from 2022.

The winter grazing season ended on a somewhat sour note as a prolonged summer drought worked against a positive start to the season. In the final

week of October, 51% of respondents to the USDA's Pasture and Rangeland Condition Ratings reported poor or very poor pasture conditions, compared with only 19% that reported good or excellent pasture conditions — the largest difference since May 2022.

By the end of October, the USDA reported that only 9% of the cattle inventory was unaffected by drought, the lowest level since 2000. Some growing regions received good moisture in November, and by the first week of December, unaffected cattle inventory increased to 33%, but for the most part this was too little too late.

The poor finish to the grazing season has naturally resulted in a question of forage availability for the winter. Hay production in 2024 increased about 7% from year-ago levels and more than 13% from 2022, which was the lowest production year since 1959. Breaking down production a step further, alfalfa production was up 8% and all-other hay production was up 6% from year-ago levels.

Hay prices have also declined but are still somewhat elevated, as the ratio of stocks to cows has increased.

More important than hay production levels is the amount of hay on hand (or stocks) relative to the total cattle herd. Using beef and milk cow estimates from Terrain economists [Dave Weaber](#) and [Ben Laine](#), I estimate that the December hay stocks-to-cow inventory will increase about 9% compared with a year ago because of declining beef cow numbers and increased hay stocks. The relative ratio of hay stocks to cows would be the highest since 2016 and just above the 10-year average.

Hay prices have also declined but are still somewhat elevated, as the ratio of stocks to cows has increased. The USDA's estimate for national alfalfa in October was \$173/ton, down 21% from the previous year, and the all-other hay price was \$147/ton, down 15% from the previous year.

Winter wheat is also an important component of winter forage. Current estimates are for winter wheat

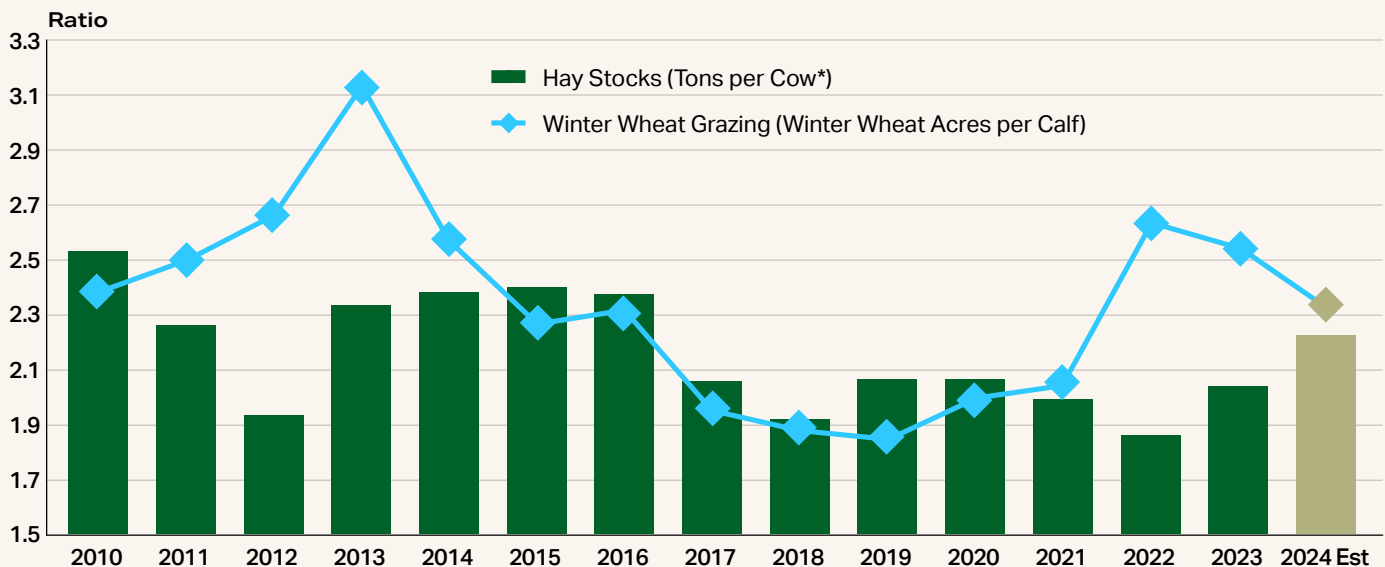
acres to decline about 9% from the previous year. However, the decline in calf inventory should help offset the decline in winter wheat acres. The ratio of winter wheat to calf inventory is down about 8% from the previous year but just slightly above the 10-year average. Subdued wheat prices may also entice producers to completely graze out their winter wheat acres, which could augment forage needs.

The decline in calf inventory should help offset the decline in winter wheat acres.

Given the depth of the drought, there are some concerns around quality of the hay in storage. Additionally, winter wheat acres that did not receive November rains may not be in condition for early winter grazing. Overall, I expect hay stocks and winter wheat acres to be adequate for cattle needs this winter. Hay prices may continue to reflect adequate supply, but I would expect winter wheat grazing charges to remain elevated given the decline in available acres from the previous two years.

Forage Availability Should Be 'OK'

December Estimate



*Beef and Milk Cows Combined
Sources: USDA, Terrain

ABOUT THE AUTHOR



Matt Clark is Terrain’s senior rural economy analyst, focusing on the impacts of interest rates, land values and other macroeconomic trends on agriculture. He previously worked as a senior industry analyst with American AgCredit and as an assistant economist at the Federal Reserve Bank of Kansas City. Matt earned his B.S. and M.S. degrees in agricultural economics from Kansas State University.

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