

Tight hay stocks, poor feedlot performance, and strong winter storms have taken its toll on many throughout the cattle industry this year. As the weather turns, the market too can focus anew turning its attention toward forage potential/production. This spring has been off to somewhat slow start due to cold wet weather, but calf prices have benefited from those who waited until green-up was a sure thing. Lightweight calves and those headed for stocking operations have seen a bump in prices and are likely looking at seasonal or near seasonal highs.

May is the start of the spring/summer grazing season. Next week USDA-NASS will release the Crop Progress report that should contain the first week of pasture and range conditions, a measure of forage conditions that is reported from the first full week of May to the last week of October.

Nationwide, the U.S. forage potential looks positive. Although not a direct correlation to pasture conditions, the latest drought monitor paints a substantially brighter picture from a soil moisture perspective than last year. The latest week showed just over 87% of the country is not in any stage of drought compared to last year's 58%.

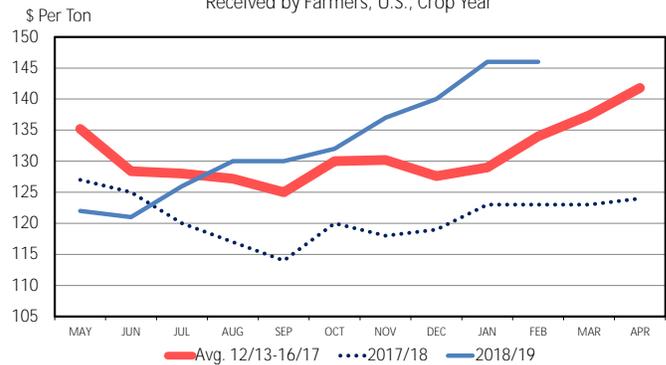
The December 1 hay stocks were at the lowest level since 2012. This, along with a tough winter, has caused hay prices to rise. Nationally, other hay prices reached \$146 per ton in January and February and the highest for those respective months since 2013. The May Crop Production report will post May 1 hay stocks

and bring further light to the hay inventory picture.

Hay prices are likely to face another year of high levels because of tight inventory. A single year of normal yields will not provide adequate inventory to replenish stocks, provide feed for winter, and bring prices in-line with historic levels nationally. It will take above average yields in key producing states to mitigate forage cost risk this year. Regionally, another drought could see hay prices skyrocket. Weather is keen on playing a major role again this summer.

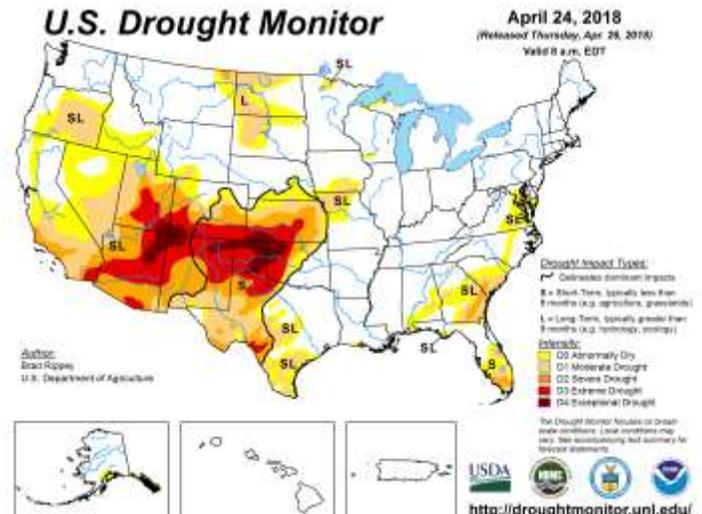
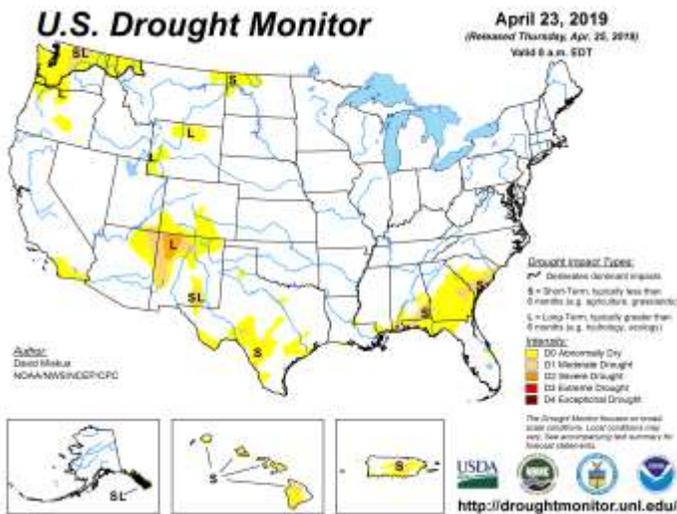
OTHER HAY – MONTHLY AVERAGE PRICE

Received by Farmers, U.S., Crop Year



Data Source: USDA-NASS
Livestock Marketing Information Center

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