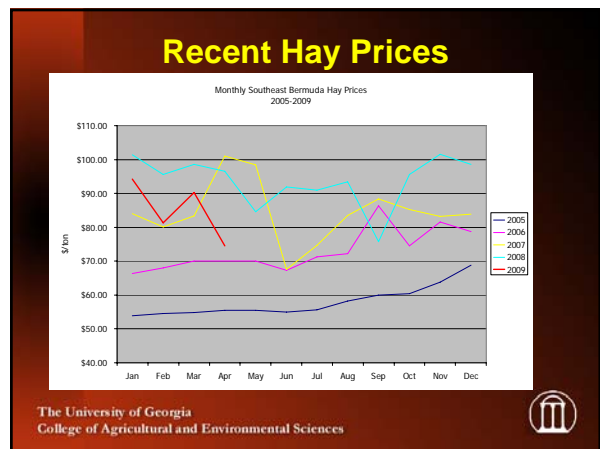
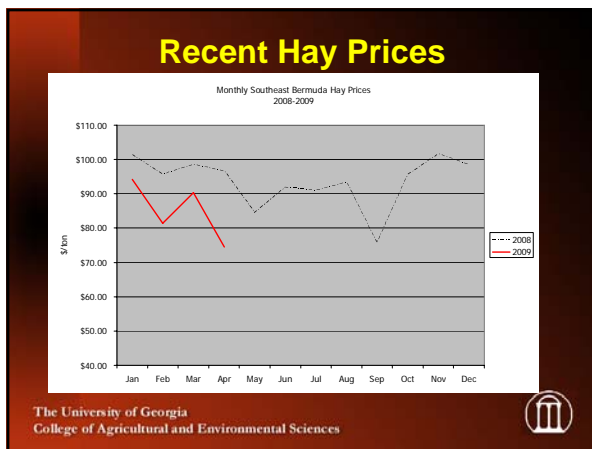
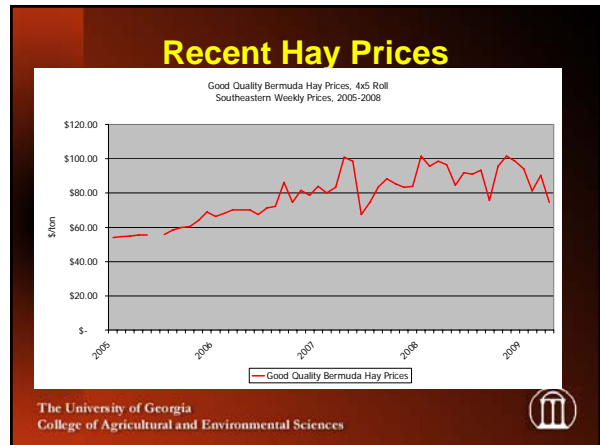
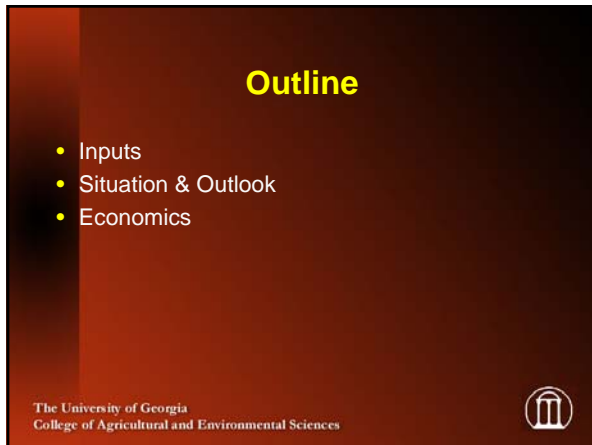
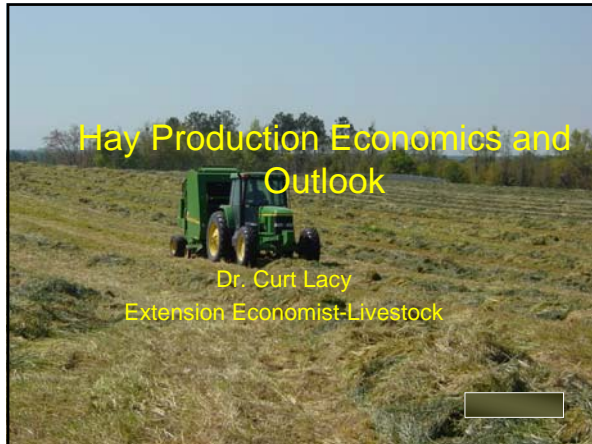


Hay Production Economics

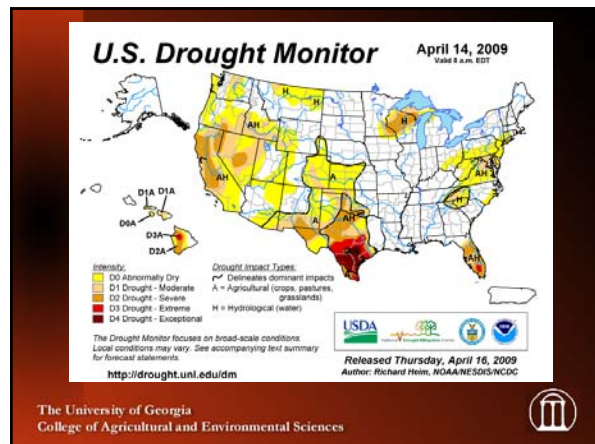
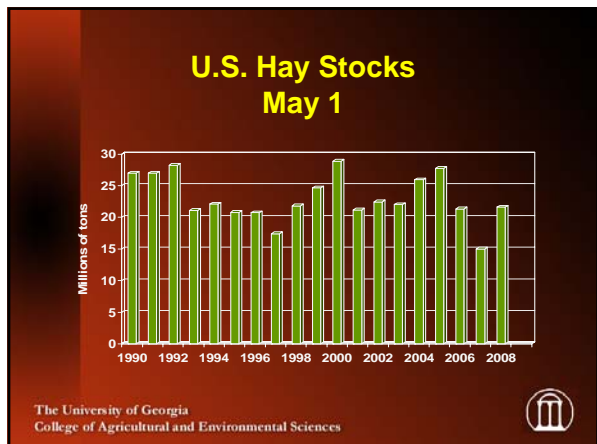


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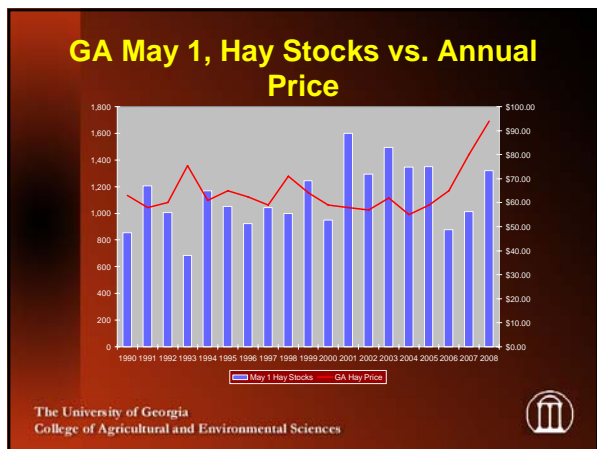
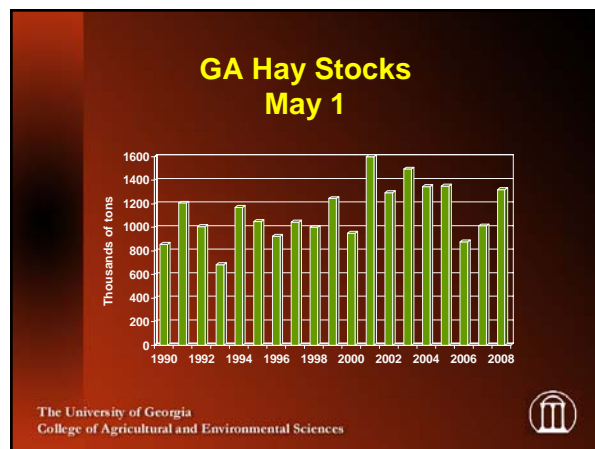
Hay Production Economics



Projected Supply, Utilization and Prices for U.S. and Southeastern Hay

	U.S. (million tons)
Stocks May 1	21.6
Total Production	148.7
Total Supply	170.3
Disappearance	145.8
Ending Stocks	24.5
Season Average Price	\$120.00

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Projected Supply, Utilization and Prices for U.S. and Georgia Hay – USDA Yields

	U.S. All Hay (million tons)	GA Hay Outlook
Stocks May 1	21.6	1.32
Total Production	148.7	1.35
Total Supply	170.3	2.67
Disappearance	145.8	1.20
Ending Stocks	24.5	1.47
Season Average Price	\$120.00	\$70-\$90 Good Bermuda hay price

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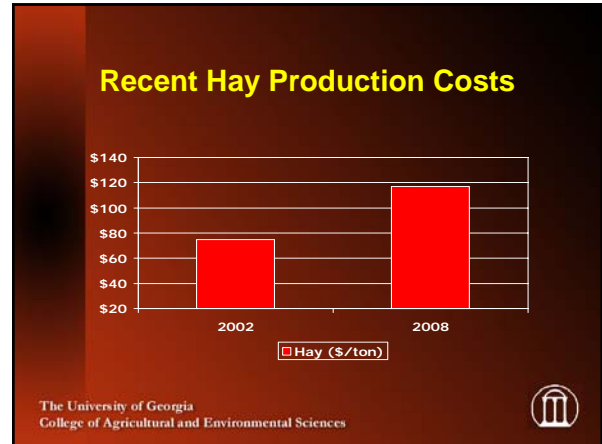
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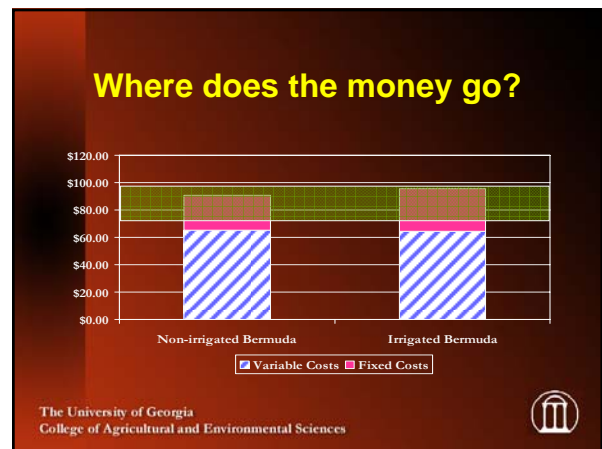
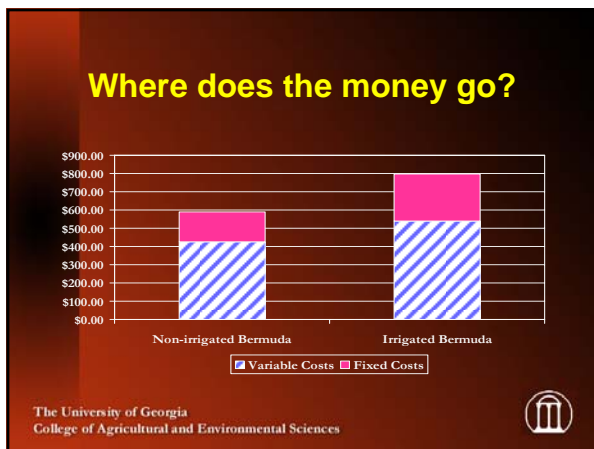
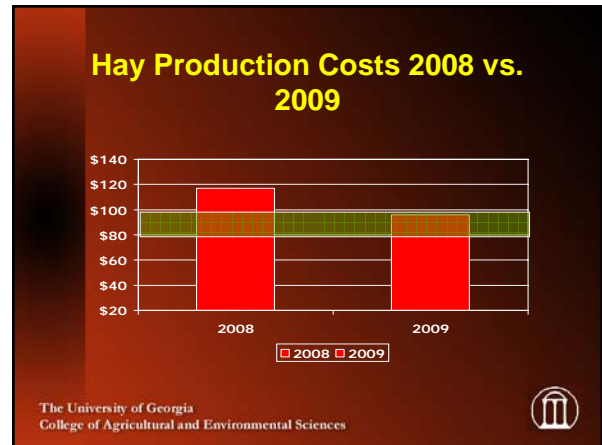
Hay Production Economics



The first step in any successful marketing plan is knowing your cost.

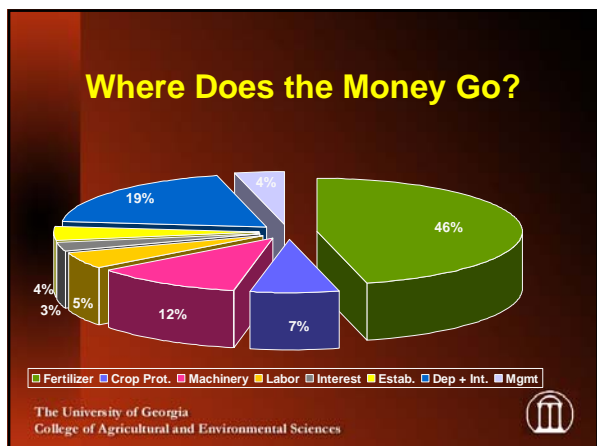
$$\text{Breakeven Cost} = \frac{\text{Variable Cost} + \text{Fixed Cost}}{\text{Production}}$$

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Hay Production Economics



- ## Ways to Reduce Costs
- Soil tests
 - Alternative fertilizer sources.
 - Pre-pay/pre-price some inputs now.
 - Increase production.
 - Renting vs. purchasing land.
 - Take it easy on the heavy metal.
 - Leasing vs. purchasing equipment.
 - Allocate some equipment to other enterprises.
 - Can you use labor to replace some equipment?
 - Not everything has to be new (used equipment, Ebay, Craigslist).
 - Avoid the "tax-trap."
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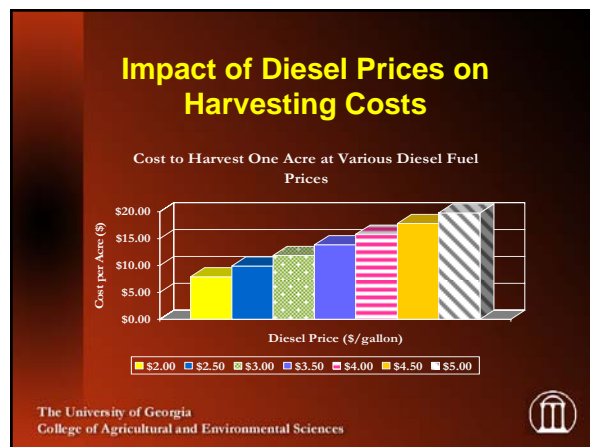
Impact of Acreage and Yield on Fixed Costs – Cash Payments

Acres	Yield				
	2.50	5.00	7.50	10.00	12.50
25	\$ 129.70	\$ 64.85	\$ 43.23	\$ 32.42	\$ 25.94
50	\$ 64.85	\$ 32.42	\$ 21.62	\$ 16.21	\$ 12.97
100	\$ 32.42	\$ 16.21	\$ 10.81	\$ 8.11	\$ 6.48
250	\$ 12.97	\$ 6.48	\$ 4.32	\$ 3.24	\$ 2.59
500	\$ 6.48	\$ 3.24	\$ 2.16	\$ 1.62	\$ 1.30

Payments on \$25,000 over 5 years at 8%

EACH \$1,000 BORROWED = \$250-\$275 PER YEAR

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- ## Summary
- 2009 should be a better year for hay producers.
 - Adequate supplies and moisture will likely reduce demand.
 - However, lower input prices should reduce costs enough to improve profits.
 - Producers still need to sharpen their pencils and look for ways to reduce their costs.
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