

Federal-State Market News: Our commitment to reporting and staying in tune with the hay market in California.

Seth R. Hoyt
Agriculture Program Supervisor
Market News Branch
California Department of Food and Agriculture

I appreciate the opportunity to visit with you about the Federal-Market News hay reporting program.

Who Are We

Federal-State Market News as the name implies, is a cooperative market reporting service between the California Department of Food and Agriculture and USDA's Agricultural Marketing Service. Market News was established by congress in 1915. Market News reporting of hay began in California in the 1920's in the Los Angeles area on hay delivered to dairy sheds. Reporting has expanded over the past sixty years to include all the major growing and consuming areas in California. There are currently four market news offices in California that report hay prices; El Centro, Bell, Fresno and Cottonwood.

There are currently 15 other states issuing hay reports and that number is growing each year. There are two printed hay reports issued every Monday in California from the Fresno and Bell office. The hay report formerly issued in Sacramento was moved to Fresno in August in an effort to speed mail delivery. There is a national hay report mailed each Tuesday from the Sioux City, Iowa Market News office.

Changes in the Hay Market News Report

The demand for hay market information nationwide has increased the past few years. There is an increasing amount of interstate movement of hay. This was evident this summer in the Central U.S. with the drought conditions. The need for uniform quality descriptions of hay nationwide is what prompted the current hay quality designations that were adopted in 1985. Premium, good and fair quality are hay quality designations that are used by market news throughout the country. For example premium quality hay in Wisconsin would also be premium quality if it was shipped to California. Both states use chemical analysis information to approximate the digestibility of hay and these are used as guidelines with the quality designations in hay reports. However, Wisconsin uses Relative Feed Value (RFV), which is calculated by combining the digestibility and potential intake into one number, and California uses Total Digestible Nutrients (TDN) and Acid Detergent Fiber (ADF). A few other states are considering using Chemical Analysis guidelines along with hay quality designations. I feel that the current hay quality designations do a better job of describing hay that is being traded. They are more useful and are being used more in the industry than the old hay grade standards of U.S. No. 1, No. 2 leafy, and No. 2 that were abolished last year.

I think one of the main responsibilities of any market reporting service is to stay abreast of any changes or new developments in marketing practices in the commodity being reported. Because TDN is used so extensively in Central and Northern California to buy and sell hay it makes sense that it is used as a guideline on our hay reports. I want to commend Dr. Vern Marble and Dr. Don Bath at U.C. Davis for not only helping establish these TDN and ADF guidelines but also for expressing to Market News in early 1985 the need for them to be included in our reports. Currently our hay reports show a correlation between TDN and ADF percentages and the hay quality designations. Hay test information is used very little in the Southern California hay trade. However, the information is available for the few that use it and in the event hay marketing practices change in the future.

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There have been a few other changes in the Hay Market report over the past couple of years. The Northern and Southern Sacramento Valley shipping districts were combined and the Klamath Falls-Tulelake shipping district was expanded and the name was changed to Northeastern California-Klamath Falls district. In early November of this year we started reporting the "Double Compressed Alfalfa and Oat Hay for export" market in California. Prices are reported f.o.b. the Oakland and Long Beach ports with all costs included, such as compressing, containerization and freight. This is a rapidly growing market in California.

Proposed Changes to the Hay Market News Report

Our Fresno and Cottonwood hay reporters were hearing comments from some people in the trade in 1987 and early 1988 that Premium Quality hay should be based on 55 percent TDN or better and not 54 percent. They said that many buyers were basing their Premium type hay for milk cow use on 55 percent TDN or better hay.

Vern Marble and I set up a meeting on June 6 in Sacramento to discuss Hay Marketing and the Hay Market News reports in California. In retrospect, I wish that we would have had a broader representation at this closed meeting and in similar situations in the future things will be handled differently. Three proposals were made at the meeting and a notice was sent in late June to all Hay Market News subscribers. (Table 1) A sentence at the bottom of the notice said "Market News intends to implement the above changes on August 15, 1988" when I should have said that "If there are no objections from subscribers Market News intends to implement the above changes on August 15, 1988". As it turned out there were objections to the proposals. This prompted a survey form that was sent in early August (Table 2) to all Hay Market News subscribers. Results of this survey were sent in early October. (Table 3)

Even though there were errors made on my part during this process we would hope that the hay industry in California receives the clear message that **Market News** wants to stay abreast of any marketing changes in the industry and be flexible enough to change when necessary. However, any changes must be supported by a majority of the industry. Even though it appears that many buyers in fact are using 55 percent TDN as a base for Premium Quality hay purchases, supply and demand are still strong forces in the market. Responses to the survey and comments from growers indicated that during periods of tight supplies buyers may have to lower TDN requirements to 54 percent in order to meet their supply needs.

We received a comment as to how Market News in California could add another designation above Premium when the quality designations are national terms. We did receive approval from USDA for California to establish a designation above Premium if was needed and supported by the hay industry. However, of the overall hay sold each year there is not sufficient volume of hay that would test 56 percent TDN or better to warrant a new designation at this time.

Why Should you use the Federal-State Market News Service

Hay market reporters in California contact around 100 members of the trade each week to gather hay market information. We are telling our reporters to ask more questions so that they have the pulse of the market and know the direction of the market. We want them to know the factors that affect the hay market in California. You may talk to a few people each week but I'm sure it's not 100 people. If you are not talking to a hay market reporter or receiving a hay market report you may be, as Paul Harvey would say, "missing the rest of the story." Our reporters are trained to use techniques in writing reports that will make the hay report useful and of benefit to the user. Reporters don't expose contacts but they relay factors that are affecting the market. I dare say that there are not many happenings in the trade that affect the hay market that we don't know about. The price of a phone call or a market report may be a small price to pay if you pick up information that helps you in marketing your hay.

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Why Should you use the Federal-State Market News Service (Cont'd)

Another reason you should use market news is because each office has access to reports from throughout the nation. Every Market News office is linked to a national satellite communications system. Just recently USDA signed a contract with a new vendor that will improve and expand the system. For example, there will be a satellite dish on the top of every Market News office. There will be a Market News data base whereby the reporter can access reports on various commodities from a telemail bulletin board. Also, each Market News office will be able to access daily news releases from USDA in Washington, D.C. and some of these announcements could have an effect on the hay market.

Summary

The Federal-State Market News Service has been reporting hay prices in California for over 60 years. We plan to continue as the leader in hay reporting and will not only have the pulse of the market but will be receptive to changes when necessary or when supported by the majority of the industry. With committed reporters, a modern communications system, and a desire to constantly improve our service we would hope that those currently not using the service will see the benefit of **Federal-State Market News** in their marketing strategy.

Tabl

HAY MARKET NEWS

NOTICE: The Market News Branch met with members of the California Hay industry in Sacramento on June 6 to discuss hay marketing and the Hay Market News reports in California.

In order for the hay reports to more accurately describe the hay being marketed in California, especially Central and Northern California, and to make the reports more useful to the hay industry the following proposals were made and accepted by the group.

There is no need for a new quality designation above Premium at this time.

2. Premium quality hay should be based on a minimum TDN (Total Digestible Nutrient) percentage of 55 rather than 54 to better describe the current hay buying practices in California. TDN minimum percentages for Good and Fair quality hay will be changed to 53 and 50 respectively.
3. In addition to TDN, the hay market reports will show ADF (Acid Detergent Fiber) maximum percentages. ADF is increasingly being used nationwide as a more accurate indicator of digestibility of hay. DDM (Digestible Dry Matter) minimum percentages will no longer be carried in the California hay reports.

Higher testing hay or hay with other outstanding desirable qualities will continue to be shown either in the "Premium" price range if volume is significant or will be shown as an occasional higher in the table and explained in the narrative of the reports. Low quality hay will continue to be shown in the narrative but not in the table of the report.

The following chemical analysis guidelines will be used to further describe the hay quality designations.

	Total Digestible Nutrients* (minimum percentage)	Acid Detergent Fiber** (maximum percentage)
Premium	55	28 or less
Good	53	31
Fair	50	36

* Based on 90% dry matter analysis.
** Based on 100% dry matter analysis.

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Table 1. (Cont'd)

If you have any comments concerning these changes or with the Hay Market News reports, please contact Seth Hoyt in Sacramento at (916) 445-5721 or send letters to:

Federal-State Market News
California Department of Food & Agriculture
1220 N Street, Room 216
P.O. Box 942871
Sacramento, Ca. 94271-0001

Market News intends to implement the above changes on August 15, 1988.

Table 2

HAY MARKET NEWS

IMPORTANT: PLEASE COMPLETE THE SURVEY AT THE BOTTOM AND RETURN THIS ENTIRE FORM

A notice was sent to all Hay Market News subscribers on June 27, 1988 concerning the following proposals recommended at a meeting on June 6, 1988, in Sacramento.

1. There is no need for a new quality designation above Premium at this time.
2. Premium quality hay should be based on a minimum TDN (Total Digestible Nutrient) percentage of 55 rather than 54 to better describe the current hay buying practices in California. TDN minimum percentages for Good and Fair quality hay should be changed to 53 and 50 respectively.
3. In addition to TDN, ADF (Acid Detergent Fiber) maximum percentages should be shown. ADF is increasingly being used nationwide as a more accurate indicator of digestibility of hay. DDM (Digestible Dry Matter) minimum percentages should be deleted.

Proposal No. 3 was not opposed and has been adopted.

However, there were differences of opinion on proposals No. 1 and 2.

BEFORE ADDITIONAL CHANGES ARE MADE, MARKET NEWS NEEDS MORE INFORMATION. PLEASE CHECK ONE OF THE FOLLOWING AND ANSWER THE OTHER QUESTIONS AT THE BOTTOM OF THE FORM.

I would like to see a new quality designation above Premium (such as Supreme) that would include higher quality hay testing above 56% TDN.

I would like to see TDN minimum percentages raised one point for each quality designation as proposed in the notice dated June 27, 1988. (For example, Premium raised from 54 to 55% minimum TDN)

I would like to see quality designation and TDN percentages left unchanged.

COMMENTS

I am a: Hay Grower _____ Dealer _____ Buyer _____ Other _____

How much hay do you buy or sell each year? _____

What percentage is tested? _____

What percentage of the hay you buy or sell is through dealers? _____

Thank you for your cooperation.

Seth Hoyt

Table 3.

HAY MARKET NEWS

Listed below are the results of the survey that was conducted by Market News concerning proposals made to the "Hay Market News" report.

Total responses - 229 (approximately 31 percent of subscribers)

New Quality Designation	18%
Change TDN percentages	32%
No change	50%

164 growers (including 15 from Nevada, 4 from Utah and 2 from Oregon)
Total volume of hay sold each year 977,000 tons (mostly alfalfa)

New quality designation	21%
Change TDN percentages	23%
No change	56%
Percentage of hay tested	65%
Percentage sold through dealers	57%

38 buyers (All from California)
Total volume of alfalfa hay bought each year 300,000 tons

New quality designation	20%
Change TDN percentages	51%
No change	29%
Percentage of hay tested	79%
Percentage bought through dealers	68%

27 dealers (24 from California, 2 from Nevada, 1 from Utah)
Total volume of hay traded each year 570,000 tons (mostly alfalfa)

New quality designation	8%
Change TDN percentages	50%
No change	42%
Percentage of hay tested	48%

Because there was such diverse opinions in this survey Market News has decided to leave the Hay Market News unchanged. We suggest if you are interested in a new quality designation or in changing the TDN percentages that you work through UC Cooperative Extension so there can be discussion both locally and at the California Alfalfa Symposium.

Thank You,

Seth Hoyt
Agriculture Program Supervisor
Market News Branch
(916) 445-4721