

To Bale or Not To Bale?

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When you are producing feed,
whether for sale or on-farm
consumption, you need to know
what it costs you.



If hay crop is for sale, knowing cost allows you to set a price to make a profit.



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If hay crop is for feeding your own animals, then its cost of production becomes part of the cost of raising the animals. And impacts the profit to be achieved through them.



- Long term goal – for ALL aspects of the business to make money.



Do you receive top price for your forage?

- If Yes – Great!!
 - You can afford to invest in your land and equipment which will help you improve yield, quality and long term profit.



If No – you are not receiving top dollar.

- Then what is holding you back?
 - Poor Quality
 - Inconsistent quality
 - Too little of the good stuff
 - Inability to harvest on time
 - Inability to invest money into fields/equipment
 - Too many break downs
 - Bad weather slows down harvest



How to Figure Costs?

- Enterprise budgeting
 - Variable costs
 - Fixed costs
 - Breakeven cost
 - Breakeven yield



Crop cycle length

- Remember the impact a crop cycle can have on your needed returns.

- Total Cost to establish Hay ground \$411.80/ac

- Crop length Needed return

- 3 years \$137.27

- 4 years \$102.95

- 5 years \$ 82.36

At some point, you will need to add value again.



Break Even Price

- | • Production | Orchardgrass | Timothy |
|--------------|--------------|----------|
| • @ 1.5 T/ac | \$417.77 | \$332.69 |
| • @ 3.0 T/ac | \$208.90 | \$166.34 |
| • @ 4.5 T/ac | \$156.67 | \$124.76 |
- What price could you get? Or afford to pay?



Break Even Yield

- How much yield do you need to get to make it worth your while to harvest?



Breakeven Yield

- Price/T Orchardgrass Timothy
 - @ \$200/T 3.1 T/ac 2.5 T/ac
 - @\$240/T 2.6 T/ac 2.1 T/ac
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- Lower yields result in greater expense amounts being spread across fewer tons.



Andrew's Article

- \$150/T cost equals \$3/small square bale before storage and handling.
- Think about and track YOUR numbers.
- They may look more like these than you can imagine!



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