

The ins and outs of supply and demand

Key points

- ✓ A combination of poor growing conditions, increased transportation costs, and a spike in demand has driven hay prices upward across many regions
- ✓ Recent rain in some areas has temporarily improved surface conditions and spurred some pasture growth, it has not been enough to replenish deep soil moisture or significantly boost hay yields
- ✓ AFIA recommends feed testing, planning ahead, keep transport costs in mind, and being wary of new, untrusted sellers



By Mel Butler for the Australian Fodder Industry Association (AFIA)

AFTER months of drought, uneven rainfall, hay donations moving across the country and shifting market dynamics, hay prices have surged to record levels.

With the tides finally turning and prices starting to settle, many dairy producers are asking where fodder prices go from here?

At the National Fodder Conference on the Gold Coast in July, AFIA chair Louis Kelly said that the weather is the key factor driving demand as prices rise as farmers try to secure their feed supplies for the coming months.

That pressure, paired with tight supply and unpredictable conditions, sent hay prices soaring through autumn and into winter.

Key hay-growing regions across south-east Australia have been in drought for more than two years.

Depleted stores, a failed autumn break, and inconsistent rainfall have led to handfeeding and destocking becoming the norm for some.

In north-west Tasmania, also drought-declared, they've been managing to stay self-sufficient and have even supported others in their hay search across Bass Strait.

Industry-wide fodder donations have made an enormous difference.

But without consistent quality controls, some donated hay has turned out to be unsuitable and, in rare cases, unusable.

Farmers in desperate need have had to discard poor-quality feed. That's not ideal for anyone.



AFIA believes there are reasons to be encouraged for good fodder growth in the coming months. Picture by Anastasia Lashkevich

More coordination between charities, government and industry is keeping hay moving, but with better support around quality.

Add to this tighter on-farm planting decisions, reduced carryover stock, high freight costs, and evolving biosecurity protocols (especially as fire ants continue to spread in parts of QLD and northern NSW) and it's no wonder the market responded the way it did.

Some hay growers have since shifted into later crops or alternative systems this season, aiming to preserve soil function and reduce risk amid the uncertainty.

And while that's smart long-term, it has added to the current tight supply.

Since May, prices have surged quickly and eventually reached a ceiling.

From late July, those prices stabilised, even tapered off slightly, dropping an average of \$5 per tonne across key hay types.

A mixed but encouraging outlook

While signs are favourable, they're not yet fully reliable.

Recent rainfall across major hay-

growing regions has offered some hope, but much of it has resulted in a 'green drought'.

Subsoil moisture, critical for consistent cuts and strong regrowth, is still lagging in parts of SA and south-west Victoria.

In contrast, areas like the Darling Downs and Atherton Tablelands in Queensland have responded strongly.

Aided by humidity and warmth, these paddocks are turning over growth quickly, especially for summer grasses and cereal hay.

Silage has stepped in as a useful backup for many, especially where access to lucerne or longer-season roughage has been a challenge.

It's helped to ease the pressure, but it hasn't changed the reality that producers are still planning conservatively for the months ahead.

What producers should be watching

The main message right now is to stay practical and stay connected. A lot of producers are still doing the mental maths on feed reserves and herd needs, while juggling market changes and tighter margins.

◀ Mr Kelly acknowledged the emotional toll that often builds during tight seasons.

“Please stay safe and be sure to reach out to friends and family if it feels overwhelming,” he said.

It’s a reminder that looking after your wellbeing is just as important as planning ahead.

Here are the AFIA recommendations to keep ahead of feed challenges:

- Feed test hay before buying - the season and recent weather have meant variable baling conditions. Testing feed before purchase is one of the simplest ways to protect your livestock and your wallet;
- Review spring and summer plans now - if you have storage, use it. If you don’t, think about the role silage and alternative crops might play. Establishing relationships with local growers or exporters now can help expand the options and soften freight costs;
- Keep transport in the equation - freight can turn reasonable hay into unaffordable hay. Sourcing locally can help, but there has also been success where producers share freight loads to cut costs. Think creatively and check any changes to movement

‘Stay safe and be sure to reach out to friends and family if it feels overwhelming’

- Louis Kelly, AFIA chair

permits via AFIA’s updated guides; and

- Take care online - there have been listings from new entrants to the market with little background or feed validation. If you don’t know the seller, ask around. The risk isn’t worth it.

Here to support the full supply chain

The AFIA continues to advocate for national transparency in hay markets; Support accuracy in emergency hay movements; share regional snapshots via our Hay Reports in conjunction with Dairy Australia, member briefings, newsletters and our Focus on Fodder publication; keep the ag industry connected through knowledge, community and events; and work on solutions that serve both

fodder producers and livestock operations.

AFIA represents and supports the full supply chain and everything it does aims to strengthen the future of fodder as a reliable, sustainable resource for Australian agriculture.

What the season ahead may hold

The BOM outlook for August to October shows a higher chance of above-average rainfall across many key regions, warmer-than-usual days and nights are likely across northern, western and south-eastern Australia and positive signs for growth - if conditions hold.

Keep in mind, the conversion from rainfall to hay isn’t instant.

Subsoil recovery, timing of cuts and drying windows all matter. There’s reason to be encouraged. While the pressure’s far from gone, we’re seeing movement in the right direction and that always makes planning a little easier.

Stay informed. Stay connected. AFIA’s team is there to help make the best decisions possible for your business and your herds.

- Read the latest Hay Report at www.afia.org.au/resources/#hay-report

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Above: H225MAX installed on a centre pivot in Marcollat, SA - 2022

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