



Finances could impact your forage plans

FISCAL policy has been a red-hot topic within the United States and abroad. *Hoard's Dairyman* Managing Editor Corey Geiger recently mentioned that inflation within the U.S. is at a 40-year high at the start of a *Hoard's Dairyman* Alfalfa Livestream webinar.

During the webinar discussion, I acknowledged that my opinion of seeding and growing alfalfa has changed over the past six months. You can listen to

**Goeser**

the webinar at bit.ly/ALSJan22 and follow our thoughts in more detail regarding how alfalfa's return on investment may look very different today relative to several years ago.

Why the change?

One contributing factor to my shifting views about alfalfa had to do with current feed prices, financial trends within the U.S., and revisiting the crop's risk versus reward. Risk can be defined in different ways, and we'll get into this more in a bit.

Prior to sharing my thoughts, I need to acknowledge I am far from an economics expert. U.S. and global economic trends are fascinating to me, and while I intend to discuss alfalfa's value during times

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of accelerated inflation, realize I'm more experienced in nutrition, seed, and agronomy. Getting back into my comfort zone, let's reconsider alfalfa in 2022 and the risk versus reward which alfalfa can offer an economically minded dairy farmer.

From about 2018 to 2021, the winterkill risk with alfalfa weighed heavily on me. Working alongside many dairies and nutritionists, the past few years have been a bit more stressful coming out of winter and hoping for the best with our alfalfa stands. The risk of a killed stand or failed new seeding was sizable in my opinion relative to the return that alfalfa offers in protein value and perennial yield. Frankly, I was becoming bearish on alfalfa.

However, the winds of change are blowing, and my opinion has shifted to being more bullish on alfalfa. Winterkill and stand establishment are still risk factors for growers; however, the risk associated with volatility in protein prices and inflation in the U.S. are now larger risks for us and have contributed to my shifting viewpoint.

Consider this trifecta

To think about the shifting value proposition, alfalfa should be thought of as a feed ingredient, a commodity, and a perennial forage. During financially risky inflationary periods like today, the perennial nature of alfalfa is a strong one to grab on to and weave into economic projections. Under current inflation trends, today's dollar is anticipated to be of lesser value in years to come. Given that scenario, you may opt to

think of alfalfa as a high-yielding investment for several years, just like buying an established company stock. Each dollar spent on seeding alfalfa can net an increasingly valuable return relative to other feeds at market prices when the dollar buys less goods and services in years to come. Think of the seeding year investment for this crop that produces multiple dividends like contracting a portion of your hay, soybean meal, or canola for three to five years at today's prices.

Coming back to the risk associated with volatility in protein prices mentioned above, another way to consider alfalfa would be to weave a return on investment projection around expensive protein supplements and feeds that alfalfa can replace in your dairy diet, such as soybean meal.

Alfalfa's soybean equivalent

Alfalfa provides a greater amount of protein per ton than other forages thanks to nitrogen-fixing bacteria in the soil and its protein-rich leaves. Focusing solely on the value alfalfa brings to a dairy ration in crude protein during the Alfalfa Livestream, I converted the forage protein yield into soybean meal equivalent yield per acre. To me, this was a very different approach but a tangible way to consider alfalfa's value in light of the increasing risk associated with volatile protein prices and feed availability.

In building this case, I estimated that alfalfa can supply roughly 2 to 4 tons of soybean meal equivalent per acre per year, assuming a 4-to-

7-ton dry matter yield per acre. The value associated with this protein yield could eclipse \$1,200 per acre in soybean meal terms!

Balancing this return against the roughly \$650 crop production cost per acre, which was calculated with the help of an Iowa State Extension worksheet (on.hoards.com/decisionmaker), the protein return per acre is around 2-to-1 without considering the other valuable nutrients such as alfalfa's digestible fiber or sugar.

Gather input

Work with your agronomist to accurately determine your crop production costs this year. I find that many dairies are not fully aware of crop production costs per acre for alfalfa or corn. Margins are too tight not to have a firm grasp of what it takes to grow an acre of forage.

Getting back to economically minded decision making, I recognize there are many ways to think about crop value. I made an attempt to evaluate alfalfa in soybean meal and risk terms, but *Hay & Forage Grower* Managing Editor Mike Rankin has correctly challenged me to think about how alfalfa compares to corn for silage, which we did not do here.

Perhaps we'll take on this task in months to come. With that being said, the risk versus reward with alfalfa has changed in my mind this year. Despite still being a corn silage guy, I'm more bullish on alfalfa today. At the very least, the Queen of Forages warrants reconsideration on your farm in 2022. 🐮

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