NRM The Scoop
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Global Issues Fueling Feed Price Increases

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If you've paid careful attention to your receipts from the feed store, you'll certainly have noticed that the price of horse feed has crept up to unheard-of levels. And while it might be tempting to assign blame on your local feed manufacturer, larger forces are at work. There are five key factors that account for skyrocketing grain prices: biofuel production, extreme weather patterns across the globe, high oil prices, currency fluctuations, and a surge in global food demand.

Biofuel production. Ethanol is the most widely used renewable biofuel today. Used as an alternative automotive fuel, ethanol is made in a multistep process. First, the starch portion of the corn kernel is converted to sugar. The sugar is then subjected to fermentation, and finally the mix is distilled to yield ethanol.

The United States grows approximately one-half of the world's corn, equivalent to about 307 million metric tons (MMT). In 2008, nearly one-third of the harvest, about 105 MMT, is expected to be used for the production of ethanol. This has increased dramatically since 2000, when only about 15 MMT were tagged for ethanol production.

Because of the demand for ethanol, corn prices have risen significantly. Farmers have chosen to cultivate corn instead of other crops because corn has become more profitable. Overproduction of corn, however, has diminished the acreage available for other crops, causing them to become scarcer and thus more costly to feed manufacturers.

Extreme weather patterns. Despite the advances made in cultivating crops over the last several decades, little can be achieved without the cooperation of the weather. A series of unfortunate weather occurrences have been a factor in rising feed costs.

For instance, drought-stricken Australia exported considerably less wheat in 2007 than in previous years, down more than 20%. As one of the world's biggest wheat producers, such a shortfall affects the entire global outlook. Southern Africa has been affected by a prolonged drought as well. Recent flooding in China has destroyed 5.5 million hectares of wheat and rapeseed.

In addition to this, an abnormally dry growing season across northern Europe threatens grain yields. Smaller crops have been reported in Canada and the United States as well.

High oil prices. The recent spike in oil prices has a direct effect on rising feed costs. Foremost, oil prices impact the cost of planting, cultivating, and harvesting crops. In addition, oil prices also affect freight costs as grains are shipped from place to place, sometimes overseas. And finally, high oil prices drive up feed manufacturing costs.

Currency fluctuations. Most grains are traded internationally in dollars. In recent years, the value of the U.S. dollar has plummeted. This is completely inverse to what is happening in other parts of the world. The values of other currencies such as the Euro, British pound, Australian dollar, and Canadian dollar have increased steadily in recent years. Some economists postulate that about one-third of the recent rise in grain prices is a reflection of the weak United States dollar.

Surge in global food demand. Billions of people are buying more food than ever before, especially in flourishing China and India. These countries are now importing large quantities of grain rather than depending exclusively on domestic production. Increasing meat consumption in these countries has helped boost the demand for grain. In China, beef consumption has increased by 26% since 2000, and pork, which was already a popular food item, rose by 19%. In India, chicken consumption has almost doubled in eight years. More grain is necessary to feed animals intended for human consumption. Other countries are also prospering. Since 2002, the combined gross domestic product of the 24 largest emerging markets had doubled, and per capita income has risen nearly 14% a year.

Economists theorize that increased grain prices can be attributed equally among three factors: (1) biofuel, weather incidents, and oil prices; (2) currency fluctuations; and (3) wealth in emerging markets.

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For Horse Owners

By taking a few minutes to closely examine your management schemes, you might be able to find ways to cut costs. Here are a few examples.

• Take a critical look at body condition. Certainly, some owners like to see their horses fleshier than need be. Optimal body condition occurs when the ribs cannot be seen but can be felt on gentle palpation. Overweight horses are often a strain on the horse owner's budget because they consume too much concentrate. Horses that maintain their weight on forage-only diets do not usually require any concentrate. A well-formulated balancer pellet will ensure that vitamin and mineral needs are being met.

• Maximize forage use. Horses have evolved on diets composed entirely of forage. Therefore, forage should be the primary component of a horse's diet. While all forage offered to horses should be free of dust, mould, weeds and foreign debris, the quality of the forage can vary depending on the type of horses being fed. Weanlings and yearlings, for instance, will likely fare better on an alfalfa mix as it contains more energy and nutrients for growth, but the same hay might be completely inappropriate for a group of idle geldings. Work with an equine nutritionist to ensure that you are using an appropriate forage for the horses you are feeding. Likewise, contact an agronomist or a pasture specialist to be sure you are getting the most out of your grazing acreage.

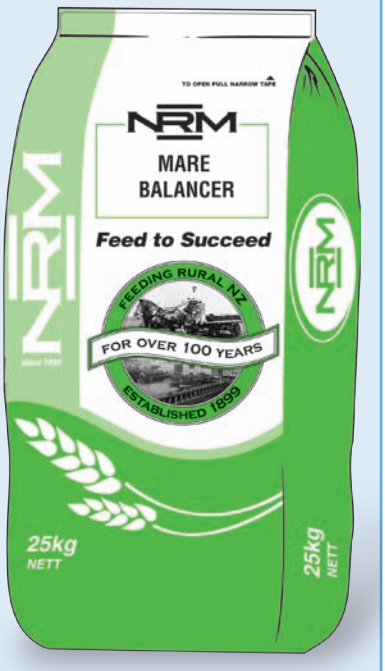
• Be suspicious of feed manufacturers that have not raised their prices. Historically, when one feed ingredient became too pricey to include in horse feeds, an alternate was available. Not so today. The price of all feed ingredients has increased. Corn, wheat, oats, and soybean prices have reached all-time highs. Add in the increased costs of other ingredients such as vitamins and minerals, and feed prices are bound to rise. To maintain the quality of feed, manufacturers must ask consumers to help shoulder the financial burden. If a feed manufacturer does not increase prices, there is a possibility that premium-quality grains are being replaced by inexpensive ones, which invariably lowers the nutritional content of the feed.

• Buy high-quality horse feed. Certain horses require fortified concentrates to grow and work because they cannot consume sufficient calories through forages to grow to their genetic potential or to maintain optimal body condition. When concentrates are necessary, be sure you are feeding high-quality, fully fortified feeds. Low-end brands often do not contain sufficient fortification to adequately support growth or exercise. Though the price may be slightly higher at the counter, there is no comparison as to nutritional value.

PRODUCT FOCUS

Mare Balancer

NRM Mare Balancer Nuts provide a concentrated source of vitamins and minerals to mares during their last trimester of pregnancy when demands by the unborn foal are at their greatest. Often mares hold sufficient condition but require access to necessary micro nutrients. By providing the broodmare with NRM Mare Balancer Nuts she is able to consume all the vitamins and minerals she requires to support the rapidly growing foal and provide for adequate stores of trace minerals in the foetal liver. Late pregnant mares grazing pasture need additional copper, zinc and selenium to meet needs and minimise the occurrence of Developmental Orthopedic Disease (DOD) in the foal. The NRM Mare Balancer supplement comes in a large nut to enable it to be provided to the mares as they graze in pasture group situations. The nuts can simply be poured on to the grass.



Suitable For:

Pregnant mares in their last trimester of pregnancy.

Features and Benefits:

• Concentrated source of vitamins and minerals providing adequate stores of trace minerals in the foetal liver.

• Large nut form - ideal for feeding to pasture groups.

NRM ANNOUNCEMENT

NRM is pleased to announce that Gretel Webber the NRM equine category manager will be going on maternity leave from the 1st September 2008. Gretel is expected to return to NRM in 2009 but in the interim NRM has appointed Richard Brosnan as the stand in equine specialist. Richard has an extensive background with horses and a keen interest in all disciplines.