

MARKET REPORT NOVEMBER 2019

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Hop Growing Area in 2019

Worldwide additional hops were put in the ground. The world hop acreage rose by 1,100 ha to around 61,500 ha.

In the USA, particularly the hop acreage of Centennial, Cascade and Amarillo had been reduced, while the acreage of Citra, Mosaic and Sabro had been significantly expanded. In Germany the cultivation of Amarillo but also Mandarinina Bavaria was corrected downwards. Both countries thus reacted to the demand situation for varieties regarding to the craft beer sector.

In Germany, the high alpha acreage was expanded by a further 210 ha. This new acreage was almost completely contracted. In the USA, the high alpha acreage increased by around 160 ha.

In the case of European aromas, especially the acreage of Perle and Tradition increased. In the remaining aromas there were only slight changes.

2019 Crop

According to current data, Germany is harvesting hops with slightly above average yields despite not ideal weather conditions. However, the alpha values are again disappointing, which are below the long-term average for many varieties.

The Czech Republic has a good average crop. The alpha value of the Saazer variety is even slightly above the long-term average.

Poland bring in an above average crop, although the alpha values are below average.

Due to the citrus viroid, Slovenia is the only country where the hop acreage has been reduced since last year. Additional Slovenia has also been affected by hailstorms on several times. According to this, the crop is below average. With exception of the Aurora variety, the alpha values are at or slightly above the long-term average.

The USA is recording a good crop this year. Yields for aroma and high-alpha varieties are above the long-term average. However, the alpha content of most high-alpha varieties disappoints with slightly below average values. The alpha content of most aroma varieties is rather average.

Current projections result a world crop of around 127,500 tonnes of hops. This would be the largest crop since 1993. Expressed in alpha acid, this would result around 12,600 tonnes. That would be a new record.

Supply and Market Situation

Due to the average to good crops in the Czech Republic, Poland, Tett nang, Elbe-Saale and Spalt, there will be enough goods available on the market for varieties of the Saaz range.

Due to the persistent oversupply, European varieties for the craft sector repeatedly achieve the lowest prices on the spot market. Some of these varieties will also be purchased as alpha goods this year.

The market for almost all other aroma and high alpha varieties is tight due to the repeatedly disappointing alpha values.

Since the opening of the first spot hop pools in Germany, down payment prices have risen continuously, especially for the scarce varieties Tradition and Perle, but also for high alphas. Fixed prices were and are also offered for these varieties. Despite below-average alpha values, this year the supply of high alpha is likely to exceed demand as a result of the steady expansion of acreage and good yields. However, there is also a backlog demand from customers. The current marketing and delivery campaign will show whether the high alpha purchase prices were justified at this level.

In Slovenia, both pool and fixed-price marketing were offered. Overall, only small quantities of spot hops were available. The market is now likely to have been cleared except for small remaining quantities.

The free market in Poland is still running. Here, too, prices are at a high level, but moderate compared with Germany.

Summary

Based on the crop results and projections available up to now, the alpha balance for the 2020 brewing year will be positive. Nevertheless, related to varieties there are bottlenecks in the market. This applies particularly to Tradition and Perle varieties. The coming months will show how far the current market and price assessments in the high-alpha segment will be confirmed.

The price signals from the spot market remain strong. The world hop acreage will continue to increase, also due to contracts already concluded. However, it is also apparent that the supply is approaching saturation point as a result of the steady expansion of the acreage in many variety segments. This provides that crop forecasts and alpha estimates are not too optimistic.

At least in Europe, the 2019 crop year is the fourth poor alpha year in the last five crops.

Climate change is having an increasingly negative impact on yields and on alpha values. However, this is not the only increasing risk that hop production and marketing need to calculate with. In addition, there are more and more statutory restrictions on plant protection and fertilisation, which also have the potential to have a negative impact on yields. Last but not least, we are confronted with the infection of hops in the Hallertau region by the citrus viroid, which in the longer term may have a certain potential for damage unless effective countermeasures are taken.

Production and marketing must count on more unknown variables than in the past.

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The quantities indicated in mt alpha acids are based on the calculated alpha values at time of processing. Storage losses until processing have been considered, processing losses and further storage losses until use have not been considered.

All figures mentioned herein correspond to the opinion of the majority of the members of the German Hop Industry Association. The figures published by single member companies may slightly deviate.