

MARKET REPORT APRIL 2016

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A projection of the currently available harvest reports results in a world harvest quantity of about 86,600 mt of hops in 2015. Based on a world hop acreage of 51,200 hectares an average yield across all varieties of not more than 1.69 mt per hectare can be determined. During the past 15 crop years the yield has only been lower in 2013 amounting to 1.63 mt per hectare. The alpha acid production dropped to roughly 7,700 mt due to the additionally low alpha acid values.

Since the U.S. crop was an average one, the main reason for the low world hop quantity was the bad yield caused by the weather in Europe and here mainly in Germany.

On the world beer market developments can be observed which counterinfluence the demand of hops. After the brewing year 2014 the beer output again decreased in 2015. In countries like e.g. Russia, China, Japan, Brazil the beer production and thus the need of hops declined. On the other hand the craft segment with its high hopping rates continues to grow. This leads to a further rise in the average hopping rate. The loss in the beer output is hence more than compensated so that the demand of hops increases all the same.

Exact figures are not yet available. But crop 2015 is the third crop in series having led to a considerable undersupply of hops on the world market with reference to the alpha balance. There were first shortages of supply of fine aroma hops. With regard to the aroma varieties Perle and Tradition same as the high alpha and bitter hops the reduced yield could be balanced with surpluses from previous years. This led to a further reduction of stocks of these groups of varieties.

Worldwide the spot and contract markets reacted with price increases. Time and again there have been contract offers for all varieties during the past months, partly with periods up to 2025. The good contract offers worldwide induce new plantings and an increase in hop growing area. At the same time there is a continuous change regarding varieties. The U.S.A. continue to reduce the cultivation of high alpha hops in favour of a cultivation of aroma varieties. Moreover, the weak external value of the Euro against the US dollar strengthens the sustained shift in demand to high alpha varieties cultivated in Germany. The Herkules acreage in Germany continues to increase. In 2016 most probably 25 % of the German hop growing area will be cultivated with Herkules.

The development of the segments on the world beer market is extremely discrepant. Therefore, it becomes more and more important for the hop industry to draw the correct conclusions from these contradictory tendencies for the production and marketing possibilities of certain groups of varieties or varieties.

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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.