

MARKET REPORT APRIL 2017

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An estimate on the basis of crop reports currently at hand shows a world harvest quantity of 109,200 mt in 2016. Taking into consideration the world hop acreage of 55,300 ha this results in an average yield of 1.97 tons per hectare for all varieties. The average alpha-acid content of 9.5% was the long-term average. The worldwide alpha acid production amounted to roughly 10,400 mt.

Above average yields and alpha-acid contents were achieved in almost all world growing regions. However, the yields in the U.S.A. remained below the long-term average. This applied especially to the yields and alpha contents of the high alpha varieties.

On the world beer market, there are continuing developments which counterinfluence the need for hops. After the brewing years 2014 and 2015, the world beer production probably was declining in 2016 as well. In countries like Russia, Japan and Brazil, the beer production and the need for hops decreased. The craft segment with its high hop dosages continues growing, although with decreasing rates of growth. This leads to the average dosing rate that is still rising. The loss in beer output is thus overcompensated so that the need of hops nevertheless increases. From 2017 onwards, we expect a rise in the beer output of the entire market.

The supply of crop 2016 and the calculated requirement for the brewing year 2017 result in an almost even alpha balance. However, the market situation is different regarding each group of varieties.

Due to the pleasing harvest yields, the supply of varieties of the Saazer range was very high. Nevertheless, the market was depleted quickly at high prices. This equally applies to superfine aroma varieties like Hersbrucker, Spalter Select or Saphir.

The situation with flavor varieties was a different one. While some varieties of this group still were in short supply, there was an oversupply regarding other American flavor varieties, in particular regarding the German ones. In these cases, price quotations were considerably lower than those of the previous crop.

High alpha varieties achieved the most remarkable price increase on the free market. Increasing contract prices for crop 2016 indicated a shortage already prior to the crop itself. The German high alpha supply could neither make up for the prolonged decline of the U.S. alpha acreage, nor for the harvest quantity 2016 that was below average.

Shortly after the harvest activities on the contract market set in again. Except for the German flavours, there were again contracts offered for almost all varieties. But the structure of the contract offers changed with passing time. The price quotes for the crops 2017 and 2018 rose and contract periods shortened. From February 2017, contract offers for German high alpha varieties were withdrawn.

In 2017, the world hop acreage will further increase. In Germany, Herkules will show the biggest growth in acreage. After a 7 year decrease, it is assumed that the high alpha acreage in the U.S.A. is going to increase for the first time again. The aroma varieties will again be the ones with the biggest expansion of acreage in the U.S.A. .

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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.