

MARKET REPORT APRIL 2013

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Although the final crop data is not yet available for all the hop growing countries definitive figures can be stated for some important hop growing nations like the US, Germany, Czech Republic and Poland. Therefore a sufficiently precise estimation of world hop crop is possible. In January the information on US acreage of 2012 has been adjusted upwards by 450 hectares with regard to the November figures of IHGC. While Germany recorded a good average crop, the results in the US, Czech Republic, Poland, Slovenia and also China were rather below average.

The world hop crop 2012 is estimated to amount to approx. 89,000 mt. 39% of this quantity were harvested in Germany, 31% in the US and 11% in China. An alpha quantity of approx. 9,100 mt was produced. Alpha losses from harvest to processing have been taken into account, however, processing losses and further storage losses until use of the hop products were not considered. This gives a world average alpha content of 10.2% regarding all varieties harvested. Germany produced 40% of the world alpha, the US 38% and China 8%. Therefore Germany and the US alone produced 78% of the world alpha crop 2012. In 2010 it were the US who produced 40% of the world alpha and Germany 37%. This ratio has reversed due to the fact that in the US increasingly more alpha acreage is substituted by aroma acreage.

For the current brewing year 2013 an increase of beer production to slightly above 2,000 Mio hectoliters is expected. The global average hop dosage in grams alpha per hectolitre will further be slightly decreasing regarding conventional and mainstream beers. Contrary to this the alpha demand of the craft brewing industry will further rise. Also in 2013 approx. 200 mt alpha can be calculated for non-brewing applications. The alpha balancing 2012/13 has probably moved towards equilibration. However, due to the increasing importance of hops as an aroma ingredient in craft brewing the hop demand needs to be looked at from a more differentiated aspect.

Whereas especially regarding US flavours demand still exceeds supply a structural balance is deemed to have been reached in the conventional German aroma varieties Perle and Tradition. Nevertheless this market is still under pressure due to last years' strong harvest oversupply. This results in current low prices over three to four crop years ahead.

A further decrease of high alpha acreage in the US is expected. In Germany the Hallertau Magnum acreage will continue to decline whereas a part of it will be substituted by the variety Herkules. If at least a structural balance at the alpha sector can be reached will be dependent on the extent of clearings of high alpha varieties in the US and new plantations of Herkules in Germany. As described above for conventional aroma varieties also the high alpha market suffers from the oversupplies of last years' strong crops. Consequently also in this sector price quotation is low for the next two to three years.

Peter Hintermeier
German Hop Industry Association
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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.