

MARKET REPORT DECEMBER 2013

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Based on crop results that have already been published and on estimates from countries that have not yet presented crop results we calculate that the world hop crop 2013 amounts to approx. 82,500 metric tons (mt) cone hops or 8,100 mt alpha acids.

The European hop growing countries have thus harvested 41,000 mt cone hops or approx. 3,400 mt alpha acids. The US crop will be 31,100 mt cone hops or 3,800 mt alpha acids. The Chinese crop is estimated at approx. 7,000 mt cone hops or 420 mt alpha acids.

The world crop has been approx. 6,600 mt cone hops or 1,000 mt alpha acids lower than last year. In Europe alone it is 6,600 mt cone hops or 1,200 mt alpha acids less than in 2012.

These figures show clearly that global decrease is mainly due to the low crop quantities in the European growing countries, especially in Germany. Germany alone has produced approx. 7,000 mt cone hops or 1,100 mt alpha acids less than the year before.

The brewing year 2014 is likely to show a slight increase in beer production to approx. 1,970 million hectolitres, which would mean a demand for approx. 9,000 mt alpha acids. The very high alpha dosage in the craft brewing sector has been included in this figure. Sectors outside the brewing industry will use again approx. 200 mt alpha acids in 2014.

This results in a deficit of approx. 1,100 mt alpha acids.

Only those European special aroma varieties like Saazer, Savinjski Golding or Celeia that were available on the spot market just in small quantities could achieve good prices. In spite of the low crop and the calculated deficit the purchasing markets have registered only moderate price increases, mainly because of the following two reasons:

1. The low alpha values cause a higher sales price in EUR per kg alpha acid even if the purchase price in EUR per kg cone hops is unchanged.
2. Surplus quantities of previous years were put on the market, have balanced the deficit more and more and have thereby prevented a further price increase. These surplus quantities came from growers, traders and the brewing industry.

Most of the stock reduction has taken place in European aroma hops. In 2013, these varieties showed by far the lowest yields and alpha values of all varieties.

European high alpha varieties gave only slightly below-average yields and alpha values. US high alpha varieties even yielded above average. Therefore stocks of high alpha hops have only decreased slightly, if at all.

Demand for US flavour varieties continues to be brisk. These varieties achieved by far the highest prices in the market.

We assume that the US high alpha acreage will be reduced in favour of the more expensive flavour varieties. As a consequence, the demand for high alpha hops is more and more being directed towards Europe, and here especially Germany.

Nevertheless, the European high alpha market has shown almost no price impulses. The alpha stocks mentioned before keep burdening the market for high alpha varieties. Contracts for future crops have shown only moderate price increases, if any at all.

Because the aroma stocks have been reduced, supply and demand of aroma hops are supposed to be balanced now. If this remains balanced will depend on how especially German growers will react to the first contract purchasing round in early October by increasing Perle and Tradition acreage.

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Prague, 18 December 2013

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.