

Fall 2015 Peace Region Grass and Legume Seed Market Update

Overview

Supply and demand factors are definitely in play in the grass and legume seed marketplace. Typically, as supply drops, prices increase. Or, if demand increases, prices increase. And of course, the opposite holds true. There is also the buyers “price point” which develops where alternative “supplies” come into the picture (i.e.: pricing yourself out of the market).

The grass and legume supply chain has been stressed for the past few years now. Production has decreased primarily due to production acres falling for most crops. Previously held farm supplies have dwindled. With these factors all in play, most grass and legume seed quotes remain well above historical average price levels.

| Peace River Region Grass and Legume Seed Quotes (\$/lb.) | | | | | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-----------|
| | 2011 | 2011 | 2011 | 2012 | 2012 | 2012 | 2013 | 2013 | 2013 | 2014 | 2014 | 2014 | 2015 | 2015 | 2015 |
| | Jan | May | Oct | Jan | May | Oct | Jan | May | Oct | Jan | May | Oct | Jan | May | Oct |
| Alfalfa Common | 1.31 | 1.34 | 1.45 | 1.52 | 1.65 | 1.70 | 1.75 | 1.71 | 1.78 | 1.78 | 1.79 | 1.87 | 1.93 | 1.99 | 2.30-2.40 |
| Alfalfa Certified | 1.65 | 1.65 | 1.80 | 1.68 | 1.74 | 1.95 | 1.98 | 1.88 | 1.90 | 1.93 | 1.98 | 2.08 | 2.13 | 2.17 | 2.50-2.60 |
| Alsike Common | 0.77 | 0.79 | 1.06 | 1.05 | 1.17 | 1.16 | 1.22 | 1.15 | 1.23 | 1.25 | 1.22 | 1.31 | 1.28 | 1.28 | 1.35 |
| Alsike Certified | 0.78 | 0.87 | 1.25 | 1.25 | 1.20 | 1.33 | 1.30 | 1.28 | 1.40 | 1.32 | 1.36 | 1.53 | 1.46 | 1.36 | 1.50 |
| Sweet Clover Common | 0.83 | 0.77 | 0.79 | 0.80 | 0.78 | 0.72 | 0.76 | 0.73 | 0.69 | 0.70 | 0.72 | 0.70 | 0.74 | 0.77 | .75-.80 |
| Red Clover Common | 0.66 | 0.68 | 0.78 | 0.76 | 0.74 | 0.73 | 0.76 | 0.74 | 0.85 | 0.84 | 0.85 | 0.85 | 0.93 | 0.89 | .90-1.10 |
| Smooth Brome Common | 0.59 | 0.68 | 1.16 | 1.16 | 1.43 | 1.71 | 1.88 | 2.13 | 1.30 | | 1.50 | 1.63 | 1.90 | 2.08 | 3.00-3.30 |
| Smooth Brome Certified | 0.76 | 0.82 | 1.29 | 1.23 | 1.60 | 1.97 | 2.16 | 2.35 | 1.48 | 1.55 | 1.65 | 1.98 | 2.22 | 2.50 | 3.50 |
| Meadow Brome Common | 0.74 | 0.76 | 1.08 | 1.06 | 1.10 | 1.35 | 1.42 | 1.51 | 1.30 | 1.44 | 1.50 | 1.58 | 2.00 | 2.20 | 3.10-3.30 |
| Meadow Brome Certified | 0.97 | 0.95 | 1.23 | 1.22 | 1.27 | 1.59 | 1.69 | 1.76 | 1.53 | 1.65 | 1.67 | 1.90 | 2.25 | 2.50 | 3.30-3.50 |
| Fescue Common | 0.33 | 0.40 | 0.47 | 0.46 | 0.50 | 0.50 | 0.55 | 0.61 | 0.66 | 0.72 | 0.75 | 0.75 | 0.76 | 0.75 | 0.80 |
| Fescue Certified | 0.35 | 0.48 | 0.51 | 0.52 | 0.57 | 0.57 | 0.62 | 0.66 | 0.70 | 0.76 | 0.78 | 0.79 | 0.79 | 0.79 | 0.85 |
| Timothy Common | 0.40 | 0.47 | 0.71 | 0.68 | 0.72 | 0.80 | 0.82 | 0.78 | 0.73 | 0.68 | 0.65 | 0.66 | 0.65 | 0.61 | .50-.60 |
| Timothy Certified | 0.53 | 0.60 | 0.91 | 0.79 | 0.83 | 0.94 | 0.95 | 0.92 | 0.85 | 0.83 | 0.84 | 0.79 | 0.68 | 0.79 | .70-.75 |
| high quote for that year | | | | | | | | | | | | | | | |
| low quote for that year | | | | | | | | | | | | | | | |

Creeping Red Fescue

Despite acres falling by over 100,000 the past 10 years, **creeping red fescue** remains the regions’ most widely grown grass seed crop in the Peace River region. However, it is estimated that acres have fallen below 50,000 in 2015. This decrease in production acres has led to lowered production, which in turn has led to Canadian exports of creeping red fescue falling below the 20 million lbs. mark. (Lowest amount of exports since 1985!). And with acres continuing to fall, don’t expect this trend to change anytime soon.

| Canadian Exports of Creeping Red Fescue by Crop Year (millions of lbs) | | | | | |
|---|--------------|---------------|--------------|--------------|--------------|
| | 2010 - 2011 | 2011 - 2012 | 2012 - 2013 | 2013 - 2014 | 2014 - 2015 |
| Total CDN Grass/Legume Seed Exports | 91.35 | 111.88 | 99.80 | 95.93 | 85.94 |
| Creeping Red Fescue , cert. | 6.24 | 14.05 | 6.03 | 2.97 | 2.54 |
| Creeping Red Fescue , O/T Cert | 13.85 | 13.01 | 19.07 | 19.52 | 17.26 |
| Total: cert. + common | 20.09 | 27.06 | 25.11 | 22.50 | 19.80 |
| Creeping Red Fescue, cert., to USA | 4.74 | 7.33 | 3.06 | 2.02 | 0.89 |
| Creeping Red Fescue, O/T Cert, to USA | 13.15 | 12.56 | 18.44 | 19.16 | 16.63 |
| Total, cert. + common to USA | 17.89 | 19.89 | 21.50 | 21.17 | 17.52 |
| Crop Year = July 1 to June 30 | | | | | |

The USA continue to import over 88% of total Canadian creeping red fescue exports. The Canadian dollar exchange rate has fallen from 90¢ CDN to \$1 US dollar (October 2014) to its present rate of 75¢ (Sept 2015). This 17% drop in value however has not been reflected in new creeping red fescue quotes. Presently, quotes for common “Creeper” are at 80¢ /lb.



The Peace region’s fescue crop this past year could be considered average, no super huge crops out there, but neither were there crop failures. Dry conditions throughout most of the region this year has hampered establishment of newly seeded fields. This overall decrease in production, combined with news that the Oregon fine fescue crop was not up to par, could result in prices growing stronger going forward. But until demand picks up, one just has to wait.

Forage Grass Seed

With virtually zero local carry-in supplies of smooth brome grass, prices have shot through the roof.

Smooth brome grass seed quotes are in the \$3.00 to \$3.30 /lb. range, with higher quality lots getting the better quotes. The smooth brome grass seed picture is further clouded by a very poor American crop out of Kansas, with reports that their crop was well below average. May be good for prices, for now, but overall, does not help the smooth brome sector in the long run. **Meadow brome grass** quotes have also fallen into this price range as well. With cattlemen reseeding pastures and hay fields, and short supplies, Canadian smooth brome grass seed exports have fallen to only 160,000 lbs. in 2014-15. (2011-12, 2012-13 and 2013-14 exports were at 1.31 million lbs., 500,000 lbs., and 370,000 lbs. respectively). However, unless absolutely necessary, end users will switch to other species if sellers start asking for the moon. If there’s a decent price out there, take it. Have you price targets in place.



With more and more **timothy** seed production via contracts, and with lots of new acres seeded last year, price quotes for timothy have been pressured. Quotes for common timothy are in the 60 to 70 ¢ /lb. range. Certified varieties have a 10 to 15¢ /lb. premium. Latest Canadian trade data shows timothy seed exports for 2014/2015 dominated by certified timothy seed exports. 9.47million lbs. of the total 9.54 million lbs. of seed that was exported, was certified seed.

Legume Seeds

With precipitation hitting the Peace region this September, processors are still waiting to see what this year's clover harvest will deliver. However, dry weather conditions last year negatively affected newly seeded fields, resulting in less production acres this year. Low inventories and expected lower overall production has resulted in **red clover** seed quotes in the 90¢ to \$1.10/lb. range, with **alsike clover** seed quotes at \$1.30 to \$1.50/lb. Certified seed is commanding a 15 ¢ /lb. premium. Growers continue to seed cereals and oilseeds as crops of choice. Common **sweet clover** seed quotes remain in the 75 to 80¢ /lb. range.

Alfalfa seed price quotes have risen to the \$2.30 to \$2.40/lb. range, rising with dry conditions and increase in demand from the livestock sector. Latest Canadian alfalfa seed export data saw exports drop by 3.5 million lbs. from the previous year. (2014/15 = 21.3 million lbs. exported)

Summary

Production of grass and legume seed continues to drop in the Peace River region of Alberta and British Columbia. Not only have growers turned towards growing more traditional crops such as wheat and canola, weather factors the past two years have affected establishment of new fields. Despite very strong prices for almost all grass and legume species, new fields are not being established. There will always be a need for grass and legume seed, and market conditions will help dictate how high (or low) price quotes will be. Like always, have price targets in mind, don't get greedy, and do your homework. Remember, quality sells, so grow a quality product, and the price quotes you receive will reflect your good management decisions!



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