

## Fall 2016 Peace Region Grass and Legume Seed Market Update (Oct 7, 2016)

### Overview:

There's one factor that everyone knows that will kill "high prices", and that is..... "High Prices"! Sounds redundant? Well, as simple supply and demand tells you, the lower the supply, the more the demand, and the better the price. And growers will start seeding new fields.

Well, with superb growing conditions in the Peace region this past summer, crops "grew like crazy", resulting in exceptional growth and yields in almost all grass and legume seed crops. End results, previous high prices have resulted in unexpected additional new production supplies, which are now much more than anticipated, resulting in pressure to the downside in pricing as supplies grow (harvest for many species yet to be completed).



A regional snowfall throughout the Peace Region the last week of May, after much of the Peace region's crop was in the ground, provided much needed moisture to all emerging crops, as well as perennial grass/legume fields. Following these almost ideal spring emergence moisture conditions, the showers and rains came, and continued throughout the summer. The end result was as expected, much higher yields across the board, for all crops. The constant showers and rains did slow down harvest of grass and legume seed, and many growers are still waiting for dryer conditions to get their crops off.

Peace River Region Grass and Legume Seed Quotes (\$/lb.)																		
	2011			2012			2013			2014			2015			2016		
	Jan	May	Oct	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	2.35	1.90	1.80	1.60
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	2.55	2.20	2.15	1.80
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	1.44	1.45	1.40-1.50
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	1.64	1.65	1.60-1.70
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	0.80	0.72	0.68	0.50
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	1.10	1.37	1.00	.75-.80
Smooth Brome Common	0.59	0.68	1.16	1.16	1.43	1.71	1.88	2.13	1.30	1.38	1.50	1.63	1.90	2.08	3.05	2.96	2.85	1.40-1.90
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	3.37	3.10	1.70-2.20
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	3.30	3.13	3.10	1.60-2.20
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	3.40	3.43	3.30	1.75-2.40
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	0.80	0.78	0.81
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	0.83	0.81	0.84
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	0.60	0.54	0.51	.25-.30
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	0.70	0.67	0.65	.35-.40
high quote for that year	low quote for that year			note: if yearly high/low price occurs in Jan/May or Oct, it is noted														

## Grass Seed Crops

**Creeping red fescue** acres in the Peace remain at historically low levels, but this year's production is above average, especially if your crop was in the Alberta Peace. Reports of yields 600 to 800 lbs./ac are not uncommon, with some 1000+ lb. crops reported. Rain and showers delayed harvest, but the crop eventually came off. However, growing conditions in the B.C. Peace resulted in less than ideal wet soil conditions, which eventually affected yields.

"Creeper" quotes have stayed at 80 ¢/lb., with only a 2-3 ¢/lb. premium for certified seed. Although no longer required by the USA in the huge amounts seen in the 90's and early 2000's, it is still a consistent export crop to the USA, which uses Canadian common seed as "filler" in their turf grass seed mixtures. Movement of creeper this fall is reported as good.

With reports of exceptional yields in both **smooth and meadow brome**grass crops, prices have fallen dramatically. Uncertainty as to how much production is hitting the pipeline has led to pricing uncertainty, with a wide spread in "quotes". After quotes in the \$3.00 to \$3.20 range for both crops this past spring, quotes have now fallen into the \$1.40 to \$1.90/lb. mark for smooth brome grass, while meadow brome grass is being quoted in the \$1.60 to \$2.20 /lb. range. Some processors are reluctant to buy outright, as the smoke has not settled yet on what supply actually is, and what upcoming demand may be. Premiums for certified seed can be up to 40 ¢/lb. Although price quotes for both crops have been halved since spring, they are still above their long term price average of 67-69 ¢/lb. for smooth brome grass and \$1.15 /lb. for meadow brome grass. There were many new seed fields this year, and with

the moisture conditions encountered this year, there is a 100% catch!



With huge yields this year and plenty of acres seeded in recent years, **timothy seed** prices have fallen to 25 to 30 ¢/lb. 2015-16 exports of last year's crop fell 1.6 million lbs. (from 9.6 million lbs. in 2014-15 to 8.0 million lbs. in 2015-16). Quotes for certified varieties have fallen to the 40-45 ¢/lb. range. Growers without contracted seed may have to store as they wait for prices to improve. There is plenty of contracted seed for processors to ship out before they come looking for new seed.

## Legumes

**Alfalfa** seed quotes have fallen 20-30 ¢/lb. since the spring. Production in the Peace is limited, with supplies and production dictated by fields in the Brooks AB. area, and Manitoba and Saskatchewan growers.

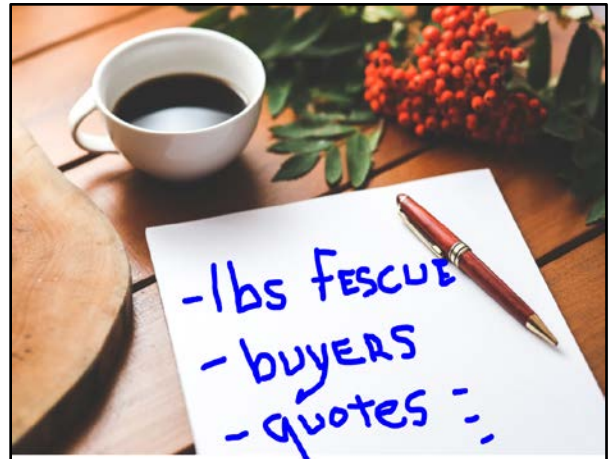
**Alsike clover** seed quotes are still strong, well above long term averages. Processors are still willing to pay \$1.40 to \$1.50 /lb. to growers for clean, quality seed. **Red clover** seed quotes are another story, as quotes have fallen to the 75-80 ¢/lb. range. However, with September rains and snowfall, a lot of the regions crops have yet to be harvested. In retrospect, alsike clover seed quotes remain well above its' average historical long term price. And even though red clover quotes have fallen by 70-80 ¢/lb. since the spring, these current quotes continue to be 50-60% above

historical average prices. Historical prices for red and alsike clover seed is in the 47-49 ¢/lb. range. 2016 acres of both alsike and red clover are below historical averages.

### Summary

The summer of 2016 will go down as a wet one, with cattlemen having exceptional pasture for their livestock but continuous problems trying to get their hay off. Grain and oilseed producers are encountering exceptional yields, but may have to pay for it in quality (wheat grades) and an extended harvest. And in the grass/legume seed sector, a great season for new field establishment, above average yields for existing crops, but along with that came harvest problems and now potentially excessive supply problems. As a result, prices have already fallen. Grass/legume seed producers are going to have to work harder to market their products this

upcoming year. As always, those with quality seed, will have better opportunities to move their products at better prices.



David Wong  
Beaverlodge, AB  
B.S. Ag., B.Ed., CACE  
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