

Spring 2016 Peace Region Grass and Legume Seed Market Update

Overview

With continued low inventories of “most” Peace Region grown grass and legume seed species, market price quotes for most species continue to hover above historical averages. With spring retail in full swing, one does not expect to see much price movement in species as most retail seed stocks are now in place. It’s now up to new acres (supply), prospects for the 2016 seed crop (supply), and future demand to see what directions future pricing will follow. And notwithstanding, any political issues which may affect pricing. (Maybe they’ll need hordes of new seed to seed the USA-Mexican border wall!).

With low inventories at the farm level, and high prices for certain species, processors are reluctant to buy without committed sales on the other end. Movement this past winter has been considered average, with no big demand rush during the winter months. Grass and legume seed acres are still at low levels, and with dry conditions leading to poor seed establishment the past couple years, upcoming supplies should still be stressed.

Prices for species that were destined for export also benefited from the devalued Canadian dollar, as most international trade is based upon the US dollar, and our Canadian dollar hit recent lows this past winter.

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
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	1.90	1.70-2.00
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	2.20	2.00-2.20
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	1.25-1.50
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	to 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	.75-.80	0.72	.65-.70
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	1.37	1.25-1.50
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	3.00-3.30	2.96	3.00-3.50
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	3.40-3.60
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	3.13	3.20-3.30
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	3.43	3.40-3.60
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	.80-.82
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	.85-.87
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	0.54	.35-.50
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	0.67	.45-.55
high quote for that year	low quote for that year																

Creeping Red Fescue

Creeping red fescue prices continue to climb, with current quotes in the 80 to 82 ¢/lb. Quotes are up 10 ¢/lb. since last winter (13/14), as the 2015 USA turf seed crop was below average, the Canadian dollar fell to recent lows, and production in the Peace continues to dwindle. Seed movement was average this past winter, despite the poor US crop. With dry conditions throughout most of the Peace region last year, establishment of new fields was poor.



Creeping red fescue rejuvenation (plowing)

Forage Grasses

With virtually empty on-farm supplies of the bromegrasses, prices skyrocketed last fall. Quotes for **smooth** and **meadow bromegrasses** are in the \$3.00 to \$3.60 range, depending upon quality. But of course, if no one has any, a high quote can't draw out seed that isn't there.... but it may entice the old grower to double check some of his old wooden bins. With good usage, and cattlemen still reseeding pastures and hay fields, the seed will remain in demand, but if none is forthcoming, alternative species may replace this common, well-liked species. As well, too high a price may also force end users to look at alternative species.

Timothy seed is the major exception to the production and supply picture in the Peace. A lot of seed has been harvested the past year, and many fields remain in production. 2014 saw a better than expected crop harvested, as the region encountered dry conditions and pest problems. Despite record Canadian timothy seed exports, supply still far exceeded demand resulting in timothy seed prices falling from average quotes of 61 ¢/lb. (common) to 74 ¢/lb.



Timothy hay harvested for compressed hay market

(certified) in 2015, to current price quotes in the 35 to 50 ¢/lb. range. Certified seed has a 5 to 10 ¢/lb. premium. There's lots of supply out there, and buyers aren't shaking the coconut tree right now to draw out seed, they just don't need it right now.

Legume Seed

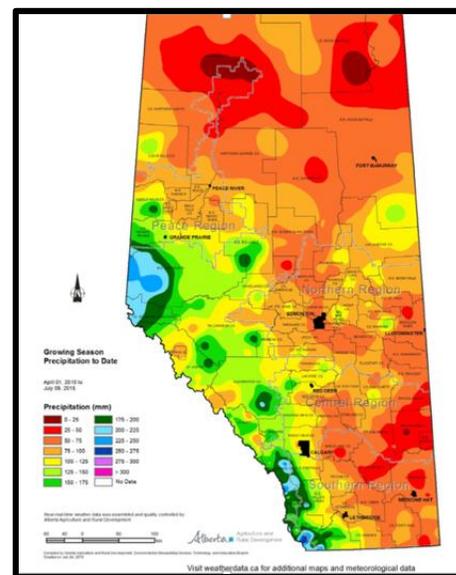
Price quotes for the clovers remain very strong, but have backed off a bit since the fall. Good quality **red clover** is quoted up to \$1.50/lb. Common **alsike** seed quotes are also in this ball park, but it will be interesting to see what reclamation demand from the oil industry will be this spring, as this sector consumes a lot of alsike seed in their grass seed mixtures destined for the oil patch.

Poor establishment of new fields, seeded in 2013 and 2014, has resulted in very few fields found in the Peace in 2015. The likelihood of that changing in 2016 is low, as drought conditions prevailed again last year. 2015 saw below average yields in most clover crops.

Alfalfa seed quotes have backed off to the \$1.70 to \$2.00 per lb. range. Few fields remain in the Peace. However, it remains one of the seed crops in most demand by farmers and ranchers.

Summary

Grass and legume seed production continues to drop in the Peace River region of Alberta and British Columbia. Poor establishment conditions the past two years and continues good market prices for traditional crops (wheat, canola, barley, peas) has continued to pressure farmers into growing these crops. With farm dynamics changing, bigger farms, bigger machinery, fewer growers want to get back into grass or legume seed production. It is hoped that these high price quotes will entice more growers to come back into the grass and legume seed sector, but so far, production continues to lag behind demand. Farmers in the past relied on diversification to get through tough times. Things are good now, but maybe it might not be such a bad idea to seed a bit of grass or legume for seed. Prices are strong, spread the workload out a bit, and maybe ‘cash’ in on this market. But remember, if you do this, grow a good product, as “quality sells”. In the grass/legume seed sector, you do get paid for your good management decisions.



2016 Alberta drought map, July 24

Prepared by:

David Wong
Beaverlodge AB
BSc Ag., B.Ed., CACE
May 4, 2016