

Spring 2017 Peace Region Grass and Legume Seed Market Update

Overview

With exceptional production last year in Alberta's grass and legume seed sector, prices for most species tumbled, with slight recovery in most crops by the end of the year. Processors are reporting good seed movement over the winter, with the export market taking seed overseas, but overall, prices remain stagnant. The wet harvest conditions last fall has resulted in many seed fields overwintered in the swath. It is hoped these crops get combined once the wet conditions dissipate, but a substantial amount of new harvested seed, will pressure prices. The exceptional growing conditions last year resulted in a bumper crop, pressuring prices, and refilled empty bins. Current price quotes, for most crops, are lower than the previous few years, but not unexpected. When looking long term, many quotes remain above historical average prices.



With moisture conditions very good across the prairies, it is hoped Canada's livestock sector take advantage of this factor and re-seed new pastures and hayland.

Peace River Region Grass and Legume Seed Quotes (\$/lb.) 2012 - 2017																	
	2012			2013			2014			2015			2016			2017	
	Jan	May	Oct	Jan	May	Oct	Jan	May	Oct	Jan	May	Oct	Jan	May	Oct	Jan	May
Alfalfa Common	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	1.60	1.60-1.70
Alfalfa Certified	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	1.90	1.90-2.20
Alsike Common	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	1.53	1.50-1.60
Alsike Certified	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	1.60	1.60-1.65
Sweet Clover Common	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	0.47	.45-.50
Red Clover Common	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	1.10	1.10-1.30
Smooth Brome Common	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	1.58	1.50-1.60
Smooth Brome Certified	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	1.55	1.80
Meadow Brome Common	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	1.80	2.10-2.20
Meadow Brome Certified	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	2.10	2.30-2.45
Fescue Common	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	0.82	.85-.88
Fescue Certified	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	0.84	.88-.95
Timothy Common	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	0.28	0.25
Timothy Certified	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	0.65	.40-.50
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													

Turf Grasses

Creeping red fescue quotes have now crept up to the 86 to 88 ¢/lb. range. With the majority of Canadian “creeper” destined for the USA, and with the Canadian dollar to US dollar exchange rate around .75, prices have remained profitable. It hasn't hurt that Oregon is now reporting their smallest turf seed crop in a number of years (expected 2017 acres: perennial ryegrass down 14% and tall fescue down 8% from last year, annual ryegrass unchanged). Certified creeping red fescue quotes are as high as 95 ¢/lb., with the majority of

demand from overseas. Creeping red fescue exports had increased by 18% from 2014/15 to 2015/16, and it is hoped this trend continues.



Forage Grasses

The main forage grass seed crops grown in Alberta (smooth brome grass, meadow brome grass, and timothy seed) saw their price quotes decline sharply over 2016. Despite inventories at extremely low levels, extremely good new seed field establishment and a bumper crop production in 2016 quickly brought prices down from historical highs. After hitting pre-harvest lows last year, both meadow and smooth brome grass seed quotes have rebounded slightly. Smooth brome grass seed quotes are in the \$1.50 to \$1.60 /lb. range, with certified seed commanding a 10 to 20 ¢/lb. premium. Meadow brome grass seed quotes are in the \$2.10 to \$2.20 /lb. range, while certified meadow brome (royalty attached) has a 20 to 30 ¢/lb. premium attached.

Timothy seed though, with very good production in 2015 followed by another bumper crop in 2016, has seen its' price quotes fall to 25 ¢/lb., with no potential for upside until inventories get moved. Certified seed may command a 25 ¢/lb. premium, but with most certified production under contract, very little remains in farmers hands.

Legume Seed

The 2016 rainy growing season and subsequent wet harvest has left many legume seed fields yet to be harvested (mainly red and alsike clovers). If this crop comes off this spring, additional supply could affect prices. However, it remains to be seen what condition and how much of this over-wintered seed comes off.



Although alfalfa seed prices fell around 25 ¢/lb. during 2016, quotes have remained steady around \$1.60 to \$1.70 /lb, with most certified varieties commanding a 30 ¢/lb. premium. Pedigreed acres in Canada have risen by 37,000 since 2011 (certified production, 2011, @ 44,000 acres) to over 81,000 pedigreed seed acres in 2016. Alberta's pedigreed alfalfa seed acres have risen by over 100% from 2011 to 2016. (2011 acres in Alberta @ 20,000, 2016 @ 46,600). The majority of Alberta's alfalfa seed acres are under contract in the Brooks region.

Red clover seed quotes have risen slightly since last falls' pre-harvest low. After falling over 60 ¢/lb. from the beginning of 2016, price quotes are now in the \$1.10 to \$1.30 /lb. range (for good quality seed).

Alsike seed quotes, did not feel the price drop as much, with prices dipping from \$1.47 /lb. (January, 2016) to pre-harvest lows of \$1.37 /lb. But price quotes have now recovered to the \$1.50 to \$1.55/lb. range.

Sweet clover quotes are presently in the 45 to 50 ¢/lb. range. Price quotes entering 2016 were as high as 85 ¢/lb.

Summary:

Although price quotes have fallen from a year ago, they are still at a profitable level (except for timothy seed). Prior to this spring, prices were at historical highs, and non-sustainable in the long run. Although prices have dropped significantly, they were from these all time highs. "Creepers" prices, although not at historical highs, are still holding their own. However, with less producers looking at grass seed production, there are fewer and fewer growers taking advantage of this crop.

Spring harvest will add to supply, but how much seed will be taken off and in what quality is yet to be determined. It will be up to the other side of the equation (demand) to give direction to price movement.

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