

Peace Region Grass and Legume Seed Market Update: Spring 2019

Overview:

Typical economics dictates that, in a normal world, supply and demand balance out, leaving one at equilibrium, that is, arrived at “market” price. After good production numbers for most forage seed crops the past couple years, price quotes remain at acceptable levels for most producers. Exceptional prices from a couple years back have now faded away, but current quotes should still move seed for both growers and processors. Total Canadian grass and legume seed exports rose for the crop year 2017/18, helping move some of the excess production from 2015 to 2017.

Peace River Region Grass and Legume Seed Quotes (\$/lb.) 2013 - 2019											
	2013	2014	2015	2016	2017			2018			2019
	Oct	Oct	Oct	Oct	Jan	May	Oct	Jan	May	Oct	May
Alfalfa Common	1.78	1.87	2.35	1.70	1.70	1.60	1.15	0.98	0.70	0.70	0.65
Alfalfa Certified	1.90	2.08	2.55	2.00	2.10	2.10	1.95	1.74	1.10	1.00*	1.00-1.20*
Alsike Common	1.23	1.31	1.35	1.55	1.60	1.45	1.35	1.26	1.00	1.15	1.05-1.15
Alsike Certified	1.40	1.53	1.50	1.80	1.70	1.65	1.60	1.54	1.05	1.30	1.10-1.20
Sweet Clover Common	0.69	0.70	0.80	0.50	0.43	0.45	0.48	0.48	0.50	0.50	.50-.55
Red Clover Common	0.85	0.85	1.10	0.90	1.10	0.95	0.95	0.91	0.90	0.90	.85-.90
Smooth Brome Common	1.30	1.63	3.05	1.55	1.60	1.40	1.25	1.20	1.00	1.10	1.15-1.20
Smooth Brome Certified	1.48	1.98	3.50	1.80	1.85	1.70	1.50	1.45	1.20	1.25	1.20-1.30
Meadow Brome Common	1.30	1.58	3.30	1.80	1.80	1.90	1.70	1.62	1.15	1.20	1.00-1.20
Meadow Brome Certified	1.53	1.90	3.40	2.10	2.20	2.20	1.85	1.87	1.30	1.35	1.20-1.40
Creeping Red Fescue-Com	0.66	0.75	0.80	0.81	0.82	0.87	0.90	0.95	0.90	1.00	.80-.90
Creeping Red Fescue-Cert	0.70	0.79	0.85	0.84	0.84	0.90	0.95	1.00	0.95	1.05	.80-.93
Timothy Common	0.73	0.66	0.60	0.26	0.28	0.28	0.29	0.35	0.30	0.35	.35-.40
Timothy Certified	0.85	0.79	0.70	0.45	0.60	0.57	0.54	0.54	0.45	0.52*	.45*
= high quote for that year = low quote for that year * = variety dependent											

Crops:

Creeping Red Fescue

Despite dwindling acres (compared to historical numbers) and a very poor crop in 2018, markets only saw fescue prices rise marginally, as end users looked elsewhere to find their “filler” in grass seed mixtures. This modest increase in quotes was despite the Canadian dollar remaining low compared to its US dollar counterpart (~ .74 to .76 CDN to the US dollar). Processors report average seed movement over the winter months, and few, if any, new orders. Prices have backed off and quotes have fallen to the 80 to 90 ¢/lb. range. Fall prices are quoted at .80 ¢/lb. Early indications have contractors reporting spring growth of “creeper” in good condition, but it’s still a ways away from harvest,

Forage Grasses:

Quotes for both smooth and meadow brome grass have settled into the \$1.00 to \$1.20/lb. range for common seed, with certified seed quotes demanding a 20 to 30 ¢/lb. premium. Good production the previous two years has driven prices down from very high levels 2 to 3 years ago. The old adage, "High Prices Kill High Prices" has come true again (in economic terms, high prices = increase in production, which certainly came true for the bromes). Timothy seed quotes are finally recovering after a massive crop 3 years ago. Common timothy seed quotes are up to 35 ¢/lb. Certified timothy seed quotes are up to 10 ¢/lb. higher. However, the majority of Canadian timothy seed exports are now of certified seed. Domestic markets continue to rely on common seed, with many end users aware of the seeds' heritage. Certified timothy seed exports have been at the 3.39 to 3.7 million lbs. annually the past 3 years. However, total export values for timothy seed has fallen by \$3.1 million these past 3 years.



Legume Seed

Following a huge 2017 alfalfa seed crop across the prairies, prices fell dramatically, and remain at low levels. Spring 2019 finds alfalfa seed quotes still around 65 to 70 ¢/lb., while certified proprietary varieties command a premium (40 to 50 ¢/lb.), depending upon variety. Alfalfa seed exports remained steady, but sales have not been enough to start price recovery.

Quotes for alsike seed have settled into the \$1.05 to \$1.15 ¢/lb. range. Prices have fallen, but are still in a profitable position for growers. Alsike acres can change quickly and most growers have experience growing alsike for seed. Premiums for certified alsike are only 5 to 10 ¢/lb.

Red clover seed quotes have been pretty steady for the past couple years now. Supply is meeting demand, and price quotes have remained in the 85 to 90 ¢/lb. range. Exports of Canadian red clover have fluctuated greatly the past few years, but prices have remained steady as supplies have been met with increased/decreased demand.



Table 1: Canadian Grass and Legume Seed Exports by crop year.

Canadian Grass and Legume Seed Exports by Crop Year				
(Mil. of Lbs.)				
	2014/15	2015/16	2016/17	2017/18
Alfalfa - certified	12.90	21.58	15.06	21.60
Alfalfa- o/t certified	8.43	11.13	8.32	18.15
Red clover -dbct	0.29	2.06	0.38	0.80
Red clover - nes	3.88	5.90	1.97	3.90
Creeping red fescue - cert	2.54	2.47	6.63	1.34
Creeping red fescue - o/t cert	17.27	21.07	21.58	22.25
Brome grass - meadow	0.58	0.61	0.67	0.71
Brome grass -smooth	0.16	0.64	1.36	1.21
Brome grass - nes	0.03	0.00	0.00	0.00
Timothy - cert	9.52	7.85	7.48	8.14
Timothy grass - o/t cert	0.07	0.20	0.37	0.33
Forage plants - nes	8.17	7.87	7.76	6.80
Total Canadian Exports	86.0	110.7	113.2	126.2

Summary:

Although quotes for grass and legume seed have softened from recent years, all locally grown grass and legume seed crops should still be profitable for growers, as prices remain close to or above long range averages. So far this spring, processors are reporting good early season movement of their retail inventory (hay and pasture mixes). Older grass and legume seed growers know that it's not just a good return that grass and legume seed production can bring, but that there are other advantages. And looking long term, with some of these "other" factors factored in, it is still quite profitable to have these crops in your rotation.

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