

BarthHaas® Hop Market Report

29th August 2020



The European hop crop has matured under more or less favorable growing conditions and an average to slightly above average yield is predicted for most growing regions.

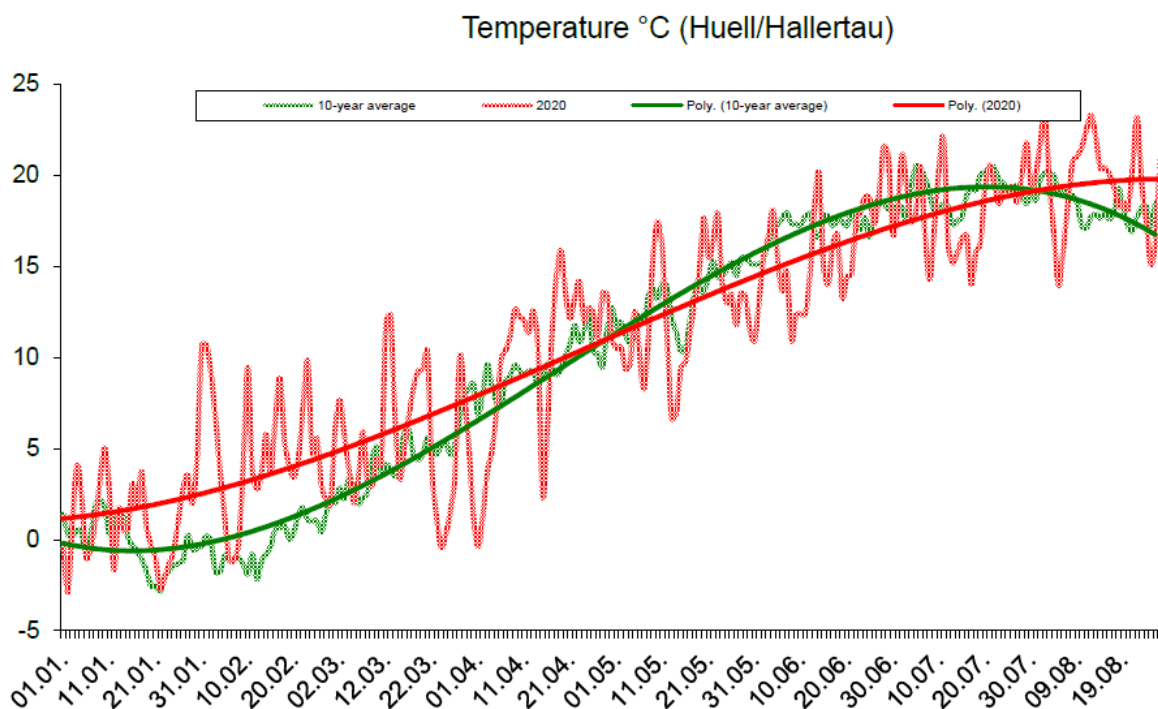
The US crop is also looking strong and of good quality. With Covid-19 induced reduction in hop demand the 2020 hop crop will deliver a noticeable supply surplus.

I. CLIMATIC CONDITIONS AND PLANT DEVELOPMENT

Germany

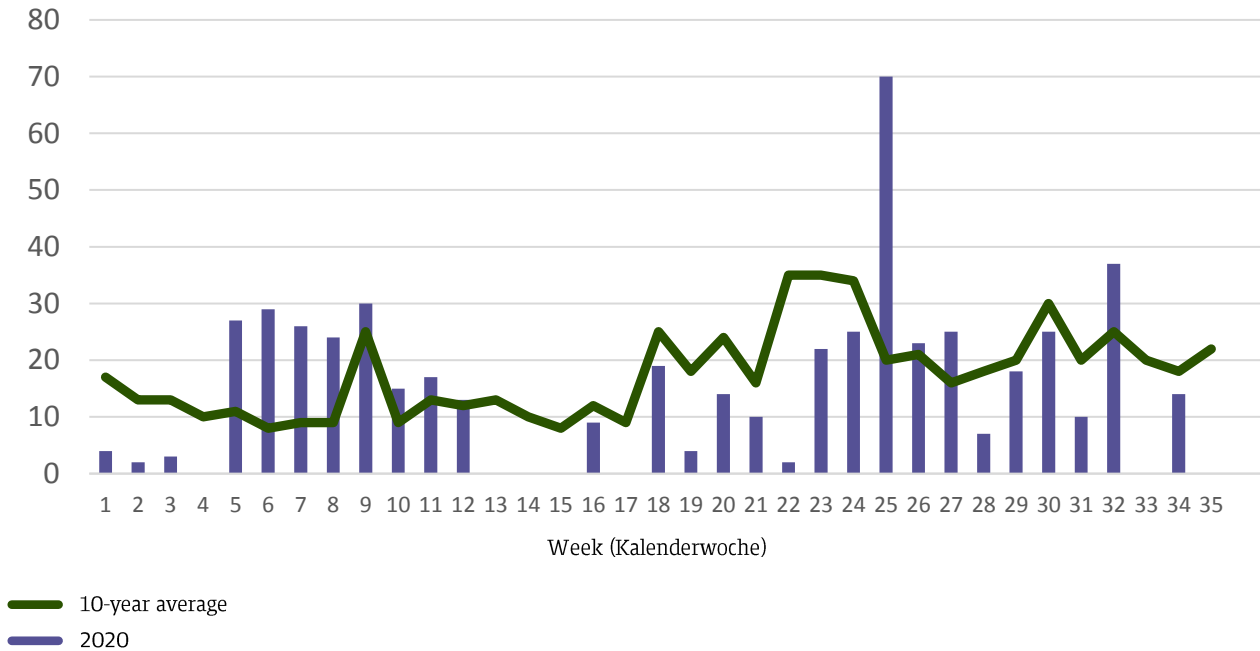
In 2020 Germany's climate returned to a more "normal" pattern after years of drought and heat waves. While precipitation was not enough to fully replenish ground water reservoirs, it was steady throughout the growing season and sufficient to raise a crop in good conditions. There were only a few heat days (defined as days with temperatures above 30°C) and as such an average to slightly above average crop is predicted – see diagrams.

Temperature in °C (Huell/Hallertau)





Precipitation (Niederschläge) [mm]



Challenges occurred with regards to plant health and protection, in particular infestation of powdery mildew and wilt. For more specific information on the growing conditions please see our HopUpdate video clips: <https://www.barthhaas.com/downloads/hopupdate>

The net growing acreage expanded by 289 ha in 2020 with the Herkules variety being the main gainer yet another year (+162 ha), followed by Perle (+149 ha) and Hall. Tradition (+100 ha). The largest decreases were found in Saphir (-42 ha), Magnum (-35 ha) and Amarillo® VGXP01 (-30 ha).

Official crop estimate for Germany (conducted between Aug. 20th and Aug. 25th):

REGION	TONNES OF RAW HOPS
Hallertau	41.500
Elbe-Saale	3.652
Tettnang	2.840
Spalt	780
others	46
total	48.818

This estimate puts the 2020 crop slightly ahead of 2019, which yielded 48.472 tonnes.



Czech Republic and Europe

The Czech Republic is looking at a crop possibly slightly below the long-term average, but initial alpha acid indications are above average and the physical quality is good. All other European growing regions report suitable growing conditions and expect average to good crops.

USA (Pacific Northwest)

Growing conditions in the US were also favorable overall and the US predicts a crop of **53.175 to** (117.23 million lbs), the largest in decades. Citra® in particular, but also Mosaic®, continue to expand significantly adding more than 1.600 ha (= 4.000 acres) between them. This comes at the expense of less fashionable aroma varieties such as Cascade, Chinook and Centennial.

Interestingly, the high alpha acreage has declined again in 2020 after making a bit of a comeback in 2018 and 2019, as returns on aromas are simply the more attractive option for US growers.

Overall, the US added 1.064 ha, a plus of 4.6% vs. 2019.

II. PRODUCTION ESTIMATES

As a result of further acreage expansions in 2020 (the decisions for expansion having been made prior to the outbreak of corona) and good yield predictions, the worldwide hop crop could produce in the neighborhood of 130.000 tons of raw hops or more than 13.000 tons of alpha acid. Worldwide hop acreage has grown to 62.644 ha, not seen since 1997. Due to the dent in demand caused by the corona virus pandemic, which we estimate to be between 8 and 14% for brewing year 2020 at the time of writing, there will be an oversupply in the market for the first time in seven years.

III. MARKET OUTLOOK

With most hop volumes being tied up in forward contracts the effect of the oversupply on prices is difficult to predict. As such spot market activity will be minimal, especially in the US where more than 60% of the acreage is planted with proprietary varieties. Merchants are expected to use restructured contract quantities to supply immediate spot needs by brewers. Despite the general market condition, some varieties, mainly special flavor hops (e.g. from Australia or recent releases such as Talus™), will continue to be in tight supply.

While the effects of the corona lockdown measures have changed the market conditions in the short and perhaps medium term, the long-term challenges presented by climate change and the lack of available plant protection agents have not disappeared and will continue to have a strong influence on the cost structure of hop farming.

Many things have changed with Covid-19 and most of our hop selections this year, regrettably, will be done remotely by sending samples to our customers. We look forward to welcoming all of you rather sooner than later again in one of our facilities, be that for hop selection, onsite training in our Hops Academy or simply to say hello and see what we are up to.

Wishing all growers a safe and good harvest and all of our customers a good recovery of beer sales in the 2nd half of 2020.