

## Peace Region Grass and Legume Seed Market Update: Fall 2017

### Overview:

After a few years of above average prices for grass and legume seed producers, this year's exceptional seed production (above average yields, increased acres) has brought price quotes back to reality, at least for now. As per most years, fall price quotes remain unstable as buyers and sellers try to evaluate this past year's production, and tie it in with potential demand. Demand traditionally comes from the USA (our major export buyer) plus a few steady overseas customers. With this scenario, many grass/legume seed prices have been pressured down since this past spring.

Almost all crops with which pricing has been monitored showed price decreases. One big exception, if you call it that, is timothy seed, which had already hit bottom last year due to unprecedented production due to abundant acres and yield in 2016.

As well, creeping red fescue saw its' price continue its slow, but steady, increase (see comments below). Prices have continued to rise for over 6 years now.

The Peace region's grass and legume seed crops got off to excellent starts due to abundant fall and spring moisture, which allowed for early growth but hampered seeding of annual crops. Unseeded annual crop acres resulted in additional grass acres to be seeded, mainly fescue. Overall though, grass and legume seed fields are expected to remain stagnant, with new fields only replacing those being taken out of production.

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	Oct
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	.80-1.00
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	1.20-1.50
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	1.10-1.45
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	1.50-1.75
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	.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	.75-.95
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	1.10-1.20
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	1.40-1.45
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	1.65-1.75
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	1.90-2.00
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	.90-.92
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	.93-.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	.25-.30
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	.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														

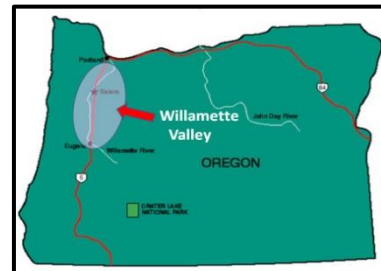
## Turf Grasses

The abundant fall and spring moisture resulted in **creeping red** fescue crops coming out of dormancy into excellent growing conditions, resulting in yields being above average. Harvest went smooth, with only a few scattered showers slowing down the August harvest. Common seed prices continued to rise over the spring and summer, with fall quotes falling into the 90 to 91 ¢/lb. range. However, with most processors presently only accepting their contracted production, prices may only remain as “quotes” until more open market buying occurs. The rise in the Canadian dollar has kept our “creeper” prices down slightly, as the majority of our creeping red fescue heads south of the 49<sup>th</sup> parallel. Certified creeping red fescue quotes remain at only a 2–3 ¢/lb. premium, for now. With abundant moisture in the fescue growing regions of the Peace, good establishment of creeper seedling crops this past year was the norm.

Although not in the 40 million lbs. of export range anymore (long term “traditional” average), creeping red fescue exports continue to recover from a low of less than 20 million lbs. exported in the 2014/15 year.

Canadian Creeping Red Fescue Seed Exports: by crop year, millions of lbs.						
	2012-13	2013-14	2014-15	2015-16	2016-17	% Change 15-16 Vs.16-17
	Millions of Lbs					
<b>Total Canadian Grass/Legume Seed Exports</b>	<b>99.8</b>	<b>95.9</b>	<b>86.0</b>	<b>110.7</b>	<b>113.2</b>	<b>2.3</b>
<b>Creeping Red Fescue Certified</b>	<b>6.0</b>	<b>3.0</b>	<b>2.5</b>	<b>2.5</b>	<b>6.6</b>	<b>168.8</b>
<b>Creeping Red Fescue, Not Certified</b>	<b>19.1</b>	<b>19.5</b>	<b>17.3</b>	<b>21.1</b>	<b>21.6</b>	<b>2.4</b>
<b>Total Creeping Red Fescue Exports</b>	<b>25.1</b>	<b>22.5</b>	<b>19.8</b>	<b>23.5</b>	<b>28.2</b>	<b>19.9</b>

However, the 2017 turf grass seed production in the Willamette Valley of **Oregon**, USA (the heart of turf grass seed production in the world) saw a less than expected crop come off. This below average crop cannot help but support Canadian creeping red fescue in the upcoming months, barring drastic changes in our Canadian dollar.



## Forage Grasses

Smooth brome grass and meadow brome grass saw their prices fall from the spring. Common **smooth brome grass** prices have fallen from spring prices of around \$1.50/lb., and have settled into the \$1.10 to \$1.20/lb. range. Presently, quotes for certified smooth brome are in the \$1.40 to \$1.45 /lb. range. Very strong prices the previous few years added to more production acres this past year. **Meadow brome grass** seed quotes have also fallen, but not as dramatically as smooth. Fall quotes are in the \$1.65 TO \$1.75 /lb. range, with certified meadow brome between \$1.90 to \$2.00/lb.

**Timothy** seed prices have managed to recover following last year’s crash in prices. Common timothy seed quotes are in the 25 to 30 ¢/lb. range. However, with the majority of timothy seed now under contract production, buyers are only taking in their contracted production, so buyers are few and acres remained high this year. However, due to the previous 2 year’s overproduction, many timothy seed acres were taken out of production this past year.

Although timothy seed quotes remain well below its'10 year average price (~ 50 ¢/lb.), both common smooth and meadow seed quotes are still above their 10 year average prices (~\$1.15 /lb. and ~\$1.32 /lb. respectively).

Of note to growers is that Stats Canada's July **2017 Cattle Inventory** report shows Canadian beef cattle numbers have increased, with 50,000 more beef cows and another 110,000 bred heifers on ranches in Canada. Despite exception hay yields on many Alberta farms this year, the long term says more hay and pasture must be made available to feed these additional beef cattle.

### Legume Seed

Many **alfalfa** seed growing regions in Saskatchewan and Alberta are reporting exception production this past year, with some producers reporting a 3 fold increase in production. Great.....eh? Ok, it's great for production, but the laws of supply and demand kicked in, resulting in alfalfa seed prices tanking big time!

Quotes for common alfalfa seed have fallen to the .80 ¢/lb. to \$1.00/lb. range. With lots of supply, and a need for cash flow, producers have been accepting these low prices. With this spring's prices still in the \$1.60 to \$1.65 range, this is a dramatic free fall. Hopefully, there are fully contracted crops out there, and not just minimum-price contracts. Certified alfalfa, which makes up the majority of Alberta production, has seed price quotes still in the \$1.20 to \$1.50 range, although this is still a 70 ¢ to \$1 drop in price. This oversupply may pressure the market for the next couple of years. We have to hope for a non-traditional buyer (IE: **NOT** China or the USA) to step up their alfalfa imports!



With moist conditions throughout the spring and rains/showers throughout the summer, **red clover** fields look very good throughout the summer but disappointed seed growers when the combines moved in. 2017 saw more red clover seed fields in production, and despite poor yields, production was more than adequate, resulting in fall price quotes dropping to the 75 ¢/lb. to 95 ¢/lb. range.

Acres of **alsike clover** were higher compared to recent years, with average yields reported. Prices have been quoted in the \$1.10 to \$1.45/lb. range. Certified alsike seed is commanding a 25 to 50 ¢/lb. premium. Wet conditions in 2016 provided good establishment of clover crops. These wet conditions also provided a good environment for alsike to volunteer under annual crops. A number of these fields, which were unable to be seeded this spring, were left to be combined in 2017.

### Summary

Traditionally, grass and legume seed crops were used as "cash crops", being sold when cash flow was required. With all annual crops now under that spectrum, and easier to market, grass/legume seed growers can still rely on

the long-term storability of grass/legume seed crops to capture better prices. Although price quotes for most of these crops have fallen, prices for most crops are **NOT** in the non-profit range. Growers should review their own situations as production of these crops should not be forsaken. There are other benefits of grass/legume seed production (soil improvement, spreading of workload, long-term storability... to name a few). And using good management in growing your grass/legume seed crop, and good marketing techniques, there should still be a place for this seed production on your farm.

Recent years' have shown how quickly a grass/legume seed market can turn around, as new acres/production can quickly flood a market..... but don't forget, the opposite holds true as well. Turf and forage seed will continue to be needed throughout the agriculture sector, and it has to be produced and sold, by a grower somewhere.



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