

**Market Report From the International Hop Growers Congress
(IHGC)**

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By Sean McGree



The world hop crop in 2006 totaled 85,000 metric tons (187.4 million lbs.) with Germany producing 34% and the US 31% of that total. Alpha acid production totaled 6,900 metric tons in 2006, excluding the estimated 60 metric tons that was loss in the Steiner warehouse fire last September.

Analysts predict an increase in world beer production to a level of 1.75 billion hectoliters (1.5 billion barrels) for the 2007 brewing year, with the highest rate of increase occurring in China (+10%). However, the alpha dosage per hectoliter of beer is expected to continue its decline. Most analysts project the world average will be 4.2-4.3 grams alpha per hectoliter of beer in 2007. That corresponds to a demand of 7,500 metric tons of alpha acid for the brewing industry alone. If you add in demand for non-brewing purposes, the 2006 harvest was short 1,300-1,400 metric tons of alpha.

This deficit has almost completely depleted the existing stocks of breweries, merchants and growers, some industry members say the “lowest ever”. Despite the higher prices for growers, there was no major increase in world hop acreage. The Economic Commission of the IHGC reports world acreage is only up 4,900 acres in 2007. Even with an above average crop, there won't be a major change in the supply situation in 2007.

With regards to contracts, some growers and brewers have signed contracts through 2013. The contract positions for the 2007 and 2008 world crop are considered to be completely sold.

Development of the 2007 crop: Most countries reported favorable weather conditions and expect above average yields for the 2007 crop. Germany had extreme temperatures and very little rainfall during the month of April; however, the weather has been wet and mild since then. With one month until harvest, growers expect average yields in all varieties. Pressure from pest and disease is minimal. England has had far too much rain fall during the past 2 months. Downy mildew is a serious problem, as growers have already made 4-5 sprays. Despite this concern, growers still expect a normal size crop. There was only one grower from the Czech Republic and he didn't speak English. I did speak with a European merchant who had recently visited the Zatec area and he said the crop looks very good. The weather has been cooperating and he said the fields he viewed look to be above average in yields. There were no representatives from Slovenia, so I was unable to get an update on the Styrian Goldings. The U.S. crop continues to develop quite nicely. All of BSG's contracted hops look to be in good condition. There is currently no pressure from powdery mildew and hopefully we won't have any spider mite issues.

****Current reports out of Germany (as of 8/15) indicate drought conditions over the past two weeks. August is a very important time for development of the German crop. Hopefully I'll get more info in the next few days.****