

Hop News

November 2020

World Crop 2020 will not meet the high expectations but is on a normal level

The results of this years' crop have been updated recently by the IHGC and are close to final (see chart 1 below). Raw hops amount to 124,000 tons which is approximately 5 % less than in 2019. Alpha acid production is only 2.5 % lower than in the previous year.

Chart 1

Country	Crop 2019 (t)	Preliminary Crop 2020 (t)
Argentina	266	331
Australia	1,645	1,714
Belgium	296	276
China	7,044	7,044
Germany	48,472	46,878
England	1,696	924
France	822	767
New Zealand	1,019	1,250
Austria	492	487
Poland	3,765	3,417
Romania	195	220
Russia	350	350
Serbia	16	16
Slovakia	108	26
Slovenia	2,572	2,723
Spain	830	908
South Africa	754	754
Czech Republic	7,145	5,950
Ukraine	480	480
USA	51,275	48,038
World	130,000	124,000

The German crop is considered a good average crop, while yields in the US and Czech Republic are rather disappointing.

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German Crop 2020 – average yields, alpha acid slightly above average

The following charts 2 - 4 show the yields of the major German hop varieties and chart 5 shows the alpha acid amount of selected varieties.

Yields of the major German hop varieties

Chart 2

		Yields (to)					
Aroma Varieties	Variety	2015	2016	2017	2018	2019	2020
	Hallertauer Mfr.	880	1,309	1,009	672	1,077	1,055
	Hersbrucker	1,369	1,925	1,817	1,925	1,808	1,676
	Perle	4,409	7,148	5,794	5,444	6,553	6,165
	Spalter Select	724	1,188	1,100	1,058	1,179	1,208
	Hall. Tradition	4,066	6,495	5,233	5,325	5,364	5,417
	Saphir	588	974	933	946	1,065	974
	Opal	100	278	266	253	285	283
	Smaragd	62	98	127	140	172	157
	Saazer	27	114	164	167	233	221
	Tettnanger	870	1,032	977	900	1,188	1,031
	Northern Brewer	319	516	458	411	555	470

Chart 3

		Yields (to)					
Bitter Varieties	Variety	2015	2016	2017	2018	2019	2020
	Nugget	302	367	357	296	349	316
	Hall. Magnum	4,242	4,699	4,598	3,209	4,552	3,971
	Taurus	740	794	584	516	480	415
	Herkules	8,721	13,885	15,278	17,219	19,946	20,104
	Polaris	116	182	246	394	539	642

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Chart 4

		Yields (to)					
Special Aroma Varieties (Flavour)	Variety	2015	2016	2017	2018	2019	2020
	Mandarina Bav.	277	663	922	822	870	748
	Hall. Blanc	128	320	403	432	438	421
	Huell Melon	126	280	347	255	298	223
	Cascade	67	132	207	207	221	185
	Ariana	0	27	122	134	192	160
	Callista	0	34	143	164	193	150
	Amarillo	0	-	116	623	557	477

Alpha acid volume of major German varieties

Chart 5

		Alpha Acid (to)					
Bitter Varieties	Variety	2015	2016	2017	2018	2019	2020
	Herkules	1,309	2,388	2,364	2,505	3,210	3,337
	Hall. Magnum	504	663	579	346	554	564
	Polaris	19	34	42	68	99	132
Aroma Varieties	Perle	198	515	400	299	439	456
	Hall. Tradition	191	416	298	266	290	341
	Spalter Select	23	62	51	37	52	63
Total		2,244	4,078	3,734	3,521	4,644	4,893

Current Market Situation

The world crop which is considered more or less normal is facing a significant decrease in beer consumption. We still expect a total decrease of around 10 % worldwide in 2020. As of now, forecasts for 2021 or the following years are pure speculation. Therefore, there are severe uncertainties in the whole hop and brewing industry.

This situation proves once more that only taking into consideration the alpha acid balance does not provide a complete picture of the hop market as the surplus of alpha acid does not explain the market price development.

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Therefore, the alpha acid balance is not a good basis to understand the market and price developments of different varieties. It only gives a rough overview.

Spot Market

On the one hand, due to the high pre-contract ratio, only around 4,000 tons – 4,500 tons spot hops are available in Germany in 2020. On the other hand, demand on the brewers' side is limited. Therefore, spot prices of all varieties are significantly lower than in previous years.

At the moment, spot prices for the major varieties (Herkules, Perle and Hallertauer Tradition) are approximately on the long-term contract level. For all other varieties, prices are significantly below this level.

It remains to be seen whether spot prices are interesting enough for breweries to stock up their inventories. The insecure economic situation will probably prevent them from doing so.

Pre-contract Market

Shortly after the harvest was finished, German hop growers were offered long-term pre-contracts for the major varieties with prices similar to pre-COVID time. However, only some hop growers could take advantage of these offers as the pre-contract ratio for the upcoming years is very high. When the second COVID19 lockdown started, the market came to a standstill.

The breweries' pre-contract activities are limited but there is more than could be expected. Furthermore, the pre-contract ratio is also rather high on the breweries' side.

It will be crucial for the market how the breweries will manage the increase in hop stocks due to the lower beer sales. Increases of around 10 – 20 % should not be a problem as a weak crop year is certain to come sooner or later.

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