

2015 Northern Hemisphere Hop Report

Paul Corbett - Charles Faram & Co Ltd



The demand for hops continues to rise. Breweries are using more hops per barrel than a decade ago and the rebirth of more balanced beers that has been talked about for a while now still doesn't seem to be slowing the sales of well hopped pale ales and IPAs.

Craft breweries using higher hopping rates are merging with or being purchased by brewers with better access to market. As the beers are released to a wider audience the sales volume for the flavoursome, hop heavy beers increases still further. Craft breweries across the globe are purchasing new brew houses, extra fermenters and even setting up new breweries in different parts of the world. The craft beer phenomenon is definitely in hyper drive!



Chinook on the cleaning belts near Moxee, Yakima

So it is important that with this huge demand for hops that the hop market responds in a positive and timely manner.

Increase in US planting

This has been very apparent in the USA where estimates show that acreage has increased by nearly 3,000 hectares to just over 18,000 hectares. To put that into perspective, the total UK crop is just under 900 hectares. So the US this year has planted acreage over three times the size of the total UK crop!

Growers are planting more of the flavour hops that are in such huge demand. Amarillo, Azacca, Comet, Centennial, Citra, El Dorado, Mosaic and Simcoe have all seen significant plantings whilst old favourites like

Cascade, Chinook and Willamette are also showing an increase. This is not the only part of the story as within these figures almost 750 hectares of high alpha varieties have been grubbed and replaced. The prices that can be achieved for the flavour hops are encouraging growers to grub out varieties such as Columbus, Tomahawk, Zeus and Super Galena which will not command as much of a premium.



Amarillo on the cooling floor near Toppenish, Washington State

Although there have been some very large plantings in the traditional areas of Washington State, Oregon and Idaho there are now hops grown in many other parts of the USA. Arizona, California, Colorado, Illinois, Indiana, Iowa, Maine, Maryland, Michigan, Minnesota, Montana, Nebraska, New York, North Carolina and Ohio have all reported new hop plantings this year. It will be very interesting to see how the production in these areas develops over the coming years.

Germany toppled

The increases in the US now means that Germany has been toppled from its number one spot as the world's largest hop producer, even though it has also increased acreage, this year by just over 500 hectares to 17,850 hectares. The main variety planted by growers has been the high alpha variety Herkules with its predecessor Magnum being the main casualty. The yield per acre difference between these two varieties means that Herkules has become the hop of choice for high alpha producers and users. The new aroma variety Mandarina Bavaria has seen a doubling of the acreage from last year and this may be an indication that the market in Germany will follow the US and plant more flavour hops as new varieties are developed.

So why has the US planted so many hops and Germany been more cautious? This can be explained by the prices being offered, with traditional German varieties fetching only a quarter of the price of some of the new US varieties. Is it any wonder that the US is planting and Germany is holding back?

Europe less attractive for growers

The Czech Republic (+150ha), Poland (+13ha) and Slovenia (+100ha) have all reported increases in acreage but the pre harvest contract prices have not been as attractive as in the US so volumes have not been at the same level as seen in the US. In the UK acreage has decreased slightly due to one or two farms pulling out uncompetitive high alpha varieties and following the land. Plans are underway to re-plant this area very soon. France and Belgian acreage has remained largely unchanged.

It is quite clear to see that growers will plant hops in response to higher contract prices but European growers need a considerable step up in price if this is to happen.

Cautious optimism

So with extra acreage in the ground and more contracts coming through growers set out into the new growing season with a cautious optimism. It is too soon after harvest to give a full and accurate view on



In the Czech Republic farms without irrigation struggled with thin bines and small cones

the yield outcome for each country however I think most merchants and dealers expect a very challenging run into the end of the year.

After a reasonable start all crops developed normally, then in June growers began to encounter some very serious issues. These were very much related to weather and in particular to heat. In Europe temperatures soared to nearly 40 degrees centigrade and lasted for three weeks. Growers were relieved to see more normal weather arrive but this was soon to be replaced again by another heat wave. Plants were visibly stressed and wilted in the heat, just prior to harvest it was clear to see that the yields were going to be severely affected by this unusual season.

In the USA too high temperatures were causing all sorts of problems. This coupled with a very dry winter and low snowfall on the mountains meant that irrigation water was at a premium. Many farms were being rationed and one of the districts was cut off completely for a period. The US varieties proved to be a little more resistant to the high temperatures though and this, coupled with growers having irrigation on every farm meant that yields were not quite so badly affected. However, even with the huge increase in acreage (+16.3%) the total amount harvested was only predicted to be 13% up on the 2014 harvest. Alphas are reported to be normal and quality good.

Shortages and price rises ahead

The difficult conditions in Europe have affected yields considerably. Initial estimates state that the German crop is 25-30% lower than last year, the crop in the Czech Republic is 30-35% down and Slovenia is reporting 35-40% reductions. In the UK, yields in Hereford and Worcester have been consistent with or just below the long-term average, however poor yields have been reported in the very dry warm conditions of Kent and particularly East Kent. Belgium and France have also been hit. Alphas in Central and Eastern Europe seem to be well below long-term averages, particularly for the early maturing varieties which had very little chance to recover from the heat wave. In the UK alphas are closer to the normal levels.



These Slovenian Aurora plants looked very thin and had clearly been affected by the heatwave

The hop industry is now very worried about supply this year and also the situation for the 2016 crop. Alpha production is below the current expected demand and varieties such as Saaz and Styrian Goldings are not only undersupplied from growers but are also in very short supply because of shortfalls in previous years harvests.

The very tight situation on the market is leading to a rise in prices that will no doubt be carried forward into future contracts. The industry in Europe is calling for an investment in new acreage but also in irrigation systems to help solve the issue of very hot dry weather. This investment can only be recovered if prices continue to rise. Be prepared for a rocky ride!