



# **MARKET REPORT**

**FELDSAATEN FREUDENBERGER**

**FEBRUARY 2022**

## GENERAL

Winter is gradually coming to an end. Spring is just around the corner and the new season and daily sales will start soon. The last months have been used to prepare various mixtures and products. In the trade last gaps were closed and the industry is now in the starting blocks. There is the usual “calm before the storm.” Tactics and philosophies are being discussed and wholesalers are increasingly focusing on the upcoming catch crop campaign and the 2022 harvest.



## RECORD PRICES, SUPPLY CHAINS AND INTERNATIONAL MARKETS

Prices for the many forage and turf seed species are currently at record levels. With a view to the coming campaign, the price level will not change anytime soon. On the contrary, for many species, prices continue to go in only one direction. There are currently a number of reasons for this. On the one hand, the consumption and demand for seed especially internationally, is higher than ever. The 2021 crop was catastrophic, particularly in North America due to the drought of the century, resulting in massive shortages and increased demand.

Another point that remains is increased freight costs. International ocean freight in particular continues to be affected by the corona pandemic. Many destinations cannot be served at the moment due to overbooking, resulting in delays of up to six months. Freight rates sometimes account for 1/3 of the value of goods. In addition, energy prices and consequently input costs for seed production have risen enormously. The costs of fertilizers and crop protection have quadrupled in some cases. Farmers have to pass these costs on to producers prices, especially with regard to new multiplication in order to achieve their contribution margins. Another price driver are the so-called "other costs": Above all, prices for packaging materials and pallets have more than doubled compared to the previous year. The raw materials paper and wood already have to be ordered at least six months in advance.

Now more than ever, the concern of persistent inflation hovers over all of this. Many central banks around the world have already reacted, and it is only a matter of time before interest rates will once again have to be taken into greater account in business calculations. This combination of lower global yields, increased demand, massive supply chain disruption, increased production, logistics costs, and the accompanying global inflation are therefore impacting our field crops like never before. It is therefore all the more important at present to know one's own position precisely and to take a good look at the markets. We will be happy to assist you as a competent partner in this regard. The following is an up-to-date assessment of the most important species in the field seed sector:



## LAWN & GREENERY

The lawn and greenery product group benefited most from international demand. Prices in this segment have more than doubled in the last twelve months. In particular, the miserable harvest in the USA and the continuing “homing” due to the pandemic have led to a real boom. In addition, the Asian markets have returned to business in full after a year of abstinence and have literally bought the markets dry. European business was good and well above average consumption of the last five years. We also expect good sales in the coming campaign. Looking ahead to the 2022 crop, a large part of the crop has already been pre-sold and the major market players have taken up positions. For the 2022 harvest, significantly higher prices will have to be paid to the farmers, as the high fertilizer costs need to be compensated. Likewise, significantly higher minimum prices will have to be guaranteed for the new productions as forage and turf seeds are additionally competing with the established main crops cereals, rapeseed, soybeans, etc. Therefore, a decline in prices is not to be expected in the mid-term. On the contrary, advance sales are already so high that increases can be expected.





## PERENNIAL RYEGRASS



Perennial ryegrass is the most important component in turf mixtures worldwide. A distinction is made between cultivated varieties with tested suitability for turf and simple "commodity varieties". Both categories are currently sold out in wholesale worldwide. Requests for prompt delivery as well as new crop are piling up for another year in a row. The U.S. as the largest producer of turf grasses on earth, continues to emerge as a buyer in the markets, further driving prices of *Lolium perenne* which have nearly doubled from last year.

## RED FESCUE



The situation here is similar to that of *Lolium perenne*. However, the possibility of substitution with commodity or forage varieties is much lower. The reason for this is that red fescue is used almost exclusively in lawn mixtures and is only used in very small quantities as a fodder grass. There are three types of red fescue: Creeping, chewing and slender creeping.

Creeping Red Fescue accounts for the largest proportion of the three species at approximately 80%. Chewing and slender creeping red fescue are primarily used in the better turf mixtures. The main growing areas for red fescue are in Denmark and Canada. This species is also currently completely sold out and cannot be obtained wholesale. European red fescue continues to be in demand and the price increase for red fescue is almost 100% compared to the previous year.





## **SMOOTH STALKED MEADOW GRASS / KENTUCKY BLUEGRASS**

The price of bluegrass has also risen significantly. Although the price increases are lower than for Perennial ryegrass and red fescue, prices here have also risen by around 40%. Products from the USA in particular, as an important producer country, are currently extremely expensive. The reason for this is that perennial areas were hit particularly hard by the drought and many older areas have been taken out of production. New seedings, which are now much more expensive, have not been able to compensate for the decline in acreage. Significant upward price corrections are still expected.



## **TALL FESCUE**

Tall fescue is becoming increasingly popular as a lawn grass. Modern cultivars now induce tall fescue as an attractive and durable lawn grass. Under the dry turn attribute, tall fescue is also increasingly used in "consumer mixes" in Europe.

In the U.S., tall fescue is nearly sold out, and high prices are being charged for quantities from the new crop. The price increase for tall fescue is about 50-60%.



## **ANNUAL RYEGRASS FOR TURF**

Annual ryegrass for turf is becoming increasingly popular, especially in entry-level price mixtures. The advantage of annual ryegrass is its fast germination and initial development. In addition, it quickly gives rise to a dense lawn. Also in the absolute professional area, the sports field construction, annual ryegrass is used more and more for fast regeneration between playing days in the current season operation. In the meantime, there are a large number of specially bred turf types. However, "commodity varieties" are also used, especially at entry-level prices. The species has now found its permanent place in mixtures and is indispensable. Annual ryegrass is available and very attractive in price compared to traditional turf species. However, new crop has increased significantly in price, and areas have been reduced. Low-priced offers, especially from North and South America are also not available at the moment. Therefore, we expect a significant price increase in the near future.

## PASTURE & HAY FARMING

The pasture and forage sector is currently viewed with cautious optimism. Prices are stable compared to last year. Viewed in isolation, Central Europe and the main dairy farming regions in particular were blessed with sufficient rain, and demand for seed was correspondingly lower. “The problem child” here remains exclusively the *Lolium ssp.* In particular, the short-lived ryegrasses have not been consumed as much as in the previous year. However, the industry is not worried. On the contrary, seed production surface has been reduced and significantly higher crop prices will have to be paid for the coming harvests. Consumption of forage grasses and demand especially from Southern Europe and internationally are high. Nevertheless, this primarily concerns “commodity varieties” and not the local highly recommended top varieties.

### PERENNIAL RYEGRASS



The most important pasture component in Central Europe is Perennial Ryegrass. The hype for and demand for recommended varieties have diminished somewhat due to lower consumption. However, markets are by no means oversupplied and stocks, especially first hand, are low. “Commodity varieties” have risen significantly in price. This is due to the extremely high turf demand and the worldwide use of tetraploid *Lolium* cultivars especially in simple turf. The gap between “highly recommended” and “non-recommended” has narrowed in the tetraploid range. The highly recommended varieties are stable in price and, in terms of new crop prices, cheap, whereas the non-recommended varieties have increased in price 20-25%. Stable prices are expected for the coming campaign. The high “commodity prices” and the higher new multiplication prices create a secure benchmark.

### MEADOW FESCUE



Meadow fescue is the second most important pasture grass in our temperate zones next to Perennial ryegrass. Internationally, meadow fescue is also becoming increasingly important. Production could not be expanded for another year and prices remain at a high level. The 2022 harvest will not bring any relief either. Recommended first-hand material is largely sold out. Non-recommended material is still available on a smaller scale.

### TIMOTHY



The supply of Timothy remains tight. Particularly recommended varieties are completely sold out. Prices have doubled compared to last year. The main reason for this is the poor Canadian harvest and the high demand there. At times, North Americans have entered the European market as buyers. This is a novelty that shows how precarious the supply situation is. Prices are expected to remain absolutely firm in the coming campaign. In particular, areas in Canada could not be increased, resulting in a supply shortage for another year in a row.



## ORCHARDGRASS / COCKSFOOT



The availability of cocksfoot is good. Prices have stabilized over the last few years, and stocks have largely been reduced. Internationally too, more cocksfoot has been traded than in previous years. At the same time, the multiplication areas of this perennial crop have been reduced. Prices are stable and, in view of the increased multiplication costs, a price increase can be expected for the 2022 harvest.

## SMOOTH STALKED MEADOW GRASS / KENTUCKY BLUEGRASS



In line with overall normal consumption, prices for forage Bluegrass are stable. The number of recommended varieties is limited. The weaker seed yield compared to turf varieties will also be reflected in the multiplication price level. However, goods are still available in usual volume.

## TALL FESCUE



Tall fescue is also becoming increasingly popular in the forage sector. Qualitative new cultivars are characterized by improved leaf structure (soft-leaved), better re-sprouting and higher yield. Tall fescue is gaining importance especially on dry sites and is already one of the most important perennial forage grasses in South America and Southern Europe.

## ANNUAL, ITALIAN & HYBRID RYEGRASS



As described at the beginning, short-lived forage grasses have not been in as much demand due to adequate basic forage supplies from last fall. Stocks have increased. However, consumption internationally and in Southern Europe was encouragingly high. In addition, there have been significant price increases for new multiplication and a decline in multiplication acres. We expect that in the main growing areas for short-lived grasses in Europe (Germany and Poland) acres will be reduced by a good 1/3. Suppliers for "commodity material" mostly from North and South America, are currently not on the market, and if at all, then at comparatively high prices. The price level is correspondingly stable. It can be assumed that prices will rise as consumption increases and the new crop becomes scarcer.





## CLOVER SEED & LEGUMES

### WHITE CLOVER

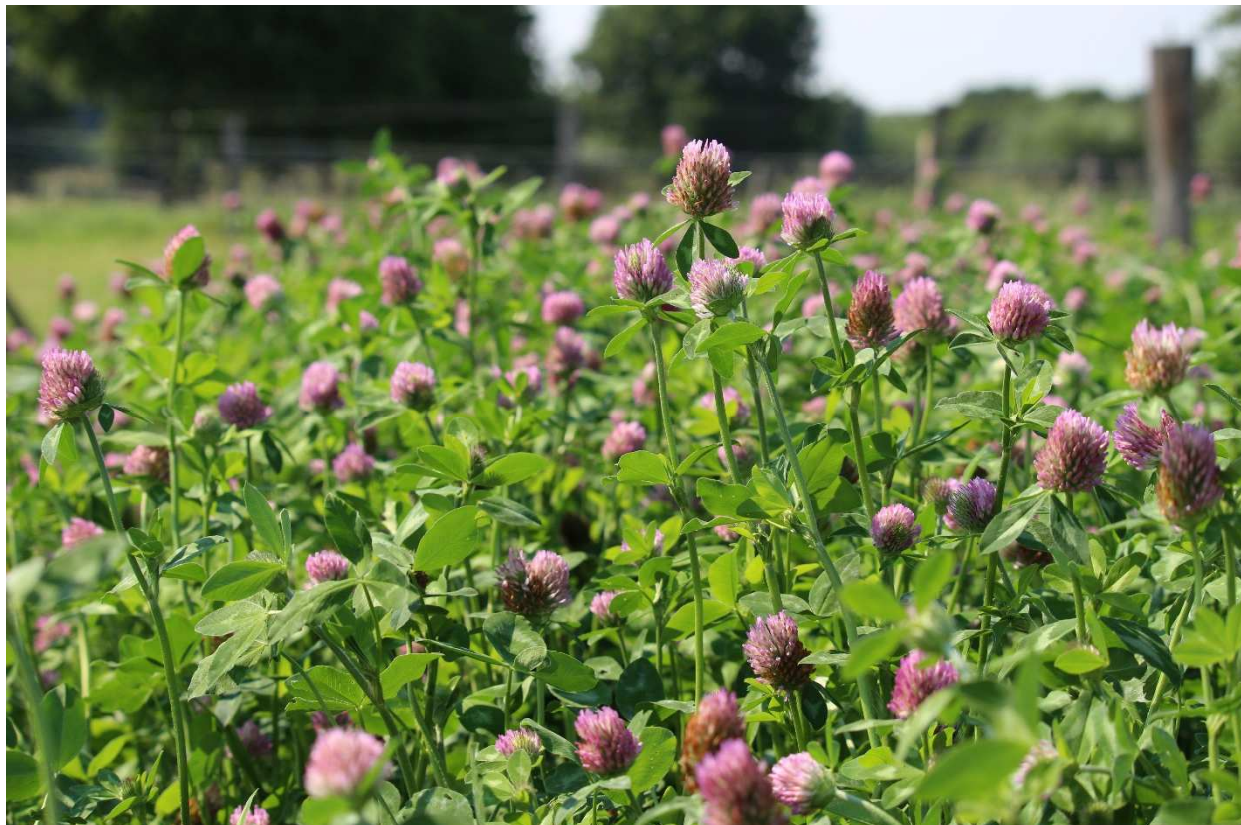


Prices for white clover are at record levels. A drop in prices is not expected. Globally, white clover is the most important perennial clover species, used on all continents. In particular, the weak harvest in North and South America and increased demand from Asia have caused prices to rise enormously. At present, there are no substantial offers, and record prices must also be guaranteed for new sowings. A large part of the new crop has already been pre-sold and local demand is still pending.

### RED CLOVER



Red clover is also developing positively again after several years of price stagnation. The harvest in France was weak once again, and the main cultivation area for “commodity varieties” Poland is also almost sold out. U.S. production has completely failed or is currently far too expensive for the European market. This has again increased the pressure and consumption of local production. For the coming harvest, we expect stable prices at the current level, in line with the general price increases for agricultural products.



## ALSIKE CLOVER

Alsike clover occupies a niche among perennial clover varieties and is used primarily on weaker, moist sites that red clover does not handle as well. The main growing area for Alsike clover is Canada. At the moment, the market is almost sold out at first hand, and prices for it have also increased, moving 20-30% higher than last year.

## CRIMSON CLOVER

As an over-season field cover, crimson clover has enjoyed renewed popularity in recent years. Demand has increased steadily in recent years, especially in winter hardy catch crop mixtures. Now, crimson clover is largely sold out, and the new crop is anxiously needed.

## BERSEEM CLOVER

Berseem clover is traditionally produced in Italy. Europe-wide, the annual demand is about 5,000 - 6,000 tons. Prompt goods are not available now, and the few offers are at record levels in terms of price. With the new harvest, lower prices are again emerging, but at a significantly higher level than in previous years.



## PERSIAN CLOVER

After several years of price stagnation, this item has made a significant jump. Europe is unable to cover its own requirements with local production and traditionally imports quantities from Australia, the largest Persian clover growing country. Australia is currently benefiting disproportionately from the good economic situation in the agricultural sector. On the one hand, Australian harvests were good to very good for all crops. This is mainly due to sufficient rainfall, which has regularly failed to materialize in recent years. On the other hand, livestock numbers are currently being drastically increased. In return, pasture and hay areas are being intensified and expanded, leading to a sharp increase in domestic demand for seed. Prices have risen by 40 - 50% compared to the previous year. This is currently affecting all the common Australian clover seeds including Sub clover, Arrowleaf Clover, Annual White Clover, Special Alfalfa to name just a few species.



## ALFALFA

Alfalfa remains the world's "queen of forage crops". The market is significantly undersupplied this year and prices have risen rapidly in the last six months, by about 50% compared to last year. Recommended varieties are almost completely sold out and the Italian varieties, which are not considered so consistent in our latitudes, are also in short supply. With the exception of Italy, the two other main growing regions, France and Canada, had very weak harvests to the point of total failures last year. This fact, combined with high international demand and significant increases in new multiplication prices, has driven prices to near record levels. The industry will enter the coming harvest with no significant stocks for another year, and supplies will remain tight for the 2023 season.





## CATCH CROPS

The cultivation of catch crops is part of good professional practice in Europe and has been introduced in all regions in Germany with the start of the CAP in 2014. Due to increasingly stringent regulations on active ingredients and the use of nitrogen fertilizers, catch crops can often be a supplement or alternative. Among other things, they protect the soil from nutrient leaching, wind erosion and help with weed suppression. Mixtures and their mixing partners complement each other depending on climatic conditions and bring other advantages. With the upcoming CAP 2023, however, the picture may change; in all likelihood, single seeds will gain in importance in vegetable and potato cultivation, for example. Here it is important to observe the coming month intensively. For the 2022 season, however, the legal starting position is largely unchanged. Below are the reports on the individual species.

### WHITE MUSTARD



Throughout Europe, white mustard is the largest cover crop. The market is basically divided into three categories:

- Conventional low-cost varieties
- Conventional cultivars
- Resistant cultivars

In recent years, prices have been very much influenced by a major oversupply of conventional low-cost varieties. With the slightly below-average harvest, depending on the production region, lower seed yields due to weather conditions and the sharp rise in prices for consumer mustard, the bearish phase has come to an end. Conventional cultivars, which are listed by the BSA, are more scarce on the market, as acreage has been reduced due to sharply higher production prices and a shortage of available acres. Resistant varieties are produced in the southern hemisphere in New Zealand in the event of anticipated shortages. This is done at significantly higher prices, but on the other hand leads to secure coverage of season demand. The overall supply situation should be sufficient to cover European demand in 2022. Acquiring production acres for spring sowing in 2022 is proving more difficult based on sharply increased price demands.



## FODDER RADISH

Fodder radish is also distinguished in different categories:

- Conventional low-cost varieties
- Conventional cultivars
- Resistant cultivars
- Double resistant cultivars

The market for conventional low-cost varieties and non-resistant conventional varieties listed by the BSA has been largely cleared. Sporadically, individual loads are offered at very firm levels. The 2021 crop was slightly below average for this item, resulting in a shortage of non-nematode resistant cheap and cultivated varieties. Resistant and dual-resistant varieties have been proportionally more produced and are more adequately available. Overall, there is sufficient oil radish for intercropping in 2022. As already reported for white mustard, the acquisition of multiplication areas for sowing in 2022 is taking place at a high price level. It remains to be seen if all sowings will take place.

## PHACELIA

Phacelia, which is almost universally used in many flowering and intercropping mixtures, was better harvested compared to the previous year and traded bearishly until October last year. With consumer prices up significantly and a two-year view of stocks, the level has now firmed more than expected in terms of price and tightened in terms of volume. Looking ahead to the coming season, all demand should be able to be met. Phacelia is another item that is sown in the spring and is encountering a shortage of acreage. Production prices are more expensive, and it remains to be seen to what extent this can be passed on to the consumer next year.

We hope this has given you a good and brief overview of the most important forage and turf seed species. Surely there are many more species, which we can gladly illuminate together on request. We will be glad to advise you!

With kind regards,

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