

Q&A Session for October Power Hour – Malting Barley Crop Report

Q: If we see a poor crop year in 2015, what is your feel for how long stores in North America will last before we see increasing malt prices in North America?

A: French prices for malting quality barley have risen by 30 EUR per ton since the beginning of October. The issue with the current crop is one of malt processing and subsequent brewhouse performance. For the 2015 crop farmers will start to price barley fairly soon, although prices have risen to account for the news of the 2014 harvest. Markets will respond to the prevailing conditions of the 2015 planting and subsequent growing season. Assuming we have a good 2015 crop Maltsters will no doubt look to move over to the new crop as soon as possible. Should another poor crop prevail in 2015 then we will likely see barley pricing similar to 2008 and I refer readers to my graph of barley pricing for how the market responded in that period.

Q: In the past, Brewers Supply Group has provided customers with brewing aids when crop quality issues were prevalent. Do you intend to do this again?

A: We will be offering such technical assistance to our customers as appropriate to assist them in coping with this year's crop.

Q: Do you foresee a shortage similar to recent hop shortages whereby craft brewers cannot procure malt at any price?

A: I do not think we will see that this in the short to medium since the North American Industry is not running quite at capacity and further more there are plants in Europe and elsewhere not running at capacity and so although barley quality could slow down production we are unlikely to see an inability to procure malt at any price this year or next.

Q: how practical is it to anticipate that Western US maltsters will rely on European barley to malt from a cost perspective?

A: It is not terribly practical at all in the West. The cost of rail logistics for inland located maltsters is prohibitively high. However for malt houses located near to port facilities this may be an option. The first action of maltsters is to evaluate the crop they have and determine what is practical to malt from their own contracts. To my knowledge barley was not imported in 2010 and although not an easy year malt was successfully produced from that crop.