



WESTERN BARLEY GROWERS ASSOCIATION

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News Release

MALT BARLEY MARKET DYSFUNCTIONAL UNDER CWB CONTROL

Airdrie, AB. – February 4, 2011: The Western Canadian malt barley market is dysfunctional, according to Western Barley Growers Association (WBGA) President, Brian Otto.

In a recent news article, Neil Townsend, market analyst for the CWB said the malt price “is not moving higher for Western Canadian farmers because we don’t have much malt barley to sell. So even if world price structure goes up, we don’t have a lot to take advantage of that.”

But the world price structure has gone up. Today, the world price for malt barley is around \$340 per tonne but the January CWB Pool Return Outlook (PRO) is only \$254 per tonne. In fact, the October PRO was \$260 per tonne, so the CWB PRO has moved contrary to existing world prices for malt barley. While malt prices have been moving higher because of a shortage of malt barley worldwide, the CWB’s price to farmers is moving in the opposite direction.

Otto says, “I know of barley producers that have malt quality barley but are considering selling it for feed for the same price as the PRO – or better. Also, they get paid up front and don’t have to wait for adjustment or final payments.”

The WBGA maintains the CWB has created a serious situation for the malt industry. “Domestic maltsters are still looking for malt barley supplies this year but unfortunately, the real value is hidden from farmers and good barley will end up being fed instead”, says Otto.

New crop decisions are being made right now and price signals are key to attracting producers to grow any crop. “As it stands, next year could prove to be a very difficult time for the malt industry”, says Otto.

Presently, all other crops are showing substantially stronger net return prospects for new crop than barley. CWB price indicators for malt barley are suspect just by looking at the existing PRO and the world price structure.

Our malt industry needs to get the true picture out to malt producers so they will consider growing malt barley under the existing system. Otto says “With the current PRO where it is at \$254, if the CWB comes out with a new crop PRO where it needs to be to buy acres, producers will have a good reason to hold what little barley is left out on the farm until new crop, making a tough situation this year for the malt industry into an impossible situation. And if the CWB doesn’t show true values for next year, barley seeded acres may go down again. ”

The barley industry needs substantial change in how barley is marketed and how price and value is transmitted and until the CWB recognises this, the barley industry will continue to struggle and decline.

“Last year seeded barley acreage was the lowest in 40 years; next year could be lower yet again. Need I say more.”

Western Barley Growers Association is a strong voice for a vibrant, market responsive barley industry in western Canada.

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