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Malt Barley Contract Prices Need to Strengthen for 2011

Contracts for 2011 malt barley production are now being offered, and the board of directors of the North Dakota Barley Council believes contract prices will need to strengthen to entice growers to commit acres to malt barley production.

“While initial contract price offerings are disappointing, we are hopeful that prices will strengthen so that barley can be a profitable crop enterprise in 2011”, states Barley Council board member Charles Ottem.

“The decline in acres of barley production in North Dakota clearly demonstrates that barley is not profitable compared to other crop enterprises available to growers”, states Jim Broten, chair of the North Dakota Barley Council. “Each crop we raise has to generate a profit. Barley has significant advantages as a rotational crop, but the down side risk of not securing malting grade, along with extended storage periods places growers in a difficult financial situation that they simply can’t afford.”

Current contract price offerings for 2011 malt barley are in the range of \$4.40 to \$4.90 per bushel. “Malt barley prices will need to be substantially higher to compete with corn, canola, wheat, and soybeans”, states Doyle Lentz, vice chair of the Barley Council. “Growers can harvest, deliver, and receive timely payment for these crops, which is critically important for managing profits, labor, and cash flow.”

“Hopefully, malt barley contract prices will increase to a level that compensates growers for their risk”, states Broten. “Barley production has decreased in North Dakota from approximately 86 million bushels in 2008 to about 44 million bushels in 2010. In order for production to rebound, prices and profitability will need to improve.”