Cost of bluegrass seed to rise

BLUEGRASS SEED prices are going up. Projections that prices could increase by nearly dollar a pound were incorrect; it's likely to increase more than a dollar, and a great deal more for the 2010 sod seed plantings

Depending on the variety, prices for 2009 will increase 15 to 20 percent. But, when prices will be really jumping is after the new crop seed harvest fall 2009. Elite Kentucky bluegrass prices for 2010 are projected to increase 60-70%. These projected price increases are based on actual signed contracts with seed growers to produce the seed. At the time of the contract signings seed growers had alternative crops that were more profitable than producing bluegrass. If the higher prices had not been contracted, the seed would not have been produced.

Supply and demand does work. In this situation it was the increased demand for the grower's acre of ground to produce Bluegrass seed or an alternative crop. At the same time the demand for Elite Kentucky bluegrass was low due to the poor housing market. Kentucky bluegrass seed production has been greatly reduced to compensate reduction in consumption.

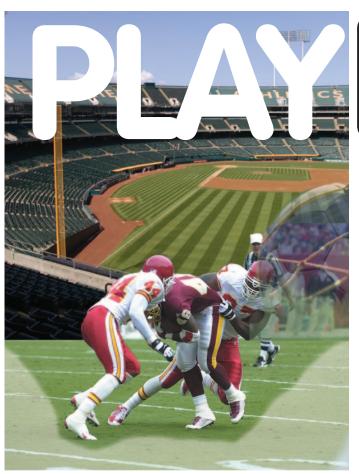
The 2010 Kentucky bluegrass price is expected to be the

peak in prices. As most of you know many agriculture commodities prices collapsed last summer. This collapse occurred after the contracts were signed at record setting prices. The good news is Kentucky bluegrass prices are expected to start a decline by 2011 season.

The currents of the market are moving in many directions. Ag commodities prices were increasing while the demand for elite Kentucky bluegrass seed was decreasing; thereby reducing the bluegrass seed production. Sod producers have been very conservative with sod inventories and rightfully so.

Farms have been limiting replanting and in some cases, not planting harvested acreage at all. Who really knows what or when anything is going to happen, but with even a small increase in sod acres planted in 2010 this may lead to a very tight supply of Elite Kentucky bluegrass seed.

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