



Market Watch - Creeping Red Fescue

What do high oil prices, \$13/hr. Krispy Kreme® Doughnuts jobs, billbugs, drought, Danish farming co-operatives, the declining dollar, and a mild winter/early spring have to do with why it has been so hard to get timely creeping red fescue shipments?

More than you can imagine!

Thanks to stressful summer conditions in 2005, coupled with an extended fall selling season, quite a bit of seed was not only shipped, but used prior to winter. In fact, many distributors commented that their December inventories were at record low levels. Fast-forward to May 2006: Movement has been terrific, even record breaking. Multiple distributors have told us they are using up to four times their normal creeper usage. Some estimate that Canadian processors have shipped 25% plus more creeper than normal this year. So why not just put on a second shift and get more seed bagged up, you ask? It has to do with the oil, the Danish, and the donuts.



Thanks to our love of gas guzzling cars, and our less-than-friendly relationships in the Mideast, Canada's interest in becoming a larger provider of oil has increased. The oil industry is booming (with no end in sight) and paying good wages to all who want to work. This has led to a labor shortage, prompting even businesses like Krispy Kreme® Doughnuts to offer their workers \$13+/hr. If you were the manager of a creeper cleaner plant and wanted to put on a double shift to keep up with sales, how would you do it? Could you compete with Krispy Creme, or worse yet, Exxon?

And, if that isn't enough of a challenge, the US Dollar is worth 13% less than it was last year. Hence, the increases in prices. Notice though, that prices haven't really increased to even cover the change in dollar, let alone the higher operations costs. Hhhmm. Why not a higher increase in price? Enter the last piece of the equation - Danish farming co-operatives (or for that matter, any other production area in the world.) How high can a Canadian production company risk raising their prices too high, if there are other producers that might just step in and totally undercut them? That's just the case with this crop, as well as other crops...the higher the price, the greater possibility someone else can do it cheaper. Oh what an amazing world economy we have, when what you pay at the pump affects the price of one person's lawn and another's donut!

Excellent Quality

According to North Carolina's Turfgrass Research and Education Center, if you want a tall fescue with "Excellent" quality, look no further than Rendition, Titan Ltd, and Kitty Hawk 2000, which all received an "Excellent" rating for Overall Turf Quality in 2005. Not much left for this year, but it's never too early to book some for fall!



New Fax Number

Please update your records to include a change in Jonathan's fax number for his office in Ohio. His new fax number is: (800) 248-9557.