

The Jacobsen

Hemp



[Custom Charting Tutorial](#)

Region Latest Price 10/3/2019 Change From 10/2/2019 Week Ago 9/26/2019 4 Weeks Ago 9/5/2019 10/4/2018

Hemp Biomass (% CBD/lb)

Region	Latest Price 10/3/2019	Change From 10/2/2019	Week Ago 9/26/2019	4 Weeks Ago 9/5/2019	1 Year Ago	10/4/2018
West	2.1800 - 3.2300	0.1000	▼ 3.1150	3.2150	-	+
Southeast	2.1300 - 3.3000	0.1000	▼ 3.1750	3.4650	-	+
Midwest	2.3300 - 3.4000	0.0000	3.2750	3.5450	-	+
Northeast	2.2500 - 3.4100	0.0000	3.2400	3.4000	-	+

Crude Hemp Oil (\$/kg)

Region	Latest Price 10/3/2019	Change From 10/2/2019	Week Ago 9/26/2019	4 Weeks Ago 9/5/2019	1 Year Ago	10/4/2018
West	930.0000 - 1450.0000	0.0000	1190.0000	1175.0000	-	+
Southeast	950.0000 - 1520.0000	0.0000	1185.0000	1212.5000	-	+
Midwest	1000.0000 - 1600.0000	40.0000	▼ 1265.0000	1275.0000	-	+
Northeast	950.0000 - 1600.0000	45.0000	▼ 1245.0000	1275.0000	-	+

CBD Isolate (\$/kg)

Region	Latest Price 10/3/2019	Change From 10/2/2019	Week Ago 9/26/2019	4 Weeks Ago 9/5/2019	1 Year Ago	10/4/2018
West	2800.0000 - 3650.0000	25.0000	▼ 3275.0000	3350.0000	-	+
Southeast	2850.0000 - 3750.0000	0.0000	3325.0000	3600.0000	-	+
Midwest	3000.0000 - 3800.0000	0.0000	3400.0000	3750.0000	-	+
Northeast	2950.0000 - 3750.0000	50.0000	▼ 3475.0000	3650.0000	-	+

Hemp Flower (\$/lb)

Region	Latest Price 10/3/2019	Change From 10/2/2019	Week Ago 9/26/2019	4 Weeks Ago 9/5/2019	1 Year Ago	10/4/2018
West	225.0000 - 560.0000	0.0000	392.5000	362.5000	-	

Southeast	200.0000 - 450.0000	12.5000	▼ 350.0000	370.0000	-		
Midwest	250.0000 - 485.0000	0.0000	367.5000	375.0000	-		
Northeast	285.0000 - 525.0000	0.0000	405.0000	400.0000	-		

Hemp Seed Grain (\$/lb)

West	0.5500 - 0.6500	0.0000	0.6000	0.6500	-		
Southeast	0.5500 - 0.6500	0.0000	0.6000	0.6000	-		
Midwest	0.5500 - 0.6500	0.0000	0.6000	0.6000	-		
Northeast	-	-	-	-	-		

Hemp Fiber (\$/lb)

West	0.0700 - 0.0900	0.0000	0.0800	0.0800	-		
Southeast	0.0700 - 0.1100	0.0000	0.0900	0.0900	-		
Midwest	0.0500 - 0.1100	0.0000	0.0800	0.0900	-		
Northeast	0.1000 - 0.1500	0.0000	0.1250	0.1250	-		

Isolate Pricing

The most precipitous drop in hemp derivatives, CBD Isolate has fallen significantly since April, losing roughly half of its value. Isolate is easily stored and shipped, and it's the easiest product to commoditize. CBD Isolate inventories are flush, though it's impossible to accurately assess current stocks.

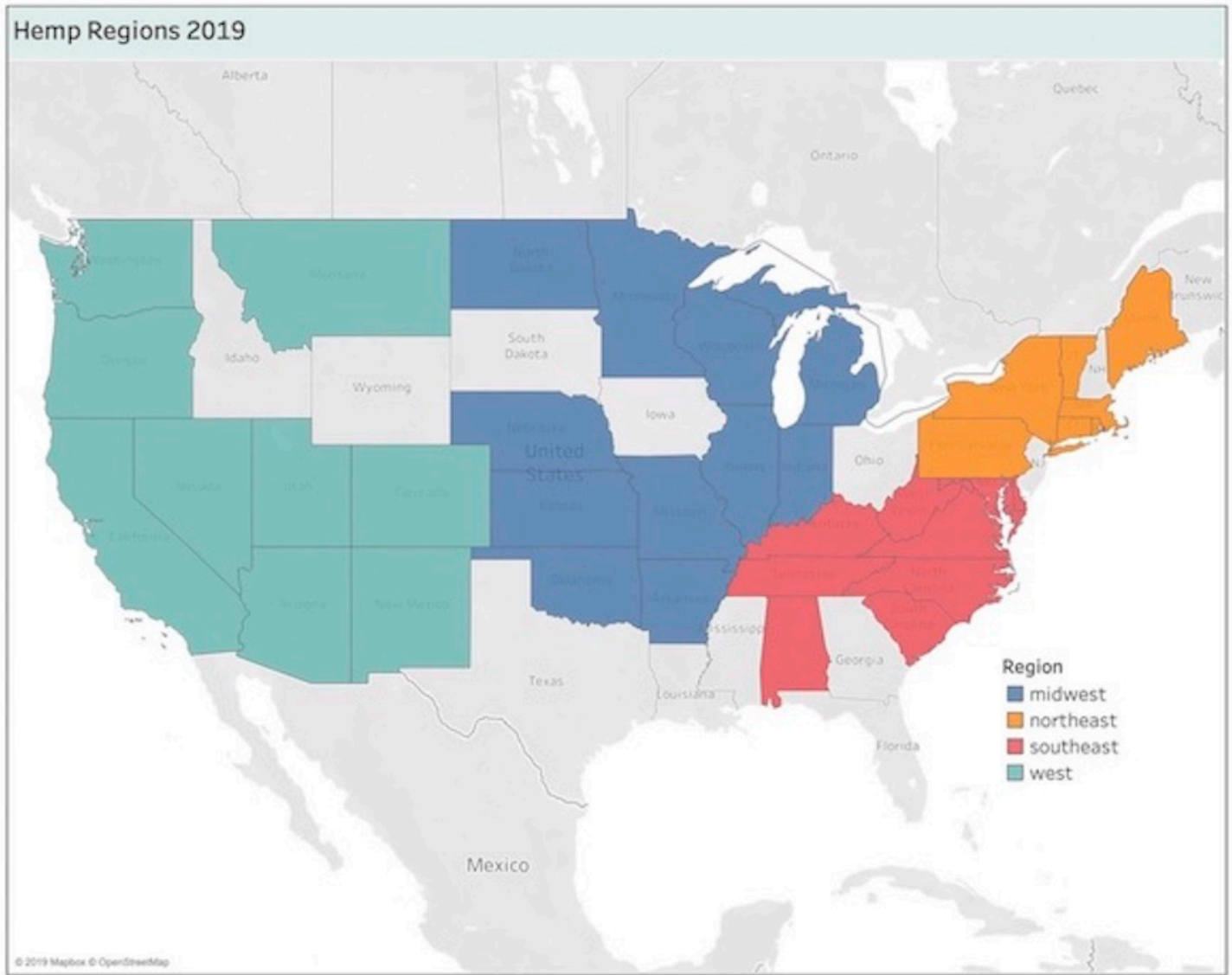
Demand is key to stabilizing isolate pricing, and with more large retailers selling CBD topical products, such as cosmetics, demand for isolate will pick up significantly. Harris Teeter, a North Carolina based grocery chain, will begin marketing topical CBD products in 150 stores in the Southeast. Harris Teeter joins Kroger, CVS, Ulta, Hudson News Distributing, and Dillard's – among others – by adding CBD SKU's to their shelves or wholesale portfolio. When Walmart and Amazon begin marketing topical products, demand could soar, but regulatory issues will have a major influence on the timing. This also applies to food and beverages, the latter having the potential to soak up large quantities of isolate, vis-a-vis water-soluble products.

Chinese isolate is becoming increasingly available, and some operators supplement domestic isolate with imported, while others use it exclusively. Time will tell what the marketplace will accept. The domestic hemp industry will no doubt work to distinguish domestic products from cheap imports. With overall lower wholesale pricing, less consumers will be driven to cheap imports, assuming retail prices drop commensurately. That has yet to happen, but products on the shelves now contain CBD purchased at higher wholesale prices. Current margins on retail products are unlikely to hold with falling input prices and increased competition.

Products using cheap imported isolate are popular with budget conscious shoppers, who have no way of knowing where the product is sourced, whether it contains synthetic cannabinoids, or why it matters. The industry is largely unregulated, and customers are generally confused about what makes a safe, high quality CBD product. This scenario presents opportunity to vertically integrated companies offering "seed-to-sell" artisanal products, and they stand to benefit from the same demographic that has helped the local food movement to thrive.

Crude hemp oil has not fallen as precipitously, but crude oil has yet to be standardized and pricing remains variable, accounting for CBD content, post-processing premiums (winterize/decarboxylate), and occasionally, organic certification for raw hemp inputs. Non-winterized oil trades at a discount, but these prices are not very far apart. Product with post-processing can be found at similar price points to raw, unprocessed crude.

The industry will likely adopt a universal pricing scheme similar to biomass, with crude hemp oil priced by the gram or milligram of CBD. This approach is not uncommon in current transactions, but crude hemp oil continues to be marketed and reported by the kilo, and at times, by the liter.



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Footnotes

1. All prices are FOB unless otherwise noted.
2. An asterisk (*) denotes a price correction/adjustment versus the previously reported price.

Commodity Added to Dashboard

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