



If there's one thing I've learned from participating in the hemp industry, is that like Cannabis, hemp economics aren't magic or voodoo. I've said it before and I'll say it again: "Neither hemp nor Cannabis can ever violate Econ 101. In the end, it too will resemble every other commodity in the marketplace." What does this mean as we head into Summer 2020? Three words: supply and demand. In the good ol' days (up until 2018) hemp farmers and processors couldn't help but make a profit. Why? The demand outstripped the supply. Farmers could sell CBD crops for up to \$50,000 an acre. They couldn't grow enough, processors couldn't make enough ingredients (distillate or isolate) or finished products. Demand was high and so were prices.

The Farm Bill was signed in December 2018, making hemp federally legal. This was a good thing, right? It allowed farmers to grow, grow, grow.

And they did. Farmers grew too much hemp last year for their own good. Supply and demand strikes again. When the supply went up, the prices went down. Or should I say the prices crashed. Much of the 2019 harvest is still unsold. The result? Farmers are shying away from planting hemp this year. Not as many licenses will be issued and fewer acres will be planted.

As jarring as this is in the short term, this is not only to be expected, but it's actually in everyone's best interest. The hemp market will self-adjust in relation to supply and demand. The less farmers that grow this year the better. Less supply means higher prices.

There's no OPEC for hemp. No central authority exerts control over supply and demand can't be manipulated. The hemp market will find a natural balance. Smart farmers won't plant as much this year.

Hemp is not a synonym for CBD. Hemp can be used for lots of products other than plant-based medicine. It's not that too much hemp is being grown. Too much hemp is grown for one narrow market. Where's the hemp for food products? Where's my hempcrete and hemp toilet paper? There's no demand for these products. Yet.

I still remain a firm believer in all that hemp has to offer. The more I work with hemp, the more my enthusiasm has grown. I say this as a hemp farmer and processor who's constantly adjusting my business model to address current supply and demand pressures. Yes, I'm growing hemp for medicine this year but I'm growing hemp fiber cultivars as well. Will I make a lot of money growing hemp fiber? Maybe not this year, but I'm diversifying in preparation for tomorrow's supply and demand. Speculative? Yes. Forward thinking? I like to think so.

I'm not raining on anyone's parade. Hemp is still the reason I get out of bed every morning. But hemp can't violate Econ 101. Adding to the oversupply would be foolish. I'm investing in the future of hemp by moving into fiber. I hope others grow hemp for grain and fuel. Those that do will grow the demand.

All of this is playing out against a backdrop of trade wars, tariffs, unclear guidelines from the federal government, and uneven rules and regulations from states' departments of agriculture. Entrepreneurship is risky. Farmers know this better than most. Let's not forget how important hemp is and will be.