YOUR MARKET METRICS

MID-YEAR UPDATE

SUMMER SUPPLEMENT INCLUDING DUAL 2026 PROJECTIONS FOR VARYING TARIFF SCENARIOS

AN INDEX OF PRICES PAID BY GROWERS IN THE GREEN INDUSTRY

2007–2025

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This special summer supplement to the Index of Prices Paid provides a mid-year update to my beginning-of-the-year forecast. The green industry supply chain is back to its pre-COVID performance and, according to most supply chain metrics, inflationary pressures on key green industry inputs are declining. However, key inputs (such as labor) are still experiencing YOY increases, so we are still not fully out of the woods yet.

This mid-year release should prove useful as growers are in the midst of negotiating with suppliers for next year's inputs and simultaneously attempting to set next year's plant prices. Please note that all line items in the index have been updated, but the available data that I incorporate into my econometric models are still subject to revision between now and end of the year. While forecasts by their very nature are moving targets, I hope this initial guidance looking ahead to EOY 2025 and into 2026 can provide insight to guide your decision making.

EOY 2025 data will be available in early 2026 with the next full edition of the Index.

Warm regards,
Dr. Charlie Hall

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Note: At time of publishing, tariff revision deadlines seem to be a moving target.

REVISED Forecast for EOY 2025 & PRELIMINARY Forecast for 2026

Index of Prices Paid by Growers in the Green Industry, 2007–2025 (2007=100).

COST CATEGORY	WEIGHT	2007	2019	2020	2021	2022	2023	2024	2025F	2026P	2026P
Containers & other plastics	8.90%	100.0	127.3	126.4	143.5	166.8	166.7	167.0	167.8	171.2	186.6
Media (peat-based)	4.37%	100.0	120.5	122.0	135.8	140.1	160.1	142.7	145.5	151.4	157.4
Propagative materials	18.97%	100.0	128.3	136.8	142.1	141.8	142.7	161.0	161.8	174.8	188.8
Plant protection products	1.629%	100.0	109.8	107.0	115.1	175.0	154.0	142.3	143.5	150.7	164.2
Fertilizers	1.626%	100.0	109.5	103.5	138.6	225.8	168.4	159.3	160.1	166.5	181.4
Labor	42.99%	100.0	144.2	149.6	158.1	169.8	179.1	185.1	194.8	203.6	203.6
Fuel/Energy	4.57%	100.0	93.3	79.3	105.6	152.7	131.7	123.0	123.5	135.8	149.4
Supplies & repairs	2.95%	100.0	127.6	129.6	138.9	154.7	160.5	162.0	166.9	171.9	180.5
Freight and trucking	14.00%	100.0	130.5	124.9	138.9	151.1	136.1	131.8	134.4	142.4	153.8
Weighted index (2007=100)		100.0	132.8	135.2	146.1	160.1	160.9	165.0	170.1	178.9	186.1
YOY increase/decrease		---	3.6%	1.8%	8.1%	9.5%	0.5%	2.5%	3.1%	5.2%	9.4%

f=EOY forecast p=preliminary with 10% tariffs p=preliminary with full tariffs included

At the time the original annual report was published at the beginning of this year, I projected that there may be further adjustments that manufacturers, distributors, and other allied trade firms would make in their respective 2025 price schedules. However, it is obvious from the revised Index that inflationary pressures on the industry are starting to ease. Lead times within the allied trade sector have improved dramatically and spikes in the price of certain inputs (e.g., fertilizer and freight) have offered some relief.

While these inflationary pressures have slowed, they have not subsided entirely, so adjustments were made to my econometric models (based on the latest economic and supply chain data) to generate the current end-of-year (EOY) forecast for 2025 and a preliminary estimate for 2026 was included since many industry participants are in the midst of negotiating input prices for the 2026 spring season, as well as setting 2026 prices for their plants. The table reflects updated estimates for each of the inputs.

Also, please note that the weights associated with each input were updated last year based on their respective share of tracked expenses. They had not been updated since before the pandemic and given the changes in relative input prices, it was time to do so. The tracked expenses that totaled to 63.5% of sales eight years ago now represent 67.8% of sales in 2024. Labor, the most expensive line item, is weighted at 42.9% of the expenses tracked in the index.

After adjustments were made to all of the input categories, a projected YOY increase in input costs of about 3.1% by EOY 2025 is currently estimated, assuming present trends continue throughout the remainder of the year. Additionally, preliminary projections for the 2026 forecast indicate that another 5.2% YOY increase in the cost of inputs is expected next year, mostly driven by labor and a tariff schedule of flat 10% across the board (orange font). The column in blue font represents the increased costs assuming the original tariffs by country were restored after the 90-day pause. The next update will be released in the first quarter next year as EOY data revisions for each green industry input sector become available.