AUSTRALIAN ASSOCIATION OF AGRICULTURAL CONSULTANTS
WESTERN AUSTRALIA INCORPORATED

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The Market Movers for Grain – domestically & internationally

Jerome Critch

Grain Marketing Director, Planfarm

13 slides in 25 minutes, excluding this one

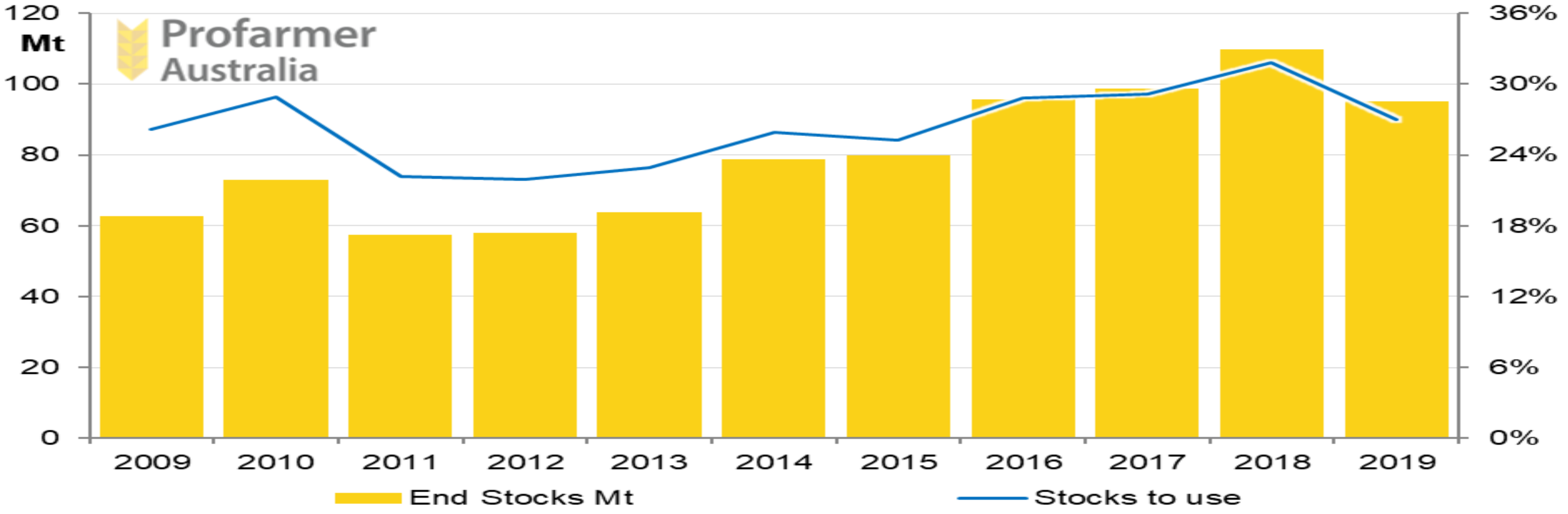
Looking backwards

- International stocks to use and prices for wheat, corn, soybean, barley and canola
- Local grain production and prices
- Currency, our savior

Looking forwards

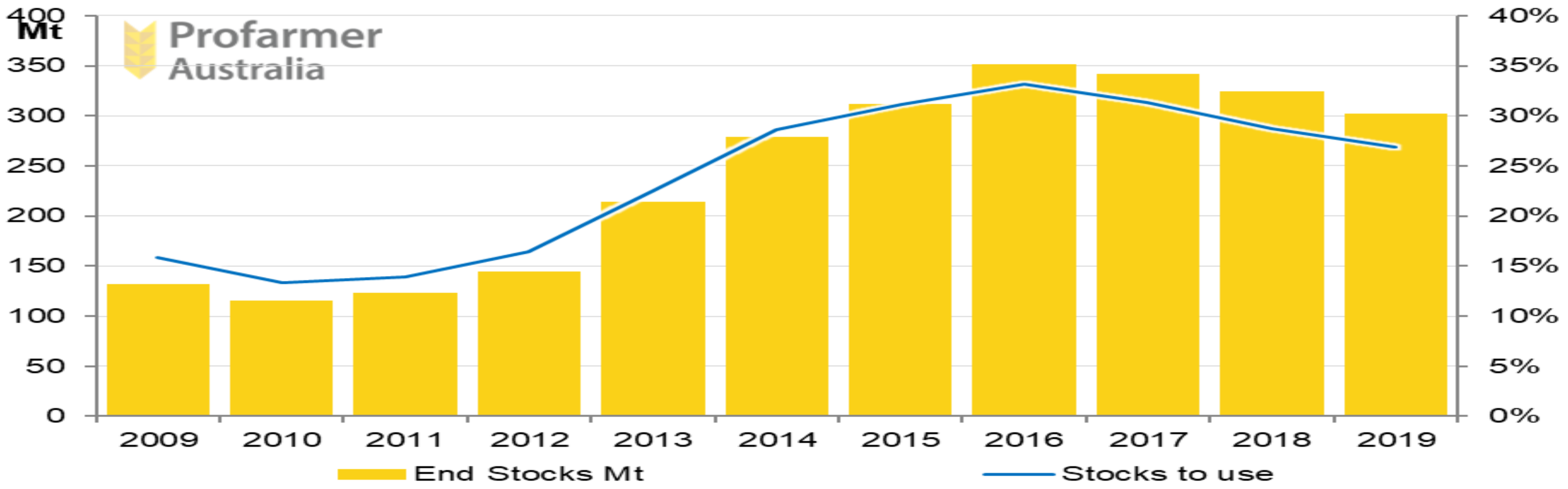
- Domestic movements of grain
- State by state deficits and surpluses
- Surplus barley – China, China, China
- Surplus wheat – Where did all of our inelastic demand go?
- **Nuffield plug –** Industry good functions necessary for an efficient and competitive Australian grain industry

WHEAT


Profarmer
Australia
120
Mt
100
80
60
40
20
0
36%
30%
24%
18%
12%
6%
0%
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
End Stocks Mt
Stocks to use

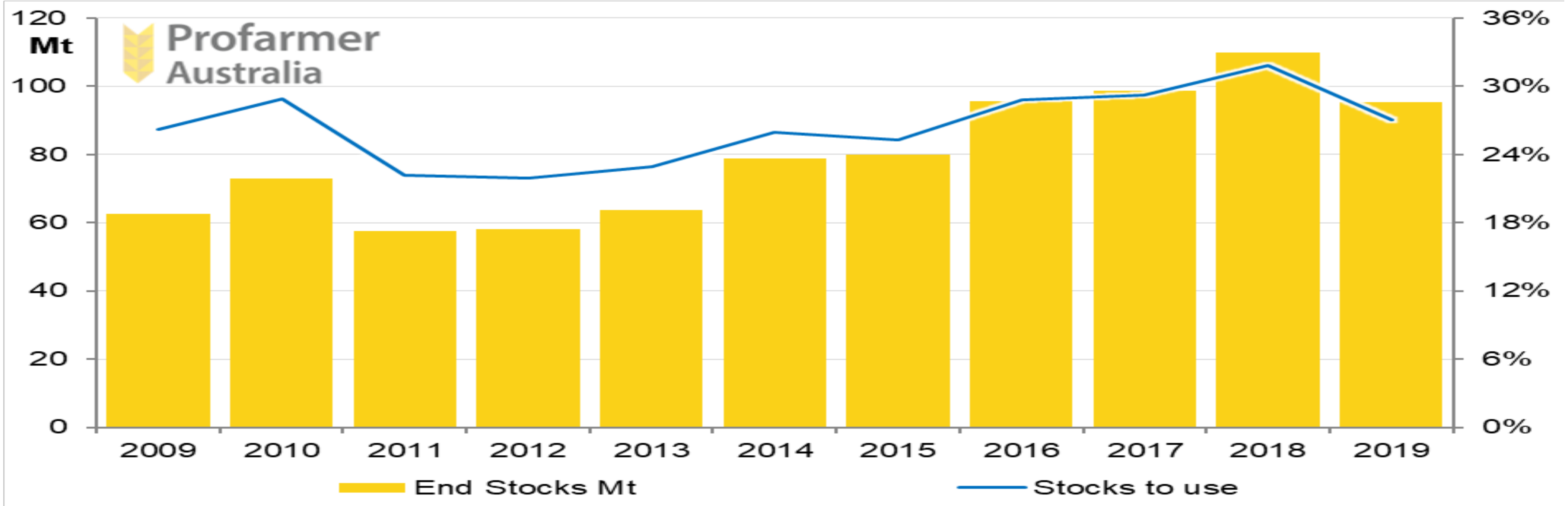

Wheat Cash (ZWY00) - Barchart.com
800-0
700-0
600-0
513-0
400-0
300-0
200-0
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019

CORN


Profarmer Australia
Mt
400
350
300
250
200
150
100
50
0
40%
35%
30%
25%
20%
15%
10%
5%
0%
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
End Stocks Mt
Stocks to use

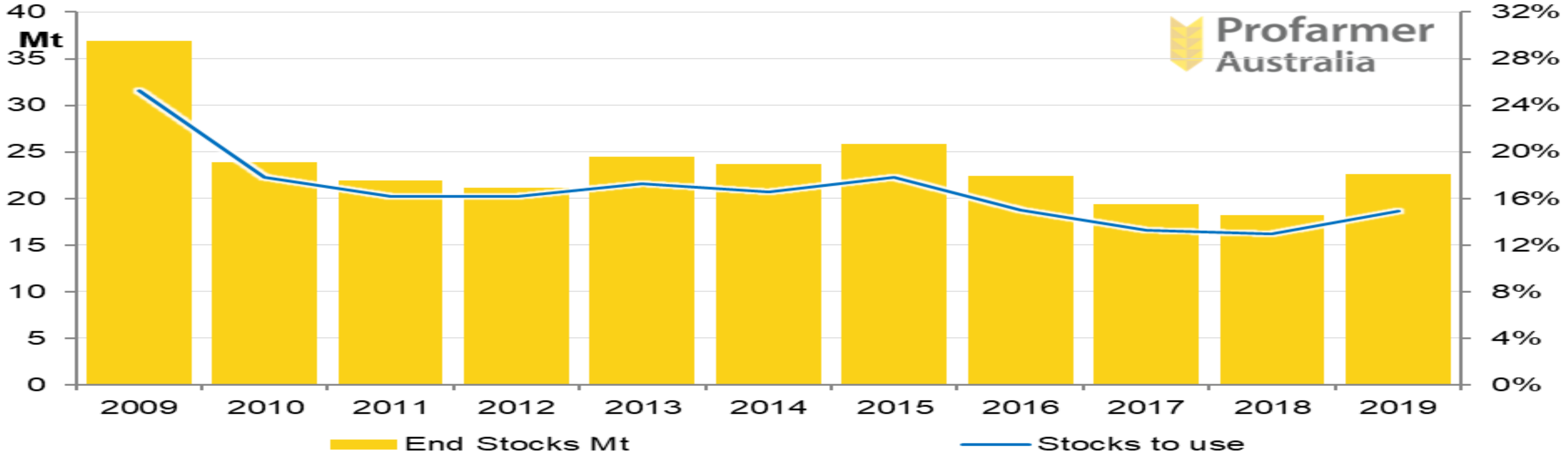

Corn Cash (ZCY00) - Barchart.com
800-0
700-0
600-0
500-0
410-6
300-0
200-0
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019

SOYBEAN


Profarmer Australia
120
Mt
100
80
60
40
20
0
36%
30%
24%
18%
12%
6%
0%
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
End Stocks Mt
Stocks to use


Soybean Cash (ZSY00) - Barchart.com
1800-0
1600-0
1400-0
1200-0
1000-0
888-0
800-0
600-0
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019

BARLEY



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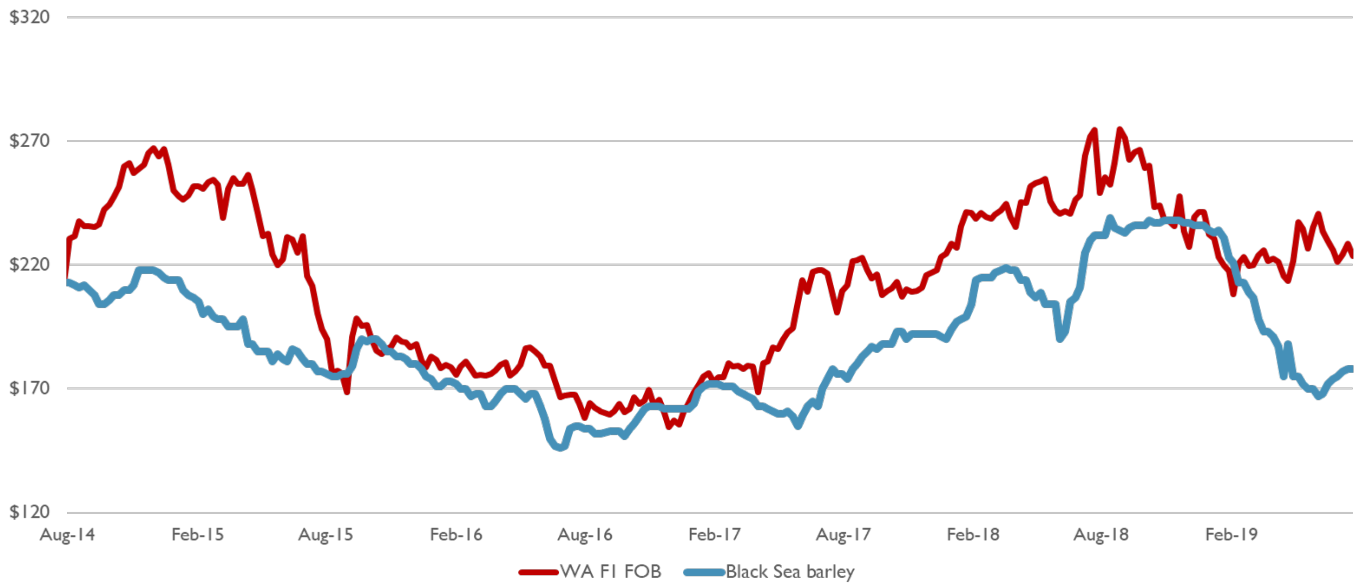
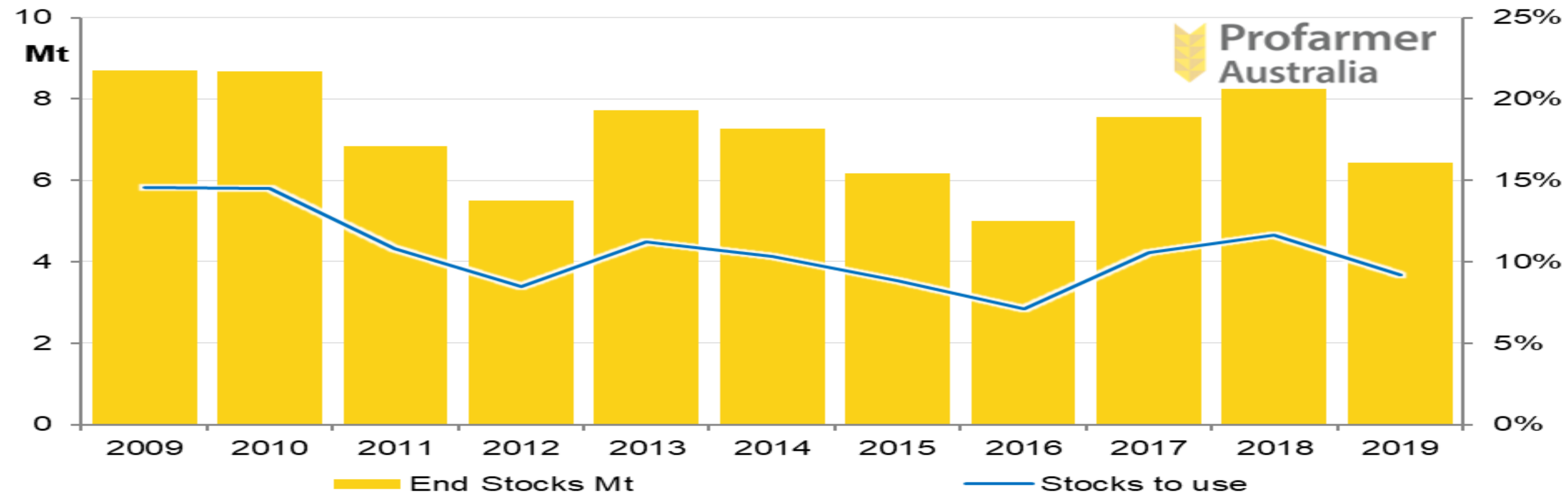
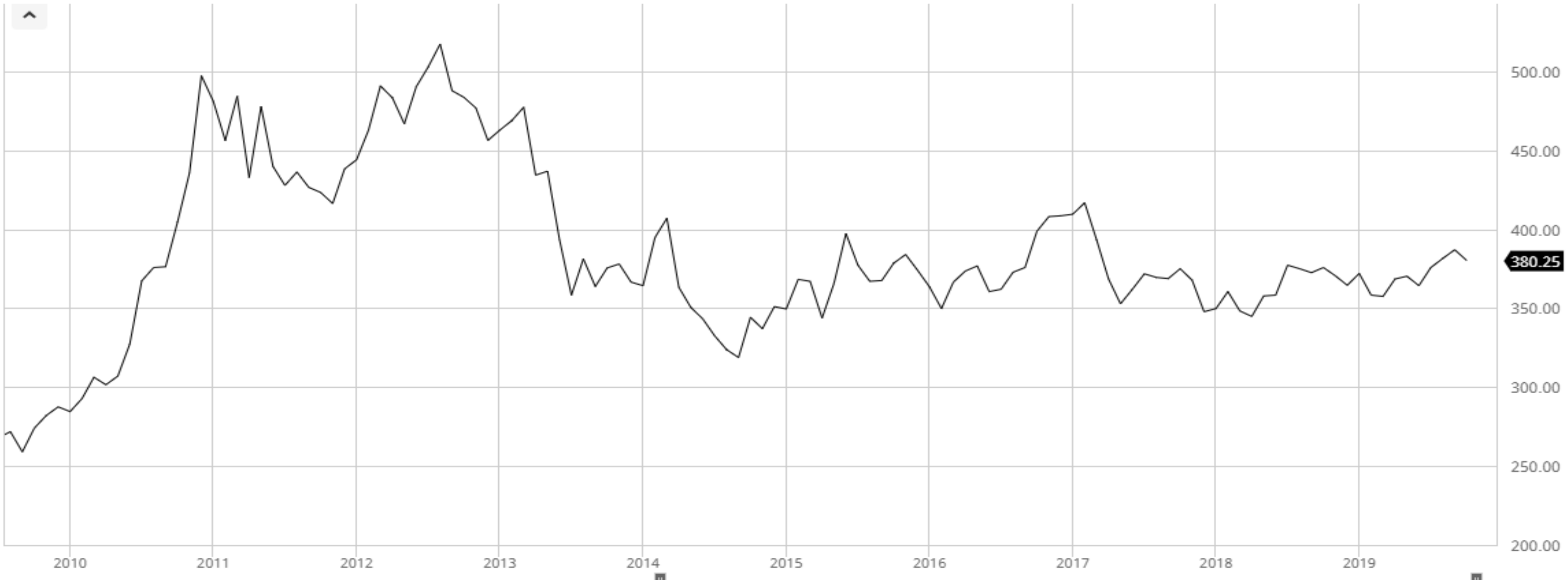
World feed barley prices (US$ FOB)



CANOLA



Profarmer Australia
10
Mt
8
6
4
2
0
25%
20%
15%
10%
5%
0%
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
End Stocks Mt
Stocks to use



500.00
450.00
400.00
380.25
350.00
300.00
250.00
200.00
2010
2011
2012
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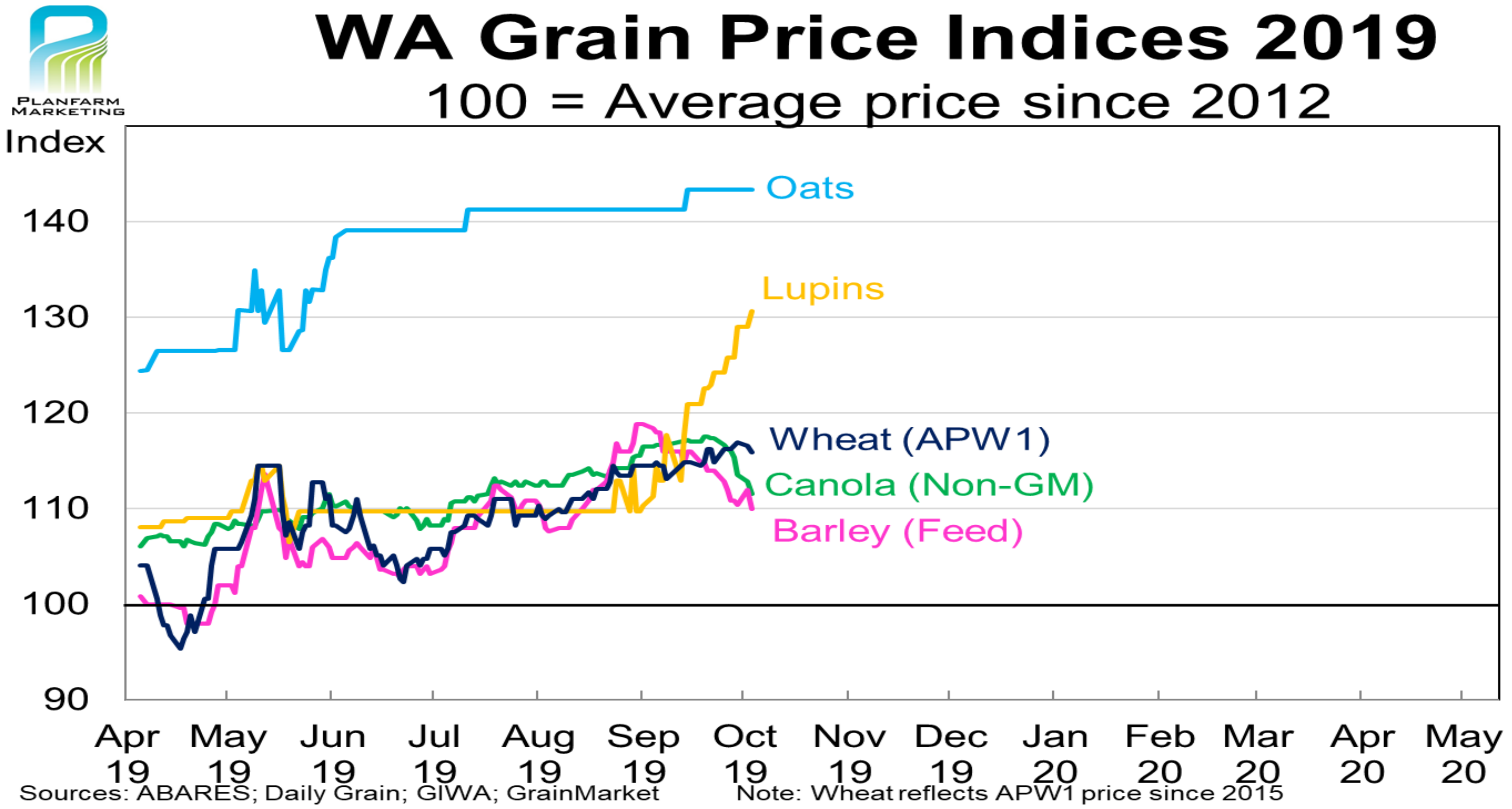
2014
2015
2016
2017
2018
2019



PLANFARM MARKETING
WA Grain Price Indices 2019
100 = Average price since 2012
Index
140
130
120
110
100
90
Oats
Lupins
Wheat (APW1)
Canola (Non-GM)
Barley (Feed)
Apr 19
May 19
Jun 19
Jul 19
Aug 19
Sep 19
Oct 19
Nov 19
Dec 19
Jan 20
Feb 20
Mar 20
Apr 20
May 20
Sources: ABARES; Daily Grain; GIWA; GrainMarket
Note: Wheat reflects APW1 price since 2015

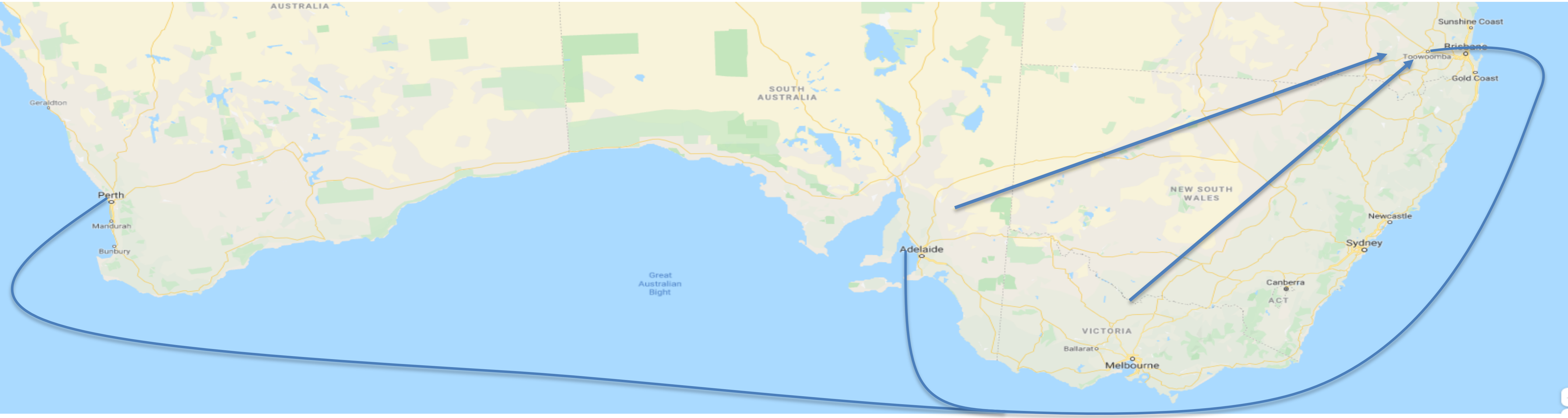
CURRENCY

Our Saviour

US$200 / 0.68 = A$294
US$200 / 1.10 = A$182


2019/20 total AU grain production forecast
27.72 m tonnes
9% YOY
31% five-year avg.
15.84 m tonnes
Wheat production down 8% YOY and 32% from five-year average
7.71 m tonnes
Barley production down 7% YOY and 21% from five-year average
1.83 m tonnes
Canola production down 16% YOY and 45% from five-year average
15% YOY
Bulk international imports of milling grains and livestock feed products will continue in 2019/20
52% YOY
31% YOY
33% YOY
9% YOY
31% YOY
58% YOY
40% YOY
Rabobank

Feeding the Darling Downs



Kwinana Port

Shipped to Qld, discharge, trucked to Darling Downs feedlots

Port Lincoln

Same as Kwinana but for $95/t

Upcountry SA

Train and truck

Southern NSW

Trucked 1,100km to the Downs for $90/t

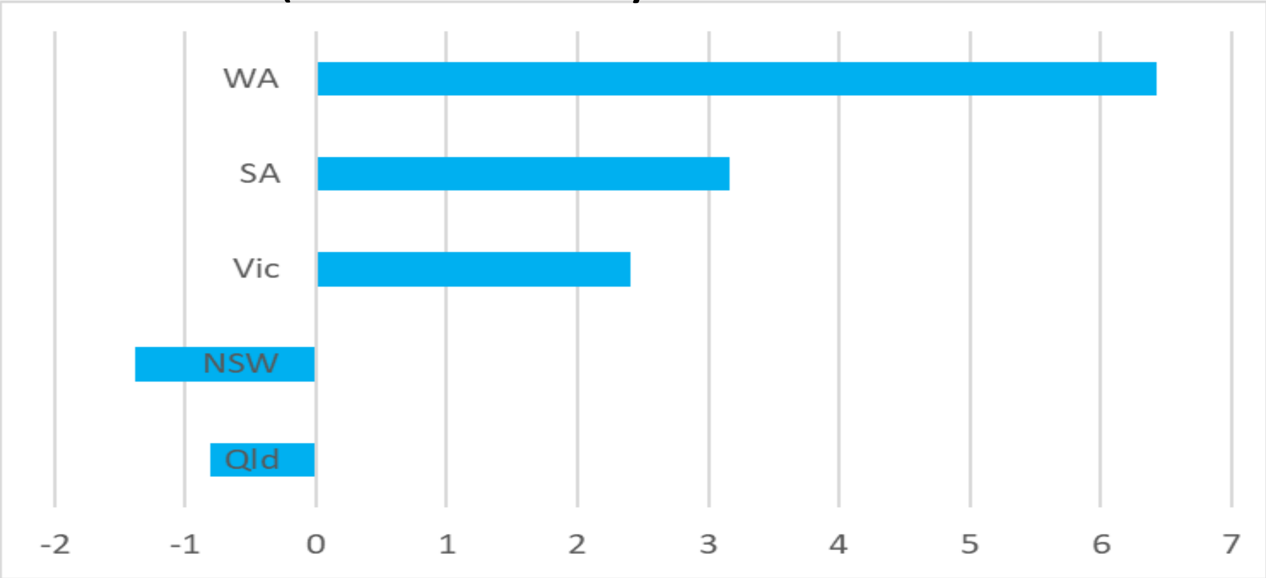
Victoria Mallee

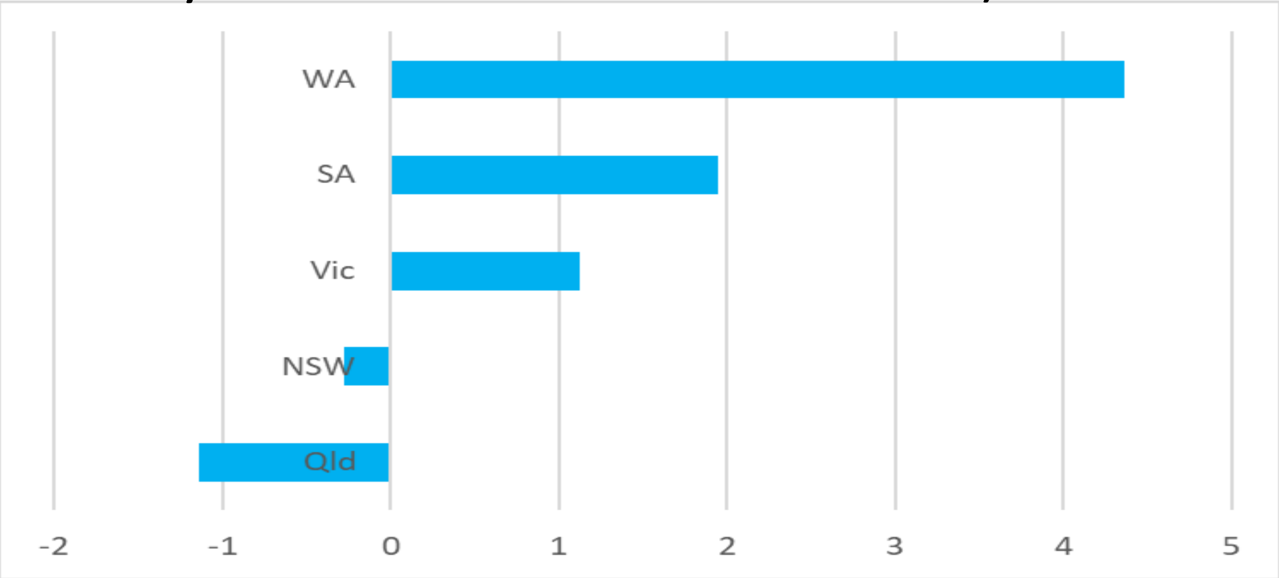
Trucked 1,400 km to the Downs for $120/t

Who needs it and whose got it? State deficits and surpluses

<u>Wheat (MMT)</u> <u>Barley (MMT)</u>

(includes carry in and assumes minimum carry out of 2 months worth of use)





9 MMT exportable surplus

5 MMT exportable surplus

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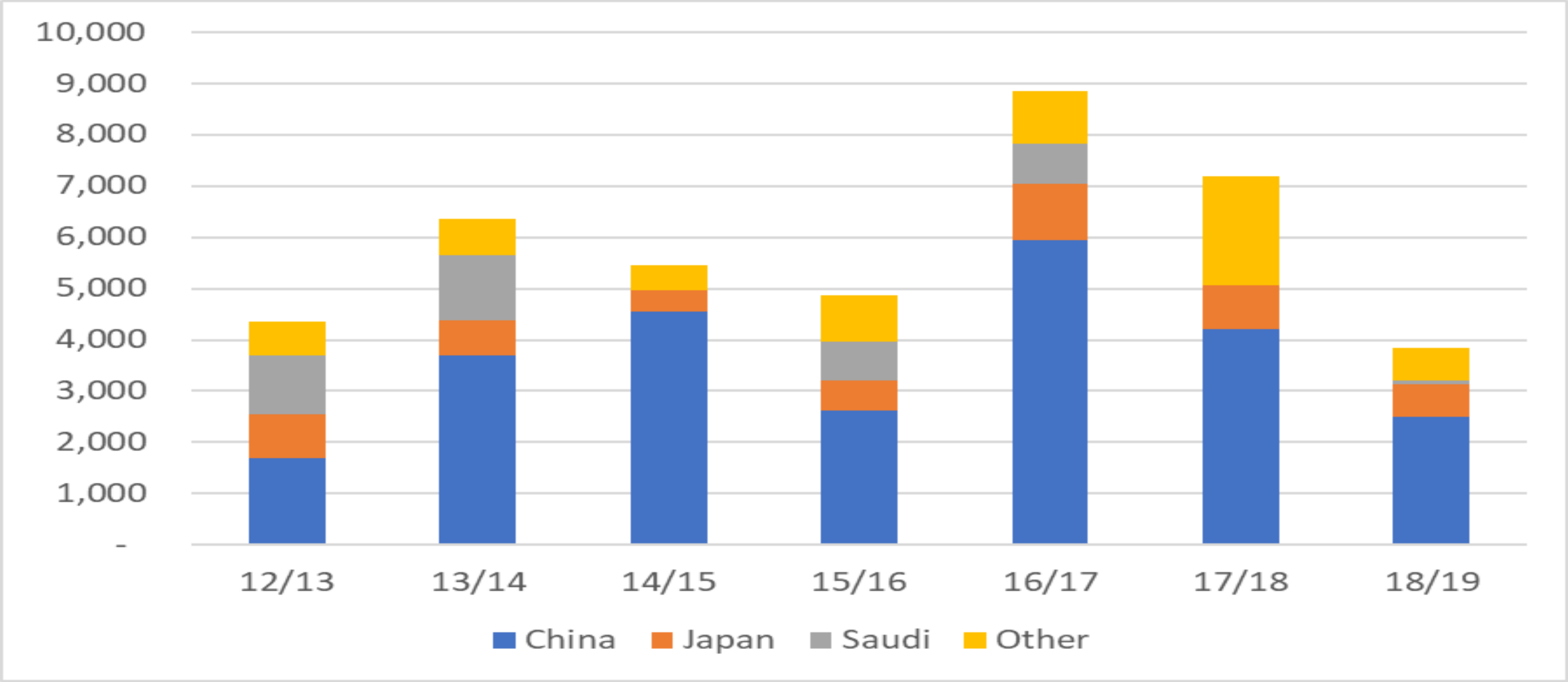
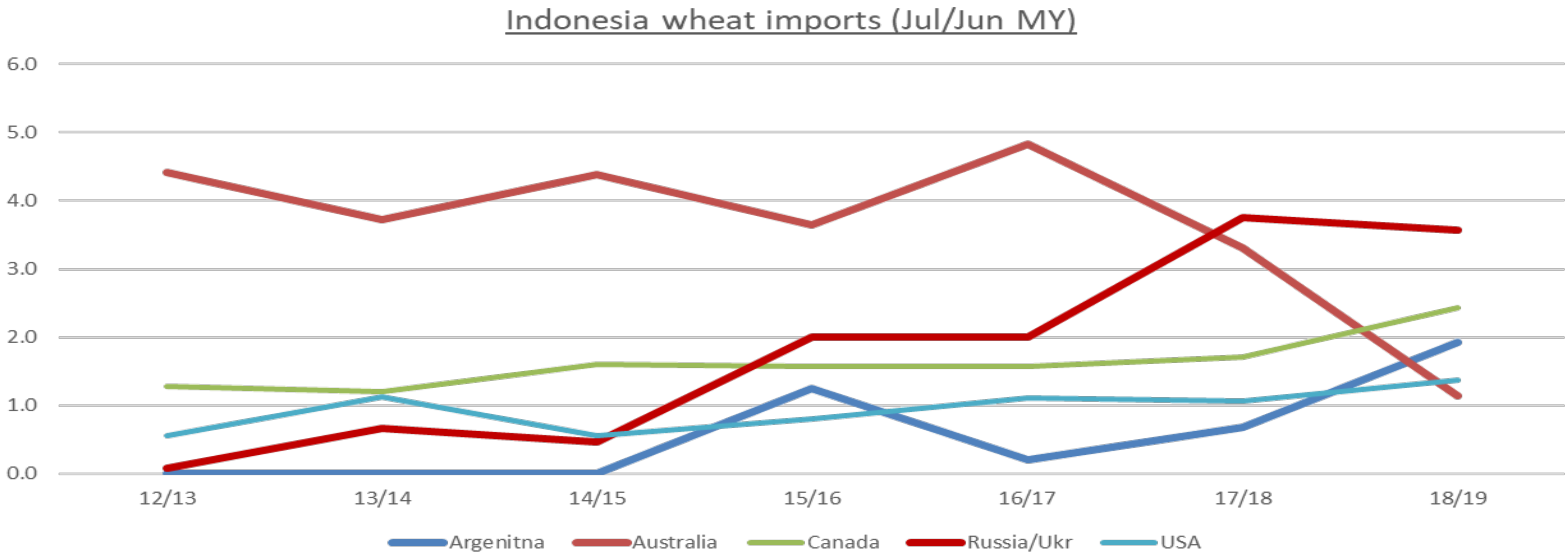
China, China, China.
Finding a home for the surplus barley.

Australia's barley exports (KMT)



Ag Scientia

Where did all of our inelastic demand go? Finding a home for the surplus wheat.



2017 Fellowship: Industry good functions necessary for an efficient and competitive Australian grain industry

- Marketing conditions for Australian grain remain positive as indicated by increasing premiums (basis) received for Australian grain over international prices and a large number of active buyers locally.
- The industry is facing increased competition from the rise of lower cost producers such as the Black Sea region, which may start to erode demand and premiums for Australian grain.
- Australian growers' ability to produce grain efficiently and sustainably is being challenged by political and social change. This includes the potential ban or restriction of important genetics, chemistry and technology.
- Growers and grower representative groups need to improve their engagement with the community, be better researched and informed, and present a united front with a consistent message.
- The industry would benefit from continued investment in market access and market support activities, and from increased availability of supply and demand information.
- Industry good functions would be delivered more efficiently and effectively if the providers specialised on certain functions and didn't duplicate roles. This will require more coordination and potentially some consolidation.