

Harvest 10

Canola

10/10



2018/19 Performance Insight

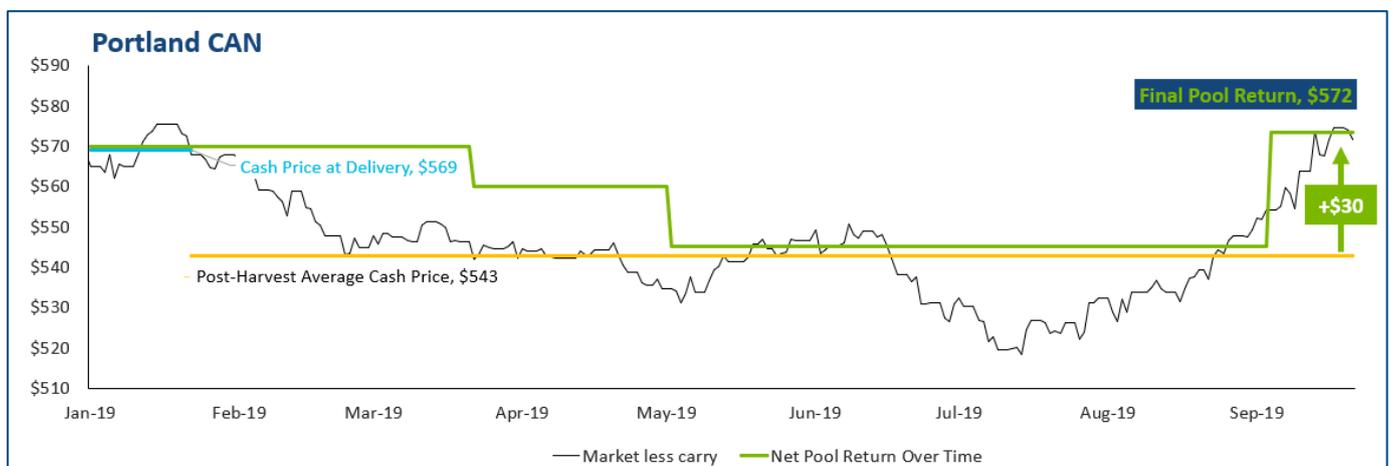
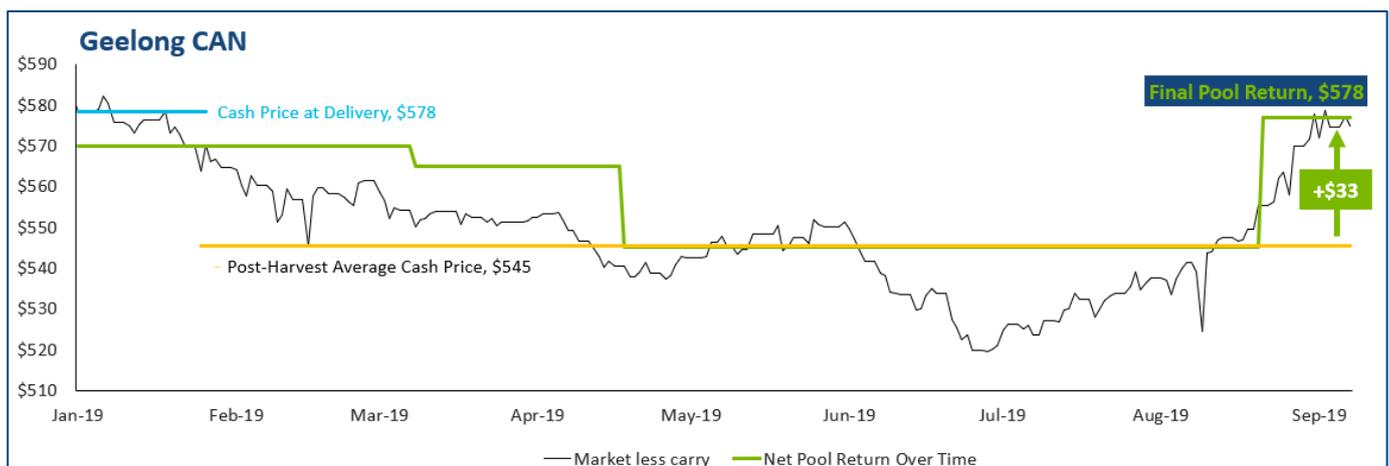
Key Objectives

GrainCorp's Harvest 10 (H10) Pool is designed to allow participation in the market over the 10-month marketing window, whilst reducing price risk exposure, and protecting equity.

Outcomes

The 2018/19 H10 Canola Pool returned between **+\$30 and +\$33** above the post-harvest average cash price, doing well to capture the limited market opportunities.

2018/19 Harvest 10 Performance



Pool Managers' Overview.

A stellar result.

Harvest 10 delivered top of the market returns for 2018/19, leveraging off our intel from GrainCorp's Oil Crushing Plants and local and international trading offices.

From delivery in January, the pool mitigated downside risk by exiting canola at premium paying sites and replacing most stock in the least expensive parts of Victoria.

Shortly after, the market began to gain comfort that Australia's canola crop, whilst still tight, was bigger than feared, pressing the East Coast's values lower in the process.

Abroad, global supplies were growing. Canadian planted acres were increasing. European rapeseed values were being pressured lower as Ukrainian Spring growing conditions were increasingly favourable. Europe typically purchases 80% of Australia's canola exports and as such influenced Australian values lower.

The Canola growing regions of NSW and Victoria received a favourable start to planting which led local Canola values down to their lows (~\$60 below harvest prices). With the growing season far from guaranteed and Europe's growing season off to a dry start, the pool tightly held the remaining stock.

By late July, production estimates for Europe were being cut lower and lower, yet the European crush margin (the profit from purchasing seed and selling the processed oil) was still attractively high. This buoyed the pool to

continue holding stock, anticipating potential export demand could eventuate.

Continuing dry conditions in New South Wales meant growers were choosing to cut significant volumes of canola for hay, further limiting supplies for local crushers. Values strongly rallied late into the pool program.

The pool, cognisant of both the potential export demand from Europe and the shrinking local supply, successfully exited the remaining pool stock at September price highs.

The Pool is pleased to deliver growers very strong canola returns, despite a tough season for other commodities. This result is credited to the Pools' access to GrainCorp's intel and ability to manage price risk when market fundamentals aren't distorted by unconventional grain flows or purchasing bans.

GrainCorp will not be offering the Harvest 10 Canola Pool in 2019/20, but the Wheat and Barley Harvest 10 Pools will be open from November.

We thank you for entrusting GrainCorp Pools and if you would like to discuss this result further, please contact your local GrainCorp Marketer.



Theo Saroukos
Pools Manager

To find out more about Harvest 10 and how you can benefit this harvest, contact your local GrainCorp merchant or visit graincorp.com.au

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