

# Harvest 10

2015/16 Performance Insight

Barley

# 10/10

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**5 Day Payment Terms**

## Key Objectives

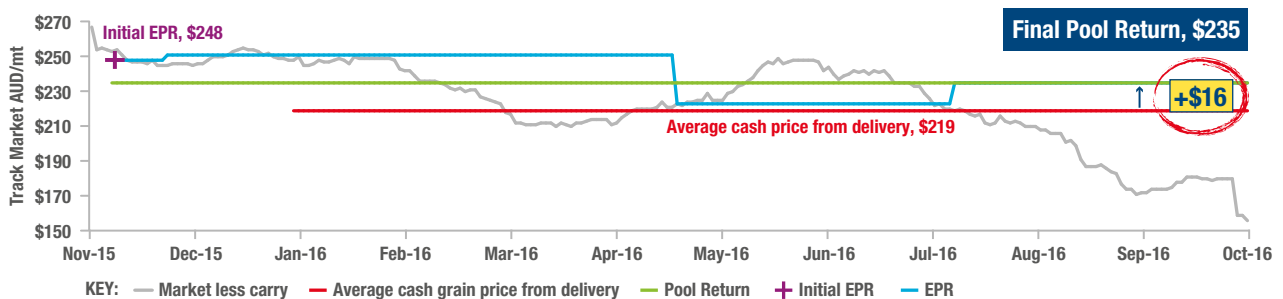
GrainCorp's Harvest 10 (H10) Pool is designed to protect value and reduce price risk exposure, whilst allowing participation in the market over the 10-month marketing window.

## Outcomes

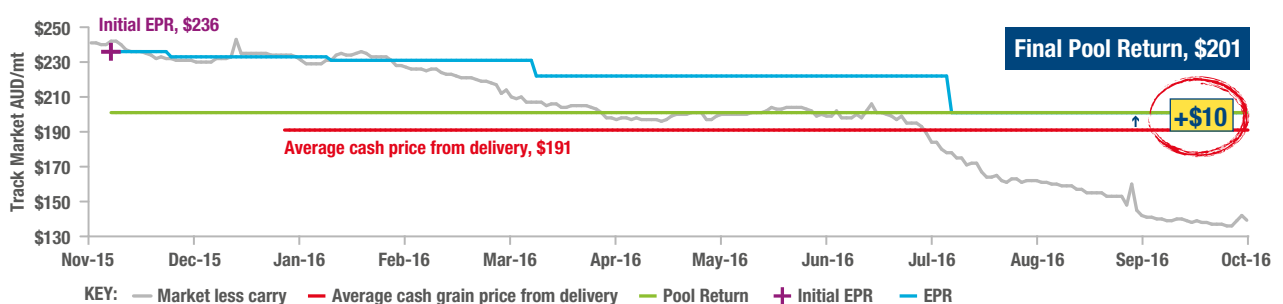
The 2015/16 H10 Barley Pool returned an average of \$14/mt above post-harvest average values for the management period.

## 2015/16 Harvest 10 Performance

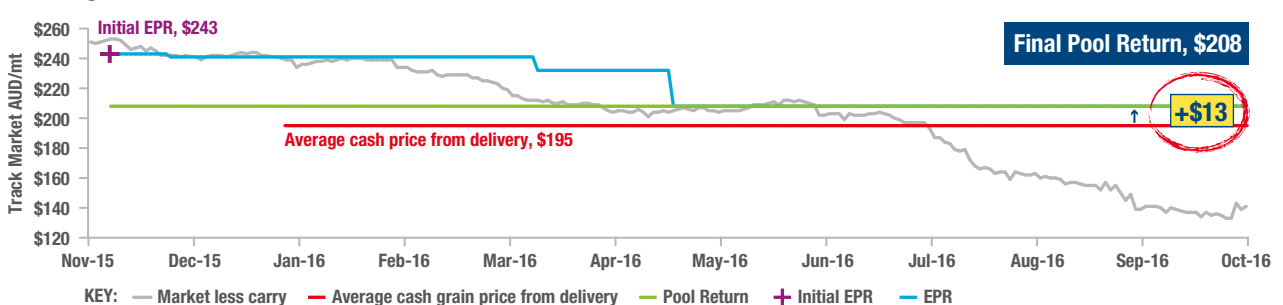
### Brisbane F1



### Port Kembla F1



### Geelong F1



# Harvest 10

For performance, better cash flow and simplicity, it's 10/10

Barley

# 10/10

**5** Day  
Payment  
Terms

## Pool Managers' Overview.

Since the 2015/16 harvest, sluggish demand from key importers and favourable production conditions globally have driven barley values lower.

Chinese feed grain demand was suppressed throughout the 2015/16 marketing year, as consumers awaited the auctioning of the Chinese government's huge corn stockpile at what was anticipated to be discounted values. Chinese demand was slow through our traditional export window, ultimately buying (3 million mt) 1 million mt less Australian barley than in 2014/15. With China's limited demand slow to rise, Australian barley was forced to compete at discounted values into more traditional markets such as the Middle East.

In the absence of sufficient export demand, barley values were forced to weaken relative to wheat values. This led to domestic end users maximising their barley usage to historically high levels in the feed ration.

With an oversupplied market, the trade began looking towards new crop for direction. Despite weaker values, 2016/17 barley plantings were up year-on-year, with beneficial rainfall for much of the season building production forecasts to in excess of 10 million mt. The ever-growing record US corn production estimates further weakened barley values in the latter part of the season.

Malt quality within the Pool was marketed early in the management period, capturing strong premiums. Further participation for these growers was provided via generic feed barley.

Marketing of physical barley was weighted towards the first 6 months of the year, reflecting management's view of globally declining feed demand. This reduced additional market exposure and the cost of carrying grain (~\$2.50/mt) to the Pool.

Higher screenings barley grades within the Pool benefitted from a blend opportunity on an export vessel, creating value for these participants at no expense to higher quality barley values.

Hedges, a key attribute of the Harvest 10 Pool, were effective in reducing some exposure to declining values, however overall returns were heavily influenced by the decline in physical values and erosion of basis against global futures markets.

**Bernie Byrnes**  
Pools Manager

**Theo Saroukos**  
Assistant Pool Manager

**Contracting  
NOW!**

Enjoy less risk and more rewards with the flexibility of three payments options

### Key Features

- ✓ 5 day payment terms<sup>1</sup>
- ✓ Payment finalised in October
- ✓ Wheat & Barley received
- ✓ Expert Risk Management

Payment Options	Harvest	April	July	October
<b>Option 1</b> Harvest Advance	70%			100%
<b>Option 1</b> Deferred Payment			75%	100%
<b>Option 3</b> Quarterly Distribution	25%	50%	75%	100%

<sup>1</sup> See terms and conditions for 5 Days End of Week of Delivery as per GTA

To find out more about Harvest 10 and how you can benefit this harvest, contact your local GrainCorp merchant or visit [graincorp.com.au](http://graincorp.com.au)

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