



HARVEST 10



Dear,

Harvest 10 Pools Market Update

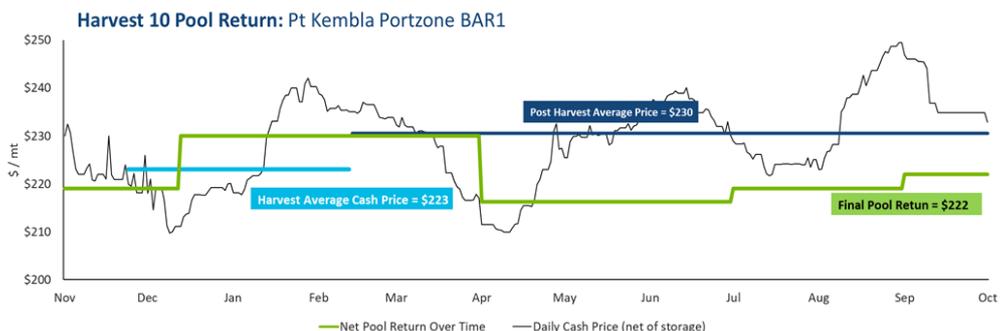
Key Objectives

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

Outcomes

The 2020/21 H10 Barley Pool on average will provide a return of \$2.46/tonne against the Harvest EPRs.

	Initial Payment EPR	Current
Initial EPR	\$219.00	Net EPR
		\$222.00



Harvest 10 Barley EPR Update													
	BAR1	BAR2	BAR3	HIND	PL1	CO1	CM1	GA1	LA1	SP1	SO1	WS1	
East Coast	Brisbane	\$224	\$209			\$224							
	Newcastle	\$227	\$212			\$231	\$227		\$232				
	Pt Kembla	\$222	\$207			\$226	\$222		\$222	\$230	\$227		
	Geelong	\$222	\$207			\$227		\$248	\$222	\$248	\$228		\$242
	North Western Vic	\$220	\$200			\$223		\$227	\$220	\$226	\$225		\$245
	Portland	\$220	\$200			\$225		\$220	\$220	\$228	\$225	\$222	
South Australia	Pt Adelaide	\$225	\$212	\$207	\$227	\$229	\$227	\$232	\$227	\$231	\$229	\$227	\$230
	Pt Giles	\$218	\$205	\$200	\$220	\$226	\$223	\$223	\$220	\$224	\$222	\$223	\$223
	Pt Lincoln	\$219	\$209	\$205	\$221	\$227	\$224	\$224	\$221	\$225	\$223	\$225	\$227
	Wallaroo	\$222	\$212	\$207	\$224	\$230	\$227	\$227	\$224	\$232	\$226	\$227	\$227

*EPR: Estimated Port Return, at a Track level, net of management fee

- EPR increased since last update
- EPR decreased since last update
- EPR unchanged since last update

Estimated Pool Returns are quoted net of management fees and as a Track level equivalent



Charles Lockyer
Pool Manager

Pool Manager's Overview

Instability in export markets, favourable growing conditions for 2021-22 and a lack of malt markets contributed to a turbulent year in barley...

The 2020-21 barley harvest was a record for East Coast Australia.

Such high production drove Australian barley values to parity with global markets, enabling exports to recommence after two years of drought.

GrainCorp Harvest 10 Pool's strategy is to mitigate risk against global markets, while providing upside to domestic Australian values.

With this in mind, we used a mix of forward contracts in the physical markets and offshore futures to limit risk to the downside in values and protect your equity.

But that also limited exposure to upside, which we saw later in the year.

Australian barley values weakened against global markets progressively through the first half of the year.

With China off the table, Australian barley looked to Saudi Arabia as an alternative destination.

But an inconsistent tender process brought on instability and volatility in the export market early in the year, which impacted barley values domestically.

The scale of the task required to move such a big crop put constraints on logistics, which also impacted domestic freight rates and heavily affected domestic values in the first half of the year.

Values were weakened further by ideal growing conditions post-harvest and predictions of another large crop for the second year in a row, both of which reduced supply risks going into the 2021-22 season.

Malt markets this year were limited due to China's absence, which continues to leave a significant void in malt demand.

GrainCorp continues to seek out additional export markets to support this sector and found some success with destinations such as Ethiopia and Mexico, but in limited volumes.

Participation in malt premiums therefore remained limited.

Nevertheless, GrainCorp Harvest 10 Barley Pool weathered market challenges by adopting a discipline marketing strategy, selling at consistent spread pace and exiting high-risk positions.

We also held stock in strategic locations to participate in higher values at the back end of the year.

I can report for the 2020-21 Barley Pool our Final EPR performance relative to the harvest EPRs on average will show returns of \$2.43/tonne.

We are showing some upside above harvest values, which is what we aim to do. Please refer to the EPR performance table to confirm specific grades and port-zone EPRs.

We thank you for committing to the GrainCorp Pools program for the 2020-21 season and look forward to working together again in the coming seasons.

Should you wish to discuss our results further – or to commit again for the 2021-22 Pool – please contact me direct via [email](#), call me direct on 02 9325 9110 or seek out your local GrainCorp marketer.

Charles Lockyer
Pools Manager



Need to know more? We can help.

We're waiting for your call on [1800 809 482](tel:1800809482).

Use the Pools Calculator and access the advantages of GrainCorp Harvest 10 Pool by visiting our [website](#).

www.graincorp.com.au

