

**SETTING TARGET PRICES**

|   |  |
|---|--|
| <p>Cost of Production</p>                                       | <ul style="list-style-type: none"> <li>• Set costs &amp; Work with that at start of season Budget</li> <li>• Some revise with cash actuals throughout the season</li> <li>• Changes to budget mostly minor impact (unless large fluctuations in major inputs)</li> <li>• Changes to yield have more significant impact on final outcome</li> <li>• If selling in forward season consider trends of major inputs and other additional expenditure into the forward season.</li> </ul> |
| <p>Rules of Thumb</p>   | <ul style="list-style-type: none"> <li>• Some farmers just know these figures “in their heads”</li> <li>• Some use this in combination with writing it down</li> <li>• Comments that working it out inside head works well if figures used are accurate – it may be worth questioning to check from time to time.</li> </ul>   |
| <p>Yield History &amp; Average Production Figures</p>           | <ul style="list-style-type: none"> <li>• Keep accurate records to track this.</li> <li>• Ensure it is realistic and conservative</li> <li>• Using your farms water use efficiency figures and rainfall through the season can help create updated estimates.</li> <li>• Yield Profit sites and Plant Available Water information is now a strong focus on this area to predict crop performance</li> </ul>   |
| <p>Price History and Forecasts</p>                              | <ul style="list-style-type: none"> <li>• Find out 5 – 10 year historical prices for each commodity you sell.</li> </ul>  |
| <p>Using Financing Firms</p>                                    | <ul style="list-style-type: none"> <li>• Ask your bank what figures they are working on for the coming season</li> </ul>   |
| <p>Consider future seasons prices during the current season</p> | <ul style="list-style-type: none"> <li>• Use alerts for next season – good way of keeping up overall average higher – by looking further ahead.</li> <li>• Keep forward season commitments conservative though</li> </ul>  |
| <p>Review Constantly</p>  | <ul style="list-style-type: none"> <li>• Suggested reviewing everyday – can no longer take your eye of the ball.</li> </ul>  |
| <p>Have a Stop Loss</p>   | <ul style="list-style-type: none"> <li>• Important to protect your margins – so decide on a lower limit especially on carry over grain</li> </ul>  |
| <p>Gut Feeling for Season</p>                                   | <ul style="list-style-type: none"> <li>• Some just get to know a good price and get a feel for the season – discussed implicit knowledge (you just know) vs. explicit knowledge (fully revealed with an ability to be learnt). Some can trust their gut due to experience – others still learning need to rely on people and knowledge to make their decision – where do you sit??</li> </ul>  |
| <p>Global Supply Trends</p>                                     | <ul style="list-style-type: none"> <li>• Look at world supply trends but remembering fundamental facts only account for a small portion of the variability in commodity markets.</li> </ul>  |



## SETTING A GRAIN MARKETING PLAN

|  |  |
|--|--|
| Generated out of budget by growers                           | <ul style="list-style-type: none"> <li>Using budgeted cost structure – Grain marketing plans are an extension of the farm budget.</li> <li>If using Agrimaster there isn't a way to create this – many use excel to create their own (see attached examples of these)</li> <li>Others create handwritten documents which are easily visible to the farming operation describing target prices and plans for sales through the season –<br/>Lists Ha Sown, Estimated Yield, Sale Price, % , tons</li> </ul> |
| Generated out of budget by consultant                        | <ul style="list-style-type: none"> <li>I.e. farm advisor often has programs available to generate a grain marketing plan that sits with your budget for that season.</li> </ul>  |
| Consider the many Varieties and Qualities of Grain to market | <ul style="list-style-type: none"> <li>If sowing a number of varieties of one type of grain – carefully manage ha sown and committed tons to ensure enough production to fulfil contracts.</li> <li>Managing the potential quality can be done using multigrade prices – i.e. one price for a higher malt grade and one lower price for feed should it get downgraded. Fixed contracts do not allow for this variability.</li> </ul>   |
| Communication is Key   | <ul style="list-style-type: none"> <li>If two heads working on this in the business – watch for confusion and crossed wires – clear communication of actions and thoughts prevents the fireworks!</li> </ul>   |
| Rules of Thumb Thinking                                      | <ul style="list-style-type: none"> <li>I.e. 1/3 grain sales prior to Harvest 1/3 at harvest, 1/3 post harvest.</li> <li>However be flexible and consider market trends, your production risk, historical prices and your cash flow.</li> </ul>   |
| Document your thinking at the time of sale                   | <ul style="list-style-type: none"> <li>Document either in a diary, grain marketing file or even on the contract itself – why you chose to make a grain sale that day – it helps with learning.</li> </ul>  |
| PlanFarm Tool  | <ul style="list-style-type: none"> <li>Emily discussed the tool they use which considers a client's production risk x decile price (i.e. how good is the price historically) x attitude to risk</li> </ul>   |
|  | <ul style="list-style-type: none"> <li></li> </ul>   |
|  |  |



## RECEIVING PRICES & MONITOR MARKETS

|                        |  |
|------------------------|--|
| Considering Products   | <ul style="list-style-type: none"> <li>Do you need prices alone or market info as well. Many of these companies have varying structures of service provision and costs.<br/>Grain marketers may be able to parcel up grain to achieve a better price</li> </ul>  |
| Daily Grain            | <ul style="list-style-type: none"> <li>Free basic level provision for CBH registered growers. Daily Texts no market detail provided</li> <li>Some using advanced service for more \$\$</li> </ul>  |
| Market Ag              | <ul style="list-style-type: none"> <li>Utilising text prices, emails and grain portal</li> <li>Provides market info</li> </ul>   |
| Grain Assist           | <ul style="list-style-type: none"> <li>Ask WIFE member for more info</li> </ul>  |
| Plum Grove             | <ul style="list-style-type: none"> <li>Emails– free market summaries contact provider and add your email address to their list.</li> </ul>   |
| Profarmer              | <ul style="list-style-type: none"> <li>Ask WIFE member for more info</li> </ul>  |
| 10 Tigers/Synergy      | <ul style="list-style-type: none"> <li>Ask WIFE member for more info</li> </ul>  |
| CBH, Emerald, Glencore | <ul style="list-style-type: none"> <li>Create a relationship with your local grain marketer/s some will take on board your target prices and contact you once they are reached.</li> <li>Ensure you are registered for texted price alerts by your local grain marketer of choice – short term spikes can occur off the daily bid sheet – an employed grain marketer should be able to inform you of this but if a time lag presents – get registered to receive prices directly.</li> </ul> |
| Rob Grieve             | <ul style="list-style-type: none"> <li>Ask WIFE member for more info</li> </ul>  |
|                        |  |



**MONITORING GRAIN – HEADER TO THE BIN**

|  |  |
|--|--|
| <p>Communication First Then Loadnet</p>                            | <ul style="list-style-type: none"> <li>• Growers mentioned business partner quite often requested those in the office to check a load via load net – quality etc.</li> <li>• A quick check at the end of each day of how many loads done and a check off the times etc. via loadnet each day is a good habit to ensure all loads reach the bin and are in the system.</li> <li>• Ipads in the paddock – mobile.cbh.com.au</li> </ul>   |
| <p>Carter Delivery Forms (CDF's) &amp; Weigh Bridge Tickets</p>    | <ul style="list-style-type: none"> <li>• If possible to retain a copy of the CDF (which just links the grain to the grower) and attach with the blue Weigh bridge ticket which gives it a grade and a load number.</li> <li>• Then tick off load number on ticket against loads registered on loadnet – consider a stamp i.e. PAID on the top of the ticket which identifies that the load is in the system</li> </ul>   |
| <p>Spread Sheets</p>   | <ul style="list-style-type: none"> <li>• Excel spread sheets to record seed taken to silo's (and to add to overall yield numbers!), grain harvested and stored on farm (field bins and trucks loaded), and grain delivered – covers all options. Helps if you need to calculate yield and tons to market.</li> <li>• Importing loadnet loads into excel spread sheets is really easy ask Anna-Lisa or Amy Graham for help with this.</li> </ul>  |
| <p>Two Way / Phone Communication</p>                               | <ul style="list-style-type: none"> <li>• Ensure communication at harvest is up to date</li> </ul>  |
| <p>Communication &amp; Relationship Management – CBH Bin Staff</p> | <ul style="list-style-type: none"> <li>• Keep in good spirits with the Bin Staff – helps to pay a visit personally early on especially if grain is having difficulty reaching your desired grade. Leave communication details so that if staff have any issues they can contact you i.e. business card.</li> <li>• Educate Truck contractors on appropriate behaviour at the bin, are they aware of the safety requirements.</li> <li>• Have a list of current (i.e. check each season) bin phone numbers in your harvest clip board for you and for your business partner in the paddock.</li> <li>• Familiarise yourself with grain stacks and grade availabilities at your local site – it may be beneficial to travel a bit further if your grain qualifies for a higher grade.</li> </ul> |
| <p>Contract Truck Driver Tip Sheets</p>                            | <ul style="list-style-type: none"> <li>• Work out early if your contractor has done a harvest before or not. One load in the wrong grade is worth \$1000's – ensure he is familiar with the Dispute Resolution Process (see Operations Harvest Guide)</li> <li>• Some have summarised into tip sheets the Infratec Redo Procedure &amp; the Average system (which accounts for subjective discrepancies i.e. frosted grain) these two are the most commonly used mechanisms to improve your grains grade (see attachment for example)</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>•</li> </ul>  |



## TAKING OUT GRAIN CONTRACTS

|   |  |
|---|--|
| Swaps   | <ul style="list-style-type: none"> <li>• Different to a cash contract as no physical grain is committed. Good option to reduce production risk.</li> </ul>   |
| Consider Global Markets   | <ul style="list-style-type: none"> <li>• Consider Global situation and currency trends</li> </ul>  |
| Consult prices of the day   | <ul style="list-style-type: none"> <li>• Look at the difference between the Chicago Board of Trade (CBOT) price and our own to consider basis – and consider the price decile – i.e. historically how good is this price</li> <li>• Use grain marketing consultants to help with the final decide</li> </ul> |
| Consult Tons already committed, budgeted target prices and marketing info | <ul style="list-style-type: none"> <li>• Combine all these to make a decision on marketing</li> </ul>  |
| Monitor Production Risks Vigilantly                                       | <ul style="list-style-type: none"> <li>• Keep production risk in the front of your mind and if taking out a contract consider the washout options should production fail. Some companies deal with it better than others i.e. some will roll contracts forward to the next season etc.</li> </ul>            |
| Talk to local Agent   | <ul style="list-style-type: none"> <li>• Sometimes local price spikes occur – ring locally and ask what the markets have been doing and what the company needs.</li> </ul>   |
| Cash Flow   | <ul style="list-style-type: none"> <li>• Unfortunately cash flow can be a driver of sales – try to manage this. Assess the market situation if is falling it may pay to forward contract earlier in the season at least enough to pay bills needed early in the harvest season.</li> </ul>                   |
| % targets Adjusted for Risk   | <ul style="list-style-type: none"> <li>• Setting out “% of production to be sold by” targets can help with sales – always considering the current season's risks and variables however.</li> </ul>   |
| Monitor Market Trends   | <ul style="list-style-type: none"> <li>• In a falling market waiting for a rally or selling to protect further lose is a difficult decision to consider.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>•</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>•</li> </ul>  |



## TRACKING GRAIN COMMITMENTS & MANAGING THE PAPER TRAIL

|  |   |
|--|---|
| Excel Spread sheet                                       | <ul style="list-style-type: none"> <li>As contracts executed – contract numbers are entered into along with grain specifics i.e. grade tons and port zone.</li> <li>As tons are nominated the contract is colour coded green for go</li> <li>Columns to be filled included – grain nominated, payment received, final \$/ton reached.</li> <li>See attached example*</li> </ul>   |
| Bull Dog Clips<br>Or Clip Boards                         | <ul style="list-style-type: none"> <li>Collate Contracts in a central place to refer to</li> </ul>  |
| Spread sheet &<br>Grain Marketing File<br>used together. | <ul style="list-style-type: none"> <li>Contracts all entered individually into Excel which tracks tons and allow for totals and % committed to be tracked along with scenarios – i.e. if I sell the rest at that price what does it do to our average \$/ton achieved.</li> <li>Marketing file houses physical grain contract document</li> <li>Once nominated – excel spread sheet updated, and nomination receipt printed and attached to the original contract document.</li> <li>Once invoice in and payment received contract document and nomination forms pertaining to that invoice are attached to the invoice – so one place houses everything pertaining to that invoice.</li> </ul> |
| Market Ag Portal   | <ul style="list-style-type: none"> <li>Relatively new service – allows for contracts from all marketers to be centralised in one portal</li> <li>Recommended by members as alternative to managing it on excel.</li> </ul>  |
|  | <ul style="list-style-type: none"> <li></li> </ul>  |
|  | <ul style="list-style-type: none"> <li></li> </ul>  |



## ALLOCATION GRAIN QUALITY TO CONTRACTS

|  |  |
|--|--|
| Optimise First then Allocate                         | <ul style="list-style-type: none"> <li>Wait till enough tons to available to optimise well – then use own methods of working out allocation for greatest spread.</li> <li>Need to look at spread of price through the grades – they vary through the season so check contracts and current prices.</li> <li>Follow up on mentioned “formula”</li> </ul>  |
| Grain Marketing Consultant/Farm Advisor              | <ul style="list-style-type: none"> <li>Services offered include allocation of grain to contracts for maximum profit – involves informing consultants of contracts to be filled and allow them access to loadnet</li> <li>I.e. Grain Assist, Market Ag, PlanFarm, Farmanco, Synergy/10 Tigers, Rob Grieve.</li> </ul>   |
| Optimise First then Download from Loadnet into Excel | <ul style="list-style-type: none"> <li>Export data either all loads or per commodity – opens into Excel – delete unnecessary columns i.e. quality stuff – use data sort A-Z which will present it according to grade i.e. AGP, APW, AH etc.</li> <li>Sum tons of each grade</li> <li>Allocate to contract based on overall profit</li> <li>Contact Amy Graham or Anna-Lisa for further explanation.</li> </ul> |
|  | <ul style="list-style-type: none"> <li></li> </ul>   |
|  | <ul style="list-style-type: none"> <li></li> </ul>   |
|  | <ul style="list-style-type: none"> <li></li> </ul>   |



## TRACKING GRAIN TONS LEFT TO SELL

|   |  |
|---|--|
| If pre harvest                          | <ul style="list-style-type: none"> <li>• Use excel or other tool to manage % of tons forward sold to ensure not over committed.</li> </ul>   |
| If during harvest                       | <ul style="list-style-type: none"> <li>• Check off each Weighbridge ticket</li> <li>• Use loadnet during harvest to monitor actual tonnages ensure not going to overcommit grain.</li> </ul> |
| Grain Marketing Consultant/Farm Advisor | <ul style="list-style-type: none"> <li>• Advisors and Consultants can provide this type of service for a fee.</li> </ul>   |
| Grain Market Portal                     | <ul style="list-style-type: none"> <li>• Tracks tons committed and tons needed to be sold</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>•</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>•</li> </ul>  |

## CHECKING OFF INCOME TO THE CONTRACT

|                            |   |
|----------------------------|---|
| Have paperwork centralised | <ul style="list-style-type: none"> <li>• Have Weighbridge docket with grain contract – hang on wall until money in the bank,</li> <li>• Grain Marketing file – section for each commodity – move contract, and nomination receipt and attach to invoice when income received. File in accounts file (if not too bulky). Can always be found via Agrimaster transaction search.</li> </ul> |
| Track Time of Nomination   | <ul style="list-style-type: none"> <li>• On each contract I write the date nominated and the date money deposited.</li> <li>• Use a diary or outlook to enter in estimated income date – watch.</li> </ul>  |
| Agrimaster                 | <ul style="list-style-type: none"> <li>• Upon reconciliation – download grain statements, or import sale figure via statement. Allocate to contract and describe tons and price in description.</li> <li>• Tick off on physical grain contract that income has been received for sale.</li> </ul>   |
| Grain Market Portal        | <ul style="list-style-type: none"> <li>• Tracks tons committed and tons needed to be sold</li> </ul>  |
|                            | <ul style="list-style-type: none"> <li>•</li> </ul>   |





## QUALITY OPTIMISATION TIPS

|                          |  |
|--------------------------|--|
| Don't choose auto Prices | <ul style="list-style-type: none"> <li>• Enter in prices manually as auto not always what you would sell for</li> <li>• Ask and double check method of optimising if not sure</li> </ul> |
|                          | <ul style="list-style-type: none"> <li>•</li> </ul>  |
|                          | <ul style="list-style-type: none"> <li>•</li> </ul>  |

## Common Mistakes and Pitfalls – Avoid them!!

|    |  |
|----|--|
| 1  | <ul style="list-style-type: none"> <li>• Wrong Contract #</li> </ul>   |
| 2  | <ul style="list-style-type: none"> <li>• Not having enough tons for a contract if delivering into different port zones</li> <li>•</li> </ul>   |
| 3  | <ul style="list-style-type: none"> <li>• Taking out a fixed contract instead of multigrade – especially when using loadnet – there is no audible marketer reading out the contract! Read it!</li> <li>•</li> </ul>   |
| 4  | <ul style="list-style-type: none"> <li>• Lost Contracts – not filled at end of season – if unsure ring all marketers you deal with and ask them to check you grower number and what you have done to date – then get a grain marketing file up and running!</li> </ul>   |
| 5  | <ul style="list-style-type: none"> <li>• Forgetting to nominate grain to certain contracts</li> </ul>  |
| 6  | <ul style="list-style-type: none"> <li>• Committing partial tons i.e. 50tons to a 100ton contract then forgetting to go back and fill it completely.</li> </ul>  |
| 7  | <ul style="list-style-type: none"> <li>• Taking out contract in wrong port zone</li> </ul>   |
| 8  | <ul style="list-style-type: none"> <li>• Pre Pay advantage – committed too much of canola not enough wheat – can be changed but better to think ahead – if cash flow needed – what tons come off first – as the \$\$ need to be paid back to CBH first before money will come to your account regardless if you deliver a commodity not registered in the contract.</li> </ul> |
| 9  | <ul style="list-style-type: none"> <li>• Sold all Grain before filling last contract (bloody men) (as per butcher paper – lol)</li> </ul>  |
| 10 | <ul style="list-style-type: none"> <li>• Stalling on a mistake – It is never too late to fix it – marketers are understanding and usually with a bit of paperwork it is all fixed.</li> </ul>  |

