

Organic Grain Markets

Tom Manley

Owner & President

www.homesteadorganics.ca



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Past price Trend

- General trend downward in soybeans:
 - ✓ Moderate growth in human consumption.
 - ✓ Easy and popular crop to produce.
 - ✓ Steady conversion with low conv prices.
 - ✓ Chinese exports and competition.
 - ✓ Rising Canadian dollar affects export price.
 - ✓ Surplus crop yields in 2006.
- \$800 - \$770 - \$730 - \$700 - \$620

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Past Price Trend

- Steady prices for cereals
 - ✓ Corn \$200 in 1997; \$250-\$2580 since.
 - ✓ Steady for barley & oats: \$230-\$280.
 - ✓ Low conventional commodity prices.
 - ✓ Rising demand for livestock production.
 - ✓ Low rate of imports of feed grains.
 - ✓ Lots of acres rotating from soybeans.

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New Price Trend

- Spectacular rise in all organic grain prices.
- Poor harvest in Ontario in 2007
- Drought in Australia
- Strong growth in worldwide demand.
- Specially strong growth in US livestock.
- Sudden stop in Chinese exports.
- BioFuels driving conventional commodities.
- Drop in conversion to organic production.
- Annual food inflation of 7-8% for 2008-12.

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Commodity prices in 2008

- Soybeans
 - ✓ Spot today 2007 crop: \$800 and more
 - ✓ Contract 2008 crop: \$770 and more
- Corn
 - ✓ spot 2007: \$370+, contract 2008: \$330+
- Feed barley and oats
 - ✓ Spot 2007: \$330+, contract \$290+
- Wheat, feed and food grades
 - ✓ Spot 2007: \$600/\$800; contract 2008: \$400-\$600
- Field Peas:
 - ✓ Spot 2007: \$600; contract 2008: \$450-\$500

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Particular situation in Maritimes

- Buyers do not know about you.
 - ✓ And you may not know the buyers.
- Extra \$40 per tonne in shipping.
 - ✓ Either way – affects market price.
 - ✓ If a local shortage, add \$40 as replacement cost
 - ✓ If local surplus, subtract \$40 to reach markets.
- Feed market/infrastructure to be developed.

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Seed offering

- ✓ Extensive list of organic seed products.
 - Oats, barley, wheat, soybeans, corn, forages.
- ✓ From all seed providers.
- ✓ But based in Ontario and Quebec.
- ✓ Cost of shipping to Atlantic Canada.
 - Should not be an impediment
- ✓ No longer any excuses for conventional
- ✓ Certifiers: pay attention to seed availability
 - The 5 phone calls are often bogus.

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Your farm sales plan

- Beware of a volatile market.
- On-farm storage is the best strategy.
- Contract some:
 - ✓ predictable, reliable, profitable, timely cash flow.
- Spot some:
 - ✓ speculative opportunities.
 - ✓ watch your nerves; stick with your commitments.
- Choose your buyer:
 - ✓ Relationships, reliability, compatibility, patience.

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