Prices, competition and market innovation

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6 - 7 March 2018
The low price conundrum

1. How robust is the current outlook?

2. What can governments do?

3. What is industry doing?
World grain prices

- Soybeans
- Wheat
- Barley

2002-03 to 2022-23

f ABARES forecast. z ABARES projection
World supply of grain
Average over 3 years

- **Wheat**
  - 2004-05 to 2006-07
  - 2014-15 to 2016-17

- **Corn**
  - 2004-05 to 2006-07
  - 2014-15 to 2016-17
  - 49%

- **Soybeans**
  - 2004-05 to 2006-07
  - 2014-15 to 2016-17
  - 47%

**Mt:** Metric Tons
Variability of world production

Source: ACS
Export share
Top 3 exporters, 2014–15 to 2016–17

- **Argentina**
- **US**
- **Brazil**

For **Wheat**:
- **US**
- **Russia**
- **European Union**

For **Barley**:
- **Ukraine**
- **Australia**
- **European Union**

For **Soybeans**:
- **US**
- **Brazil**
Forecast soybean yields, 2018-19

Distribution based on observations from 2000-01 to 2017-18
Australian wheat yields

- ABARES estimate.
- 2006-07
- 2017-18s
- t/ha

- 1900-01
- 1930-31
- 1960-61
- 1990-91
- 2002-03
- 2006-07
- 2016-17

s ABARES estimate.
Variability of Australian wheat yields
Scenario soybean yields - 2018-19

Distribution based on observations from 2000-01 to 2017-18

Area ≈ In 15% of years from 2000-01 to 2017-18, yields fell below this level

Forecast for 2018-19
 Scenario
Scenario price projections

- **Soybeans**
- **Wheat**
- **Barley**

*f* ABARES forecast. *z* ABARES projection
**Calls for government intervention**

...that do not increase prices

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Globalisation, ICT and vertical integration

Vertical integration driven by:
• Consumer preferences for reliable supply and consistent quality
• Competition to reduce costs

Enabled by:
• Improved communications and transport

Resulting in:
• Less use of spot markets and associated reporting
• More direct contracting and information flows along value chains
Grain traders

- More than 1.5 million tonnes
- 0.25 to 1.5 million tonnes
- Less than 0.25 million tonnes

Source: Grain Trade Australia
Grain production per farm

Source: ACS 2017
This session

John Snooke

- Grain growing business
- Deregulation and marketing options for farmers

Chris Kelly

- Small-to-medium grain trading business
- Technology and innovation in marketing

Tim Krause

- Bulk handling business
- Creating value for growers in competitive global markets