



Reap what you sow

with the GrainCo Pool



GrainCo Pools Marketing Scheme

The GrainCo Pool has proved itself to be one of the best performing marketing schemes in the UK over the last 22 years. Covering wheat, barley and oilseed rape, the aim of our pools are to market farmers' grain in an effective manner, thereby ensuring our pool members receive good returns year on year.

There are three movement periods for the pool: "Harvest", "Oct-Dec" and "Jan-June". Bonuses are paid to members for quality and location. In addition to a range of finance options which give excellent cash flow throughout the marketing year, the GrainCo Pool gives security in volatile and fast moving markets.

Why?

- The grain market has witnessed one of the most turbulent times in its history over the past few years.
- Unprecedented price movements fuelled by speculative "investment" money entering and exiting the market seemingly on a whim.
- Global wheat stocks swinging from "perilously tight" to "burdensome" virtually from year to year.
- Erratic weather patterns leading to record crops in some countries and historic lows in others.
- Dramatic swings in currency values as the financial crisis unravels, and EU turmoil continues with everything from banks to entire countries needing bailing out.
- Interest rates continue to be at historically low levels.
- Brexit is going to happen half way through the 2018/19 marketing year and it looks increasingly unlikely that the terms of the exit will have been finalised.
- It is possible that we could be in a totally chaotic situation where very few if any of the basic ground rules are in place in time



- Such uncertainty is almost sure to lead to extreme volatility which will make the marketing of the 2018 harvest a lottery.
- The GrainCo pools are an extremely attractive marketing tool in such times.
- Outside the UK the world will also have to deal with the repercussions of the Trump administration's latest rulings on world trade with potential trade wars looming with the Chinese as well as the Canadians and Mexicans. Again, all scenarios that could potentially cause unpredictable volatility in prices.
- Wars, invasions, droughts, floods and other totally unpredictable but nevertheless market moving factors.
- Gold, oil, sugar, cocoa, copper, platinum, even steel and cement seem to have a spillover effect on the grain markets these days.

Predicting price fluctuations in the grain market has never been easy, but surely it's never been this hard?


Do you feel like you're constantly swimming against the tide?
Come and join us in the GrainCo Pool...

How?

Acting collectively and removing supplies from the market allows pools to be more effective in obtaining a better value.

Pool marketing is a well-proven method of overcoming extreme volatility. A pool with a large tonnage has a far greater chance than any individual of achieving a good average price.

GrainCo's Pool Marketing Scheme has year-on-year produced market-leading pool prices. We are unaware of any other equivalent pools that have consistently performed any better during the last 22 years.



“Pool marketing is a well-proven method of overcoming extreme volatility.”

GrainCo Pools

The Benefits

- GrainCo are recognised as employing an experienced team of traders whose track record of pool results is widely recognised within the industry. Farmers can be confident GrainCo will act robustly on their behalf.
- The 2018 harvest will be the 23rd year that GrainCo have successfully operated pool schemes.
- **Flexible grain movement** with harvest, pre-Christmas and long term pools. There is also further flexibility of movement within these pools.
- **The Late Long Pool** can be entered after harvest once one's production is known. The performance of this pool can vary from the long pool due to a significantly shorter period of marketing.
- **Regular interim payment options** throughout the year to suit the majority of farmer's cash flow requirements.
- **Optional cash advances** at a competitive rate paid out at 14 day intervals from the harvest onwards.
- BACS transfer payments **direct** to customer's bank account.
- GrainCo is one of the country's leading grain exporters with extensive market outlets. This knowledge is essential in enhancing pool prices as exports will continue to be a factor of the market.
- Pool members can procure competitively priced inputs through the GrainCo buying group.
- Quality **premiums** are paid to individual growers over the pool price for grain that can be marketed for more than the normal feed price. In recent years the premiums paid have been up to £15 for biscuit wheats and up to £55 for milling wheats.
- Committed tonnage can be **split** over different pools and commodities.
- **Extremely competitive** £1.50/tonne marketing fee for grain and £2.00/tonne for oilseed rape - exceptional value for money compared to other professional charges. Pool marketing with GrainCo costs no more than selling grain on the open market.
- Futures and option contracts are used to maximise the pool price with **no extra cost** to the customer.

- GrainCo pools can help generate cashflow throughout the year. This results in greater flexibility when marketing other non-pool grain.
- GrainCo has supply agreements with many leading consumers thereby guaranteeing market outlets.
- **Minimum price contracts** are available which guarantee a base price to which the pool benefits can be added. These contracts are tailored to meet an individual's requirements and are extremely flexible.
- **Financial security** from dealing with the North East's largest grain merchant. All sales by GrainCo are either cash on delivery or fully insured so there is **no risk of bad debt problems affecting the stability of the company.**
- The large size of GrainCo's pool enables it to provide its customers with continuity of supply and guaranteed delivery resulting in higher prices for the pool.
- Traders with extensive market knowledge obtain the best prices in the domestic market combined with the use of port facilities including the Tyne to maximise export opportunities.
- **Farm Assured grain.** Many consumers have now moved towards exclusive use of Farm Assured grain. Grain **does not** have to be Farm Assured to be in the GrainCo pool but the situation could arise that the non-assured grain pool price is less than the assured grain price.
- GrainCo pools are a **low cost** marketing tool which achieve first class returns while leaving the farmer time to concentrate on maximising his crop size and quality.
- **GrainCo concentrates on marketing pools** which account for over 20% of the company's turnover. This emphasis on marketing is reflected in the high prices GrainCo has paid its pool members over the past years.
- Large pools enable traders to be in a stronger selling position and achieve a greater influence on market levels.
- Grainco is owned by Tynegrain: a farmer owned co-operative and exists solely to store dry and market its member's grain, most of whom are in the pool.
- GrainCo has close links to the ethanol industry which is the driving force behind the relatively high wheat prices in the North East of England.

GrainCo Pools Performance

Over the last four seasons, GrainCo pools have paid the prices detailed below. Interest is only charged on advance payments made at harvest.

		2014/15	2015/16	2016/17	2017/18
Harvest Pool	Feed Wheat	£140.00	£120.00	£120.25	£140.50
	Oilseed Rape	£245.00	£250.00	£293.25	£311.50
	Feed Barley	£121.50	£105.00	£102.25	£118.00
Short Pool	Feed Wheat	£140.00	£119.00	£131.50	
	Oilseed Rape	£250.00	£260.00	£328.00	
	Feed Barley	£121.50	£110.50	£112.50	
Long Pool	Feed Wheat	£140.00	£120.00	£142.00	
	Oilseed Rape	£256.00	£266.75	£333.50	
	Feed Barley	£126.00	£110.50	£121.50	
Post Harvest Long Pool	Feed Wheat	£135.00	£114.00	£147.00	
	Oilseed Rape	£251.50	£264.75	£341.50	
	Feed Barley	£124.50	£108.00	£124.00	

Quality premiums are added to these pool prices. In recent years 13% bread wheat premiums have varied from £8 to £50 and biscuit premiums from £1 to £15. Malting barley in recent years has achieved premiums of up to £30.



GrainCo Pools Administration

a) Pre Harvest

A questionnaire is completed giving details of:

- i) The estimated tonnage in each pool:

Harvest/Short, (Oct.-Dec. movement)/ **Long**, (Jan-June movement)

- ii) Payment Option – **Loan/Non Loan/Late Non Loan**

- iii) Breakdown of commodities and varieties

- iv) Drying and storage and movement requirements.

b) During Harvest

- i) Payments on the advanced loan scheme of approximately 70% of the value of the grain are made once it has been harvested and the tonnage verified.
- ii) On farm grain is sampled to define quality and establish the best market for it. With larger lots the grain is sampled most accurately as it comes off the drier.

- iii) Final commitment forms are completed giving accurate tonnage on which marketing and movement is planned.

c) Post Harvest

- i) The harvest pools are paid as soon as possible after completion of the harvest.
- ii) The short and long pools are paid as detailed on the preceding page.
- iii) With the final payment for the pool, GrainCo:
 - a. Deducts its marketing fee, interest on loan payments, weigh charges of 28p/tonne, HGCA and other statutory levies and quality deductions where applicable.
 - b. Pays out interest for late non loan members and quality and area premiums where applicable.

Approximate Timetable for Short and Long Pool Payments

	Short Pool		Long Pool		
	Loan	Non Loan	Loan	Non Loan	Late Non Loan
Harvest	70%	N/A	70%	N/A	N/A
Late Nov	N/A	70%	N/A	N/A	N/A
Early Jan	N/A	N/A	5%	50%	0%
Late Jan	30%	30%	N/A	N/A	N/A
Early April	N/A	N/A	5%	30%	50%
by Late June	N/A	N/A	20%	20%	50%+ Interest

These percentages are approximate and can vary.



GrainCo Pools

How to Join

To join a pool all you need to do is...

- i) **Sign a marketing agreement** which lasts an initial one year and thereafter automatically renews on the 1st July each year unless one year's notice is given in writing.
- ii) **Commit at least 120 tonnes** to the pool or your total available production if less than 120 tonnes.
- iii) Have satisfactory on-farm storage or rent space in a commercial store that can safely hold grain for the duration of the pool.

Contact your local representative, or ring...

0191 428 7700

They can answer any specific queries you may have.





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**Get in the GrainCo
pool, and see your
business thrive**

