UWA
Institute of Agriculture
2011 Industry Forum

Nathan Cattle
“Marketing opportunities, challenges and risks for farmers arising from deregulation”.

Management
Deregulation......
Deregulation......

Transparency       Credit risk
Volatility         Liquidity risk
Competition        Execution risk
Products           Information overload
Salesman           Education

Effectively Managed.... or Head-ache
When Do You Sell?

- Hope
- Greed
- Fear
- Panic
Volatility ≠ Deregulation
Transparency – Post Harvest

2010 Kwi Cash FIS – CBOT Spot Futures
Products

- Pools
  - Pre-harvest, harvest
- Cash
  - Multi-grade, fixed-grade
- Swaps
- Futures
- Options
Price Risk Management

- Pre-harvest: Establish the growers risks
- Harvest: Suitable products
- Post Harvest: Access good market information
Looking Forward

- Storage and logistics
- Traceability
- Food security
- Production – Climate change, GM
- Politics
Summary

• Opportunity
  – take control of price risk management

• Risk
  – this is done poorly

• Challenge
  – continual management
Independent advisers on price risk management in ag commodities

West Coast

East Coast

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