copa cogeca

european farmers european agri-cooperatives

The importance of futures and options for the grain and oilseed supply chain and concerns arising from the financial markets reform.

Ian Backhouse
Copa – European farmers

Anne-Laure Paumier
COGECA – European Agri-Cooperatives

Stefan Vogel
Coceral – European Grain Traders

Who are Copa and Cogeca?

Copa – European farmers
Bringing together 60 EU farmers' organisations

Cogeca – European agri-cooperatives
Bringing together 35 EU agricultural cooperative organisations

Who are Copa and Cogeca?

Two organisations…

- representing 30 million farmers and their families
- as well as around 40,000 cooperatives
- with strong links to other European countries

Todays Agenda

European Farmers perspective

- How Farmers Trade in the supply Chain
- Risk Management By farmers
  - Utilisation of Futures Markets
- Market Volumes

Trading Grains and oilseeds

Source: coceral

How Do Farmers Sell

Direct	long term supply contract with an end user.
Spot	Cash Sale on the day through traders
Collectively	Utilising collective sales: cooperatives or Pool arrangements with private traders
Forward	Forward contracts enteredt into with traders with no 1st proceesor contract

Market share of agri-ccops in cereals

- cooperatives collect:
  - 74% of cereals produced in France;
  - 50% in Germany;
  - 28% in Italy,
  - 35% in Spain,
  - 12% in Hungary,
  - 7% in Poland...

- There is a more of Primary (57%) than secondary cooperatives (agri-food activities);

- There is a growing number of transnational cooperatives (they contract with farmers, buy their products or sell them inputs , they have a membership relationship with those supplying or purchasing farmers in various MS).

copa cogeca

european farmers european agri-cooperatives

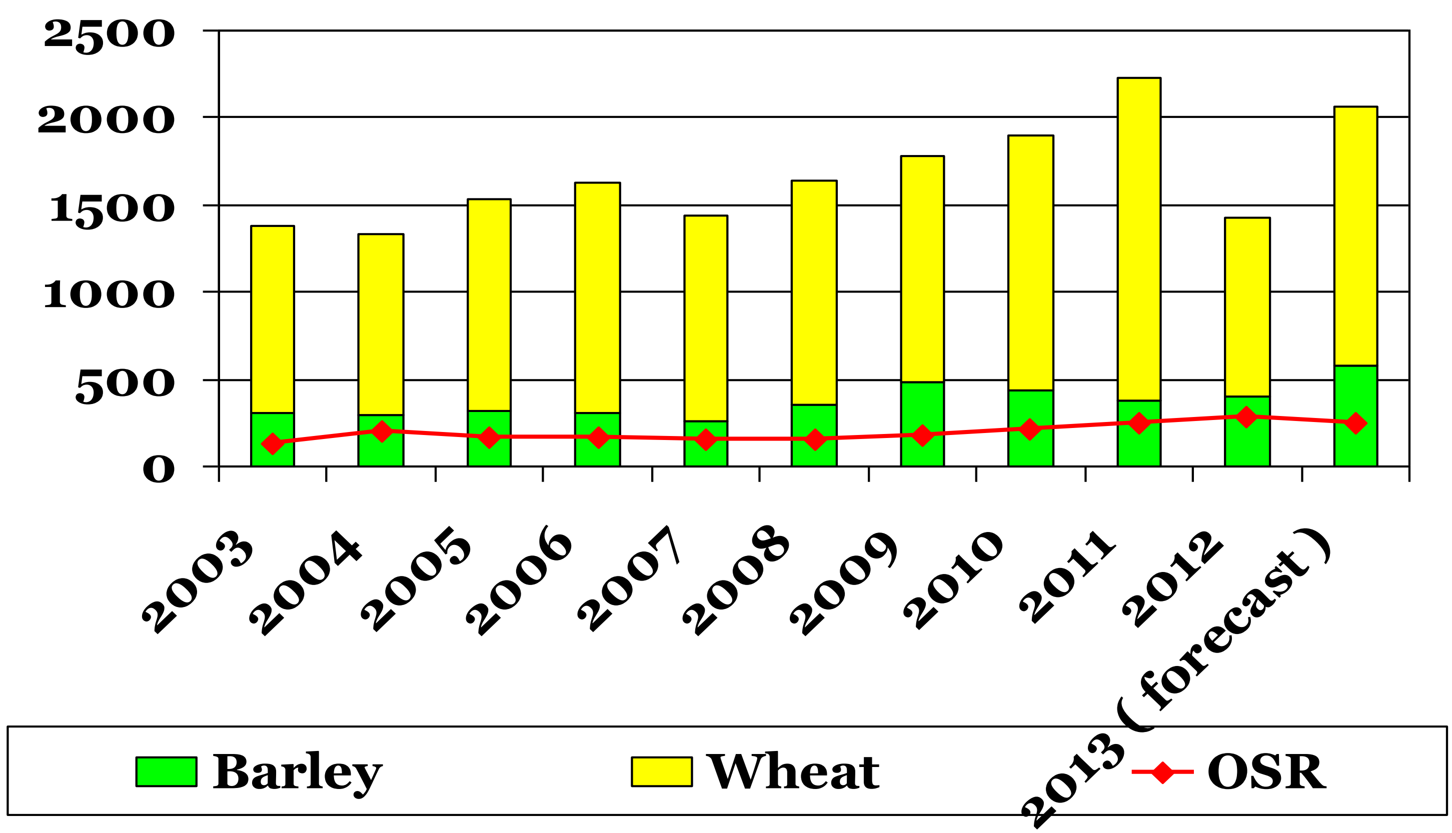
Who is Ian Backhouse

Arable and Beef Farmer

Cropping (Ha):

Grass land (Temp)	9.22
Permanent	6.87
Barley winter	72.22
Wheat winter	179.61
Oil Seed Rape winter	69.39
Spring Peas	13.96
Sugar Beet	22.86
TOTAL	374.13

Farm Production Sold (tonnes)



Price Discovery

Modern Technology has allowed for an explosion in price discovery, market commentary and deeper information.

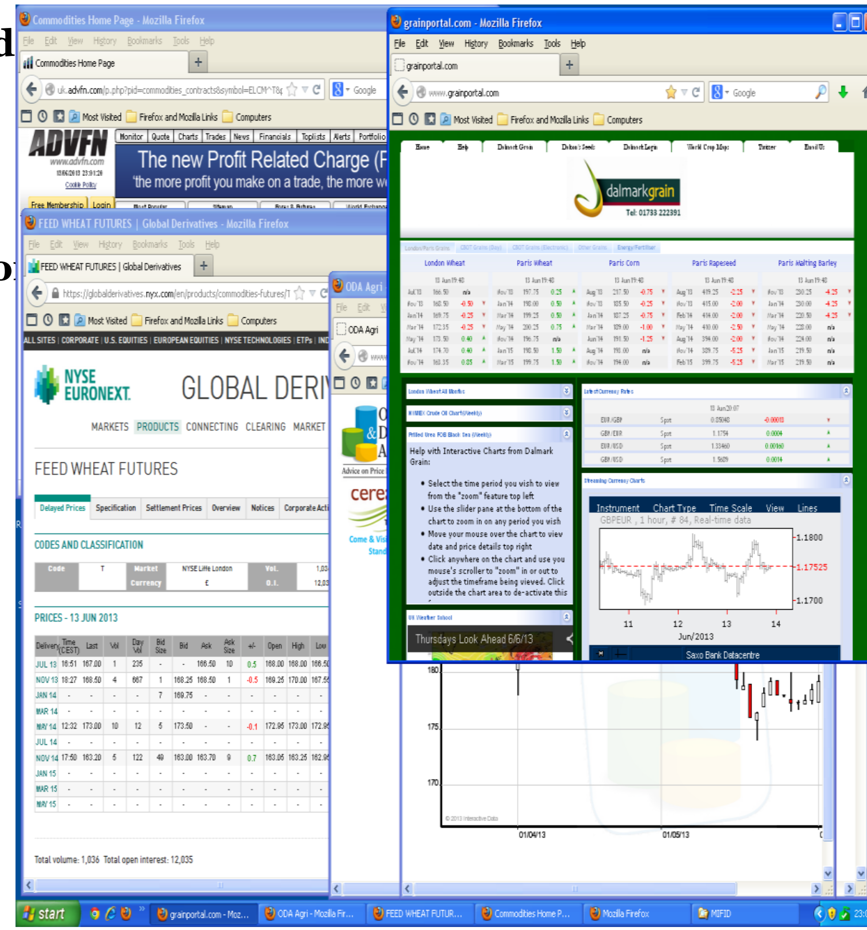
There is greater transparency fo the farmer but:

•Specification

•Delivery Points

•Over Reliance on US markets

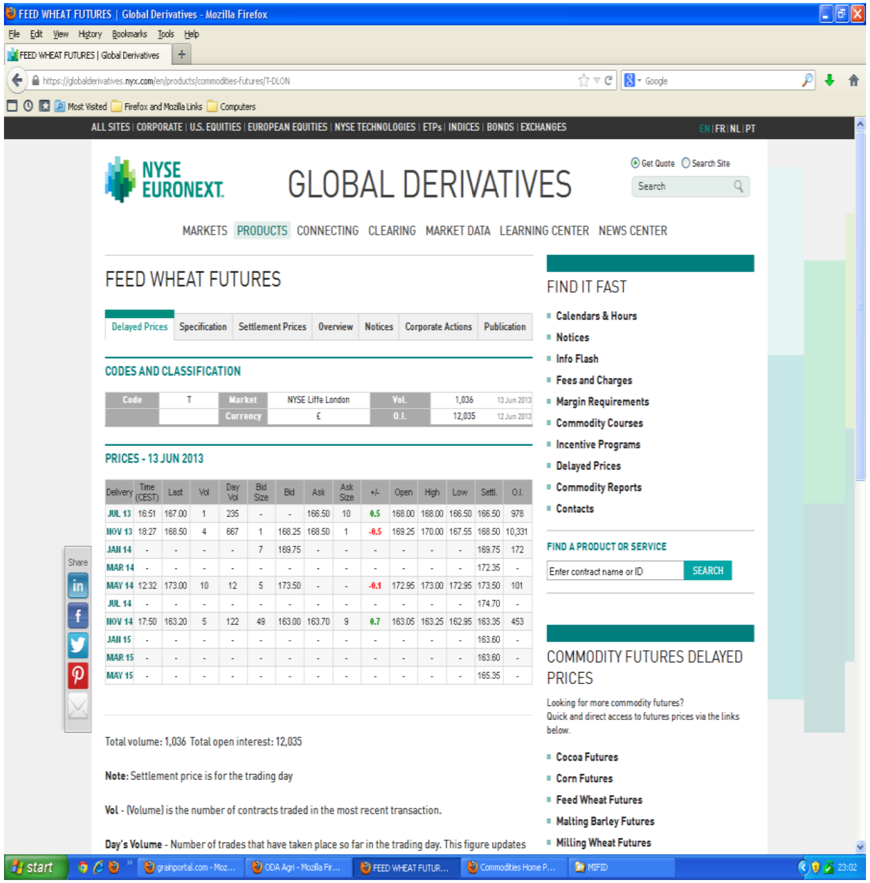
Convergence must work



Current Open Contracts:

Harvest 2013

Harvest 2014



FEED WHEAT FUTURES | Global Derivatives - Mozilla Firefox

https://globalderivatives.nyx.com/en/products/commodities-futures/T-DLON

ALL SITES | CORPORATE | U.S. EQUITIES | EUROPEAN EQUITIES | NYSE TECHNOLOGIES | ETPs | INDICES | BONDS | EXCHANGES

NYSE EURONEXT

GLOBAL DERIVATIVES

MARKETS PRODUCTS CONNECTING CLEARING MARKET DATA LEARNING CENTER NEWS CENTER

FEED WHEAT FUTURES

Delayed Prices | Specification | Settlement Prices | Overview | Notices | Corporate Actions | Publication

CODES AND CLASSIFICATION

Code	T	Market	NYSE Liffe London	Vol.	1,036	13 Jun 2013
		Currency	£	O.I.	12,035	12 Jun 2013

PRICES - 13 JUN 2013

Delivery	Time (CEST)	Last	Vol	Day Vol	Bid Size	Bid	Ask	Ask Size	+/-	Open	High	Low	Settl.	O.I.
JUL 13	16:51	167.00	1	235	-	-	166.50	10	0.5	168.00	168.00	166.50	166.50	978
NOV 13	18:27	168.50	4	667	1	168.25	168.50	1	-0.5	169.25	170.00	167.55	168.50	10,331
JAN 14	-	-	-	-	7	169.75	-	-	-	-	-	-	169.75	172
MAR 14	-	-	-	-	-	-	-	-	-	-	-	-	172.35	-
MAY 14	12:32	173.00	10	12	5	173.50	-	-	-0.1	172.95	173.00	172.95	173.50	101
JUL 14	-	-	-	-	-	-	-	-	-	-	-	-	174.70	-
NOV 14	17:50	163.20	5	122	49	163.00	163.70	9	0.7	163.05	163.25	162.95	163.35	453
JAN 15	-	-	-	-	-	-	-	-	-	-	-	-	163.60	-
MAR 15	-	-	-	-	-	-	-	-	-	-	-	-	163.60	-
MAY 15	-	-	-	-	-	-	-	-	-	-	-	-	165.35	-

Total volume: 1,036 Total open interest: 12,035

Note: Settlement price is for the trading day

Vol - (Volume) is the number of contracts traded in the most recent transaction.

Day's Volume - Number of trades that have taken place so far in the trading day. This figure updates

FIND IT FAST

- Calendars & Hours
- Notices
- Info Flash
- Fees and Charges
- Margin Requirements
- Commodity Courses
- Incentive Programs
- Delayed Prices
- Commodity Reports
- Contacts

FIND A PRODUCT OR SERVICE

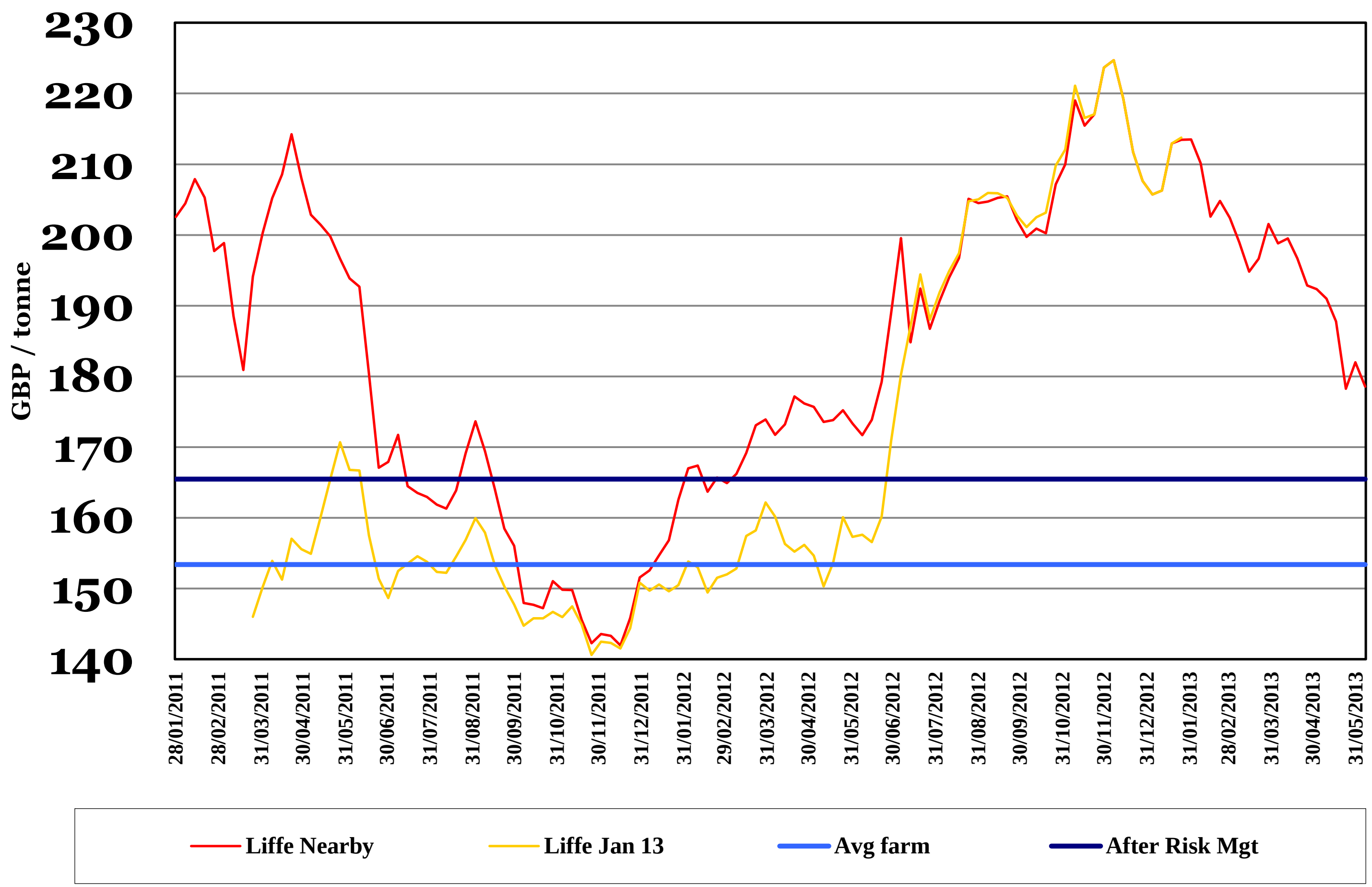
Enter contract name or ID SEARCH

COMMODITY FUTURES DELAYED PRICES

Looking for more commodity futures? Quick and direct access to futures prices via the links below.

- Cocoa Futures
- Corn Futures
- Feed Wheat Futures
- Malting Barley Futures
- Milling Wheat Futures

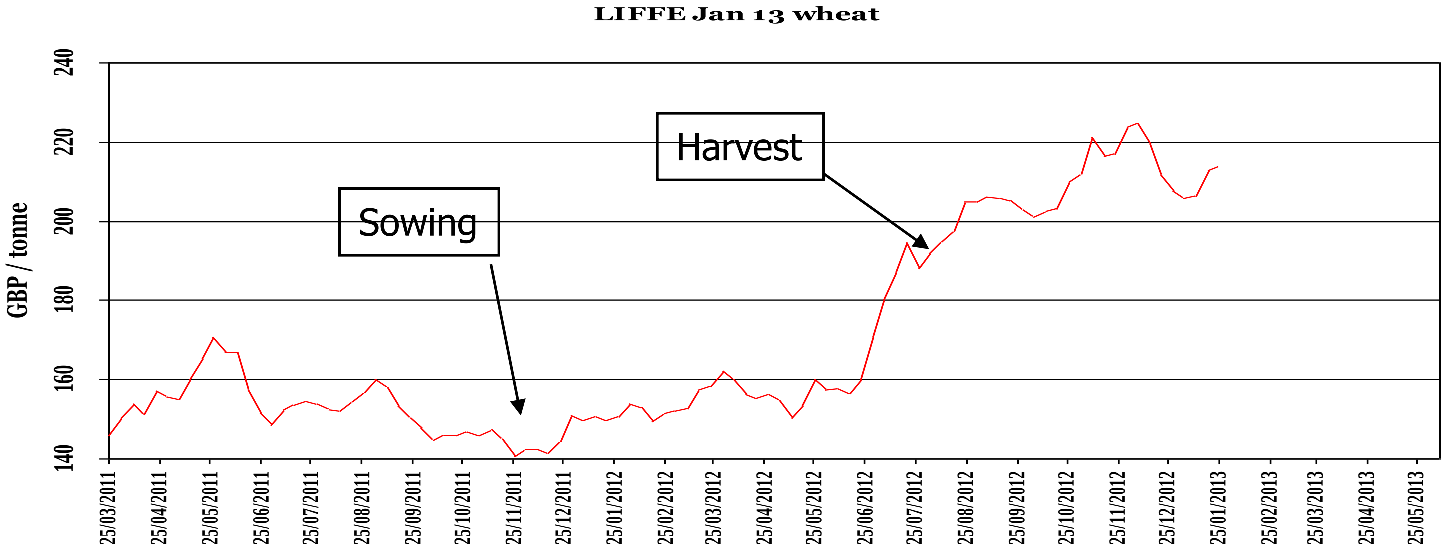
Harvest 2012 Sales



copa cogeca
european farmers european agri-cooperatives

Harvest 2012 Sales strategy

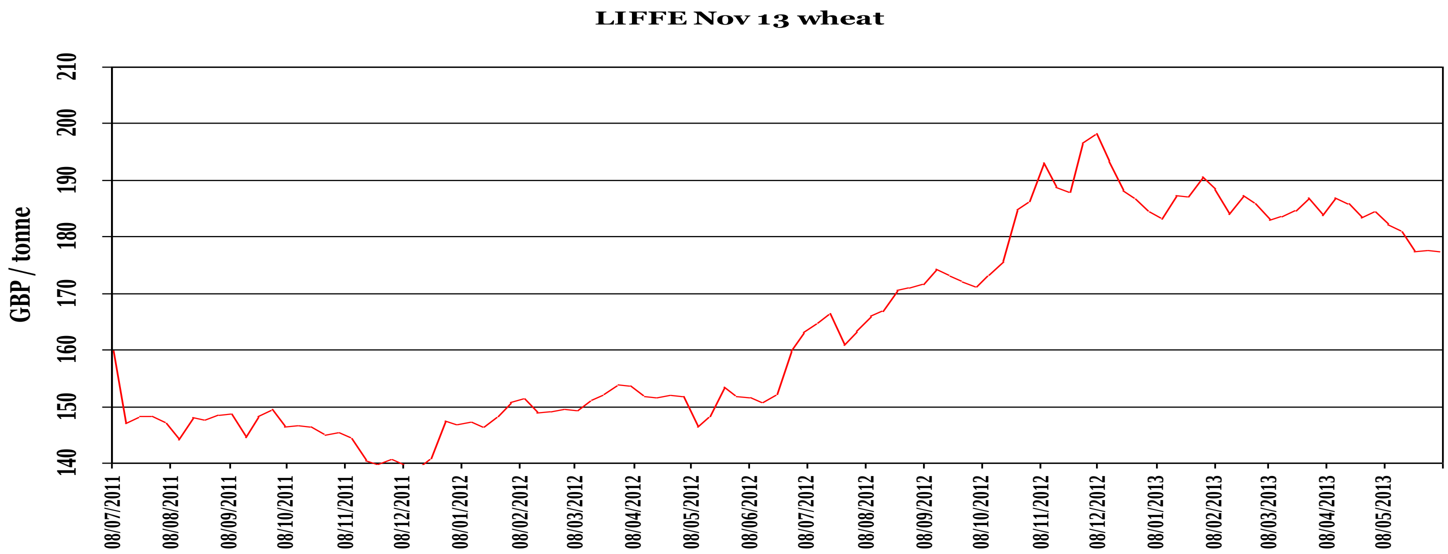
Farmer: 1,000 tonnes grain to sell



Future Sales		Physical sales	
Date	**QTY**	**QTY**	**Comment**
Sept 11	**Sold 1,000 t**		**No physical sale until certainty of production**
Sept 12	**Buys 1,000 t** **Buys Call Opt**	**1,000 t**	**Comfortable with production sells for Jan Delivery**
Jan 13	**Sells / Expires Opt**		**Delivers Physical Grain**

copa cogeca
european farmers european agri-cooperatives

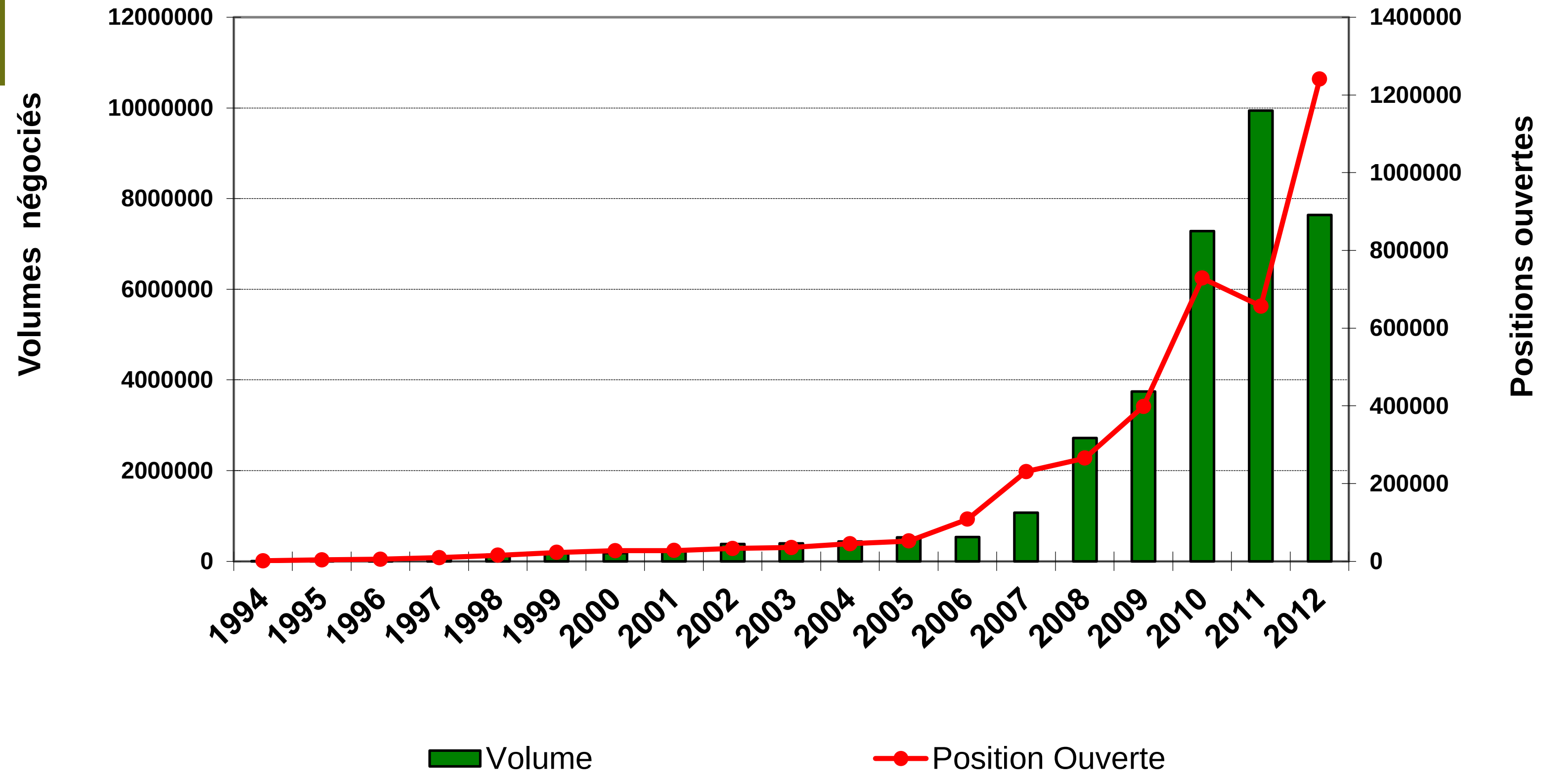
Harvest 2013 Sales



Physical Grain Sales			
29/6/2012	**203**	**158.25 EXW JAN**	
03/07/2012	**203**	**162.00 EXW Jan**	
04/04/2013	**203**	**160 EXW NOV**	**Special Min and Max contract**
Futures Contracts (Liffe)			
10 contracts	**1,000**	**181.75**	**Price risk Strategy**

copa cogeca
european farmers european agri-cooperatives

Developement of volume and open position Departement Commodities NYSE Liffe



copa cogeca
european farmers european agri-cooperatives

Contract volume in Supply chain

Farmer | **Trader** | **First Processor**

1,000 Tonnes Wheat

Farmer	Trader	First Processor
		Buys 1000 tonne Future
Buys 1000 tonne Future	Sells 1000 tonne Future	
Sells 1000 tonne Future	Buys 1000 tonne Future	Sells 1000 tonne Future

Total Physical 1,000 t **Total Futures 6,000 t**

Conclusions

- Risk management can preserve income and protect costs
- Volumes are driven by numbers manageing risk not crop
- Transparency and price discovery prevents market failure
- We need counterparties

copa cogeca
european farmers european agri-cooperatives

Thank you!

www.copa-cogeca.eu