



Market Check
Canola Cash & Call Program

A Cash & Call strategy that adds value

A Cash & Call strategy is generally more attractive when cash prices are higher, especially relative to offshore benchmarks at harvest. Market Check's Cash & Call Program gives growers the benefit of price certainty by locking in the cash price on the day of contracting. The experienced Market Check team then invests \$20/t of the sale proceeds into a dynamic portfolio of call options using a combination of EU and North American oilseed markets, and optionality in the currency, to allow optimal exposure to potential upside in global prices post-harvest.

Key Benefits

- Price certainty with a fixed sale price for canola at time of contracting.
- 90% cash within 14 days and \$20/t invested into a portfolio of options.
- Unlimited exposure to upside global oilseed price movements until end of May 2019.
- No storage or interest costs incurred.
- Call option portfolio is dynamic and actively managed across various offshore markets.
- Benefit from currency volatility via the use of put options on the AUD.

- Payment can be deferred until the following financial year with interest credited.
- Stock in BHCs and approved private sites / on-farm storages can participate.
- All physical sales are credit insured, protecting your returns.

A stronger proposition in 2019

The Cash & Call strategy has more merit this year for a few reasons, these include

1. A very much below average east coast crop for 2018/19 has led to historically high cash prices, which are strong relative to global markets; i.e. basis is high – a signal to sell.
2. The lowest EU canola production since 2011, with conditions continuing to deteriorate.
3. Upside potential in the US soybean price if political tensions between the US and China are resolved. China is by far the world's largest importer/consumer of soybeans.
4. Potential currency volatility fuelled by Brexit and the US-China trade war. Market Check buys put options in the currency to benefit if the AUD weakens (similar to how cash prices benefit from a weaker AUD).

How a Call Options Strategy Works



Sell physical and buy Call Option to participate if market rallies post-harvest.

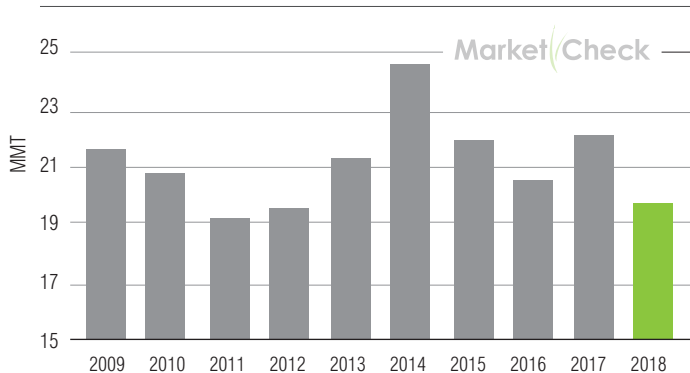
Example 1: Market rises; Call Option gives the owner the option to buy at the strike price, netting a higher net return.

Example 2: Market falls; Call Option expires, but no downside risk outside of the premium paid due to physical grain already being sold.



Market Check Cash & Call Canola Program

EU canola production



US soybeans cash price



“The Managed Programs have been a great addition to my marketing program, adding value, simplicity and security to my enterprise.”

Alan Crook, Ouyen, VIC



“Our Cash & Call program is unique and adds more value than a ‘vanilla’ cash and call strategy where a grower only has exposure to Call options over an AUD swap, we maximise potential value for grower participants by utilising a dynamic strategy.”

Tom Basnett General Manager for Operations, Markets and Finance

Payment Terms

There will be two payment tranches: 90% of the price at contracting (less the management fee) paid within 14 days, and the remaining value paid in June. Any profits or residual value arising from the options strategy will be paid in the final tranche in June. Participants can choose to defer payment with interest credited accordingly, receiving payment in July.

Two Payment Tranches

90% within 14 days

Remaining equity in June

Deferred Payment to the Next Financial Year

+ Interest credited

July 2019

Advisory Team



Ben McClusky
Head of Trade Execution and Senior Advisor



Richard Hall
Head of Business Development & Senior Advisor



Andrew Retallick
Senior Commodity Advisor



Edward Nankivell
Senior Commodity Advisor



Grant Hinrichsen
Senior Commodity Advisor



Tom Borowski
Commodity Advisor



Tess Walch
Commodity Advisor - Eyre Peninsula



Bec Roberts
Commodity Advisor - Eastern SA



Call (02) 9499 4199 | Website marketcheck.com.au

Warehoused grain can be contracted and transferred at any major BHC or approved private site. On farm grain can access the Program under certain conditions, pending agreement with Market Check.

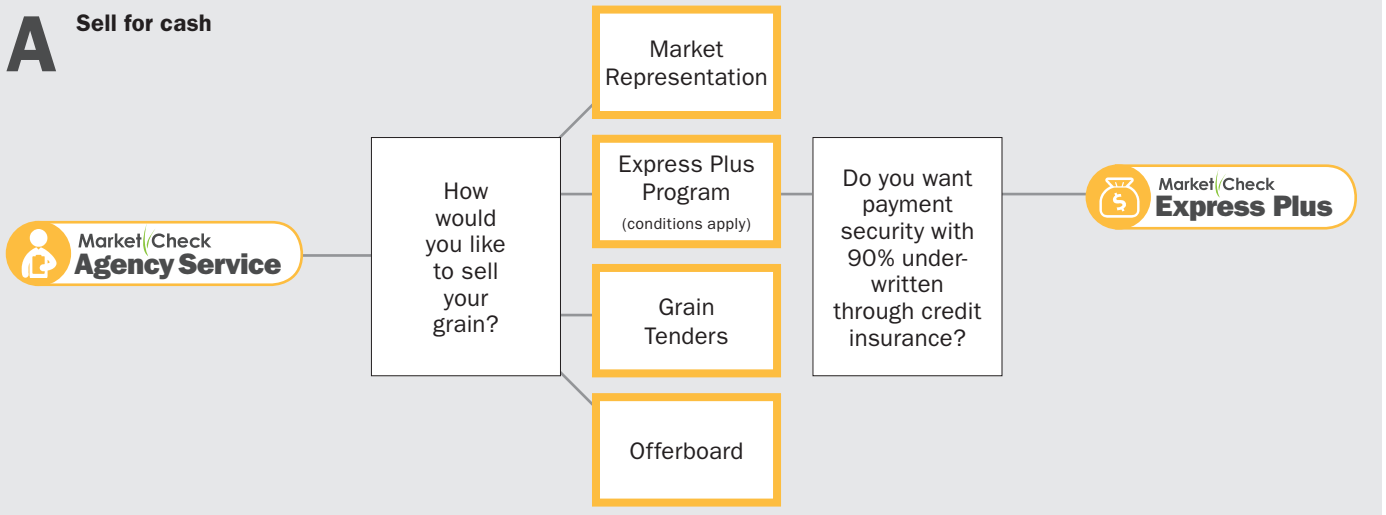
Executing Market Check Strategies

Call a Market Check Adviser for strategic marketing recommendations based on your cash flow needs, grain position and the market environment. Tel: **(02) 9499 4199** or **(08) 8661 7130** for SA clients.

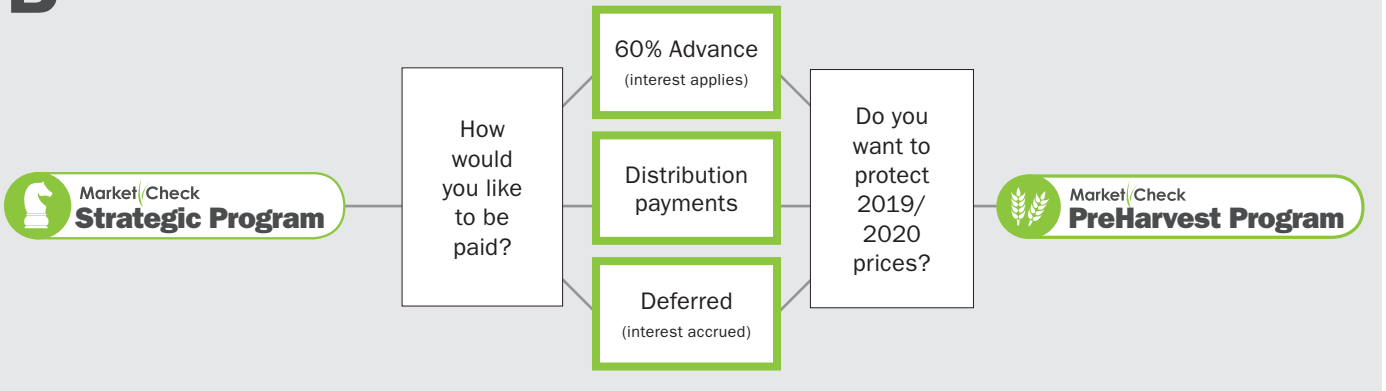
Harvest

Post Harvest

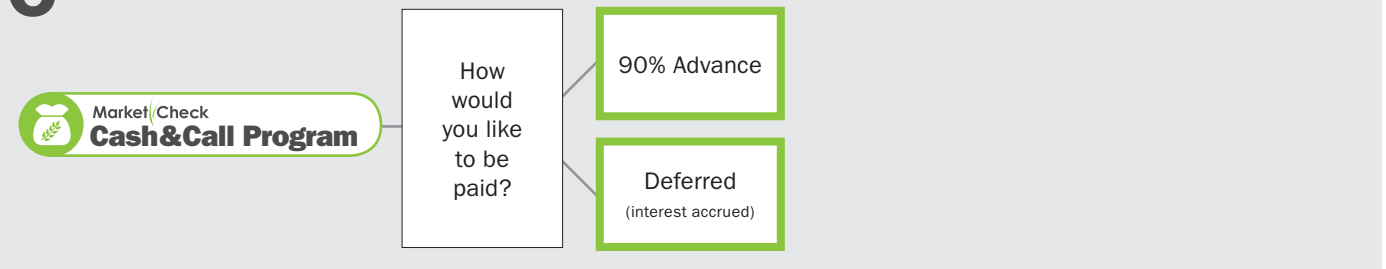
A Sell for cash



B Dynamic actively managed strategy to leverage grade/location spreads and access low-cost derivative execution



C Sell for cash and buy call options to participate in post harvest rallies



D Hold to participate post harvest

