The Alberta Pony Oats & Feed Market

Stony Plain Seed Cleaning Association Ltd.
www.spseed.ca

Grain Buyer/Trader: Chris Newbergher
How are the oats graded?
How are Prices Calculated?
What affects Pricing? What factors are important for Pony oats?
Why are pony oats different than feed oats?
How many grades of oats do customer’s buy?
What are the main markets? Pony or Feed?
Where are those markets? Pricing history.
What is our main competition?
Why grow oats?
How are oats graded?

~ Oat grades are determined using the Canadian Grain Commission official grading guide. The tables in the guide help to determine final grades. Most overseas markets require an “official” CGC certificates before accepting the oats.
Grading Oats Cont’d

We initially run the oat sample thru 2 basic tests to determine weight & moisture of the grain. Colour and plumpness are also strong considerations, especially for “PONY” oats.
The oat grades are both subjective and objective based on the year and harvest conditions. However, many overseas buyers do not follow the CGC grade tables so it can be very difficult to market grain based off of our own grades.

Many overseas buyers even refer to oats as “white” oats believing that this is a variety. We spend a lot of time educating overseas buyers to the differences in oats and why they look the way they do in a particular year.
How many grades???

Like most products, there are several grades of oats available to end-users and each of the have rigid expectations that don’t always correspond with our CGC.

1. Feed Oats (bin-run)= From bin no processing.
2. Nil-Dockage= Air fanned & screened
3. Double Cleaned= Fanned, Screened, Clipped, Sized, Gravity Table, Colour Sorter.
4. Triple Cleaned= All the above plus extra plump.
Prices (Then & Now)

<table>
<thead>
<tr>
<th>Prices in 2006</th>
<th>Prices in 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>When I started buying oats in 2006,</td>
<td>Current pricing:</td>
</tr>
<tr>
<td>the prices were as follows:</td>
<td>Feed Oats: $ 2.40 –</td>
</tr>
<tr>
<td></td>
<td>$ 3:10/bushel</td>
</tr>
<tr>
<td>Feed Oats: $ 1.25 –</td>
<td>Pony Oats: $ 3:10 –</td>
</tr>
<tr>
<td>$ 1.75/bushel</td>
<td>$ 3.60/bushel</td>
</tr>
<tr>
<td>Pony Oats: $ 1.75 –</td>
<td></td>
</tr>
<tr>
<td>$ 2.30/bushel</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Avg Price of Feed Oats</td>
</tr>
<tr>
<td>------</td>
<td>------------------------</td>
</tr>
<tr>
<td>2006</td>
<td>$1.50</td>
</tr>
<tr>
<td>2007</td>
<td>$1.67</td>
</tr>
<tr>
<td>2008</td>
<td>$1.85</td>
</tr>
<tr>
<td>2009</td>
<td>$2.05</td>
</tr>
<tr>
<td>2010</td>
<td>$2.28</td>
</tr>
<tr>
<td>2011</td>
<td>$2.53</td>
</tr>
<tr>
<td>2012</td>
<td>$2.81</td>
</tr>
<tr>
<td>2013</td>
<td>$3.11</td>
</tr>
</tbody>
</table>

Avg Increase = 11%/yr  
Avg Increase = 9%/yr
**Feed Oats VS Pony Oats**

**How do Feed Oats and Pony Oats Differ??**
Similar to Milling Oats, the application!

<table>
<thead>
<tr>
<th>Feed Oats</th>
<th>Pony Oats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost any colour, weight or moisture</td>
<td>Good colour, weight or moisture</td>
</tr>
<tr>
<td>Primarily used in feed or to feed calves or non-competitive horses.</td>
<td>Primarily used to feed high end race or competition horses. Very selective customers.</td>
</tr>
</tbody>
</table>
Closest Market not the Largest

There are hundreds of Public and Private Racetracks, Breeding/Training Centres throughout the USA. However, we can only effectively service a portion of those from Alberta due to logistics. We can readily service about 11 of the 48 states.
Overseas Markets

There are hundreds of racetracks throughout Asia and these markets tend to pay higher dollars for the product because it is rarely grown locally due to a lack of land. Most farmland is reserved for food production before any other commodities.

Principal Markets

Japan
China (Macau & Hong Kong)
Malaysia
Korea
Philippines
Singapore, etc.
The Competition

- Oats from Alberta are well regarded in the Horse Racing and High End Breeding Circles. However, our pricing is beginning to get **too expensive** for traditional markets.
- Oats for high-end horses are a “luxury” product. During tough financial times, luxury items are the first to be discarded.
- Australia and the European Union remain strong growers and aggressive marketers.
- Mixed Feeds (lower overall cost)
- Soft economies
- Logistics
Introduction

Originally established in 1954, the plant was moved to its current location in 1986 and since then has expanded several times. The newest expansions and future plans will allow the plant to service extra domestic & international markets.
The seed plant handles over 1.5 million bushels of conventional & organic grain every year. They use modern, well maintained equipment and continue to research new technology.
Investing in new technologies allows the plant to stay ahead of other facilities and open additional markets for further expansion.
Grain Exports

The plant operates year round and has the ability to ship containers either bulk or bagged.

The plant can ship between 20-40 containers per week depending on the commodity.

Recent improvements in bulk handling can increase that number even more.
Bulk & Bagged

Forklifts with bulk bags.

Bulk loaded railcar.

Bulk loading container & dry van.

Bagged Oats
Loading Bagged Containers

The plant created an innovative extendible conveyor system for loading shipping containers and dry vans in less than 1 hour. The labourers can now load quicker with less physical strain AND can put more bags into a container than most other facilities.
Bulk Loading Containers

Mobile auger for loading from multiple bin locations throughout the facility.
Recent improvements to the bagging system allow the plant to package over 1,000 bags/hour (palletized & loose).
Why grow oats??

Good pony or milling oats going for approx: $ 3.50 @ 64.84 bushels/mt = $ 226.94/mt

A decent yield in Alberta is 120-130 bushels/acre or approximately 2mt of grain/acre.

Potential payout is: $ 453.88/acre.

With a good crop you can expect to make $ 200.00/acre; typically with less risk.