

The Alberta Pony Oats & Feed Market



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

Grain Buyer/Trader: Chris Newbergher



Pricing & Grading

How are the oats graded?

How are Prices Calculated?

What affects Pricing? What factors are important for Pony oats?

Why are pony oats different then 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.

 Canadian Grain Commission Industry Services		Commission canadienne des grains Services à l'industrie				
Submitted Sample Certificate / Certificat d'échantillon soumis				Certificate No. / N° de certificat: 408		
FOR ACCOUNT OF / POUR LE COMPTE DE Stony Plain Seed Cleaning Asso P.O. Box 2044 Stony Plain AB T7Z 1X6				DATE Mar 31, 2011	INSPECTED AT INSPECTÉ À Calgary	GRAIN Canadian Oats
GRADE 1 CW				DOCKAGE % IMPURETÉS % 0	MOISTURE % TENEUR EN EAU 12.4	KG HL 64.6
IDENTIFICATION 211172	SAMPLING LOCATION LIEU D'ÉCHANTILLONNAGE STONY PLAIN COMMENT COMMENTAIRE		REMARKS REMARQUES			
I-7 CGC Industry Services - ISO 9001:2008 - Services à l'industrie CCG						
The shipper has guaranteed in writing the sample submitted is representative of the lot or consignment identified above. Weights reported on this certificate have been declared by the shipper. L'expéditeur a garanti par écrit que l'échantillon soumis est représentatif du lot ou du chargement identifié ci-haut. Les poids déclarés sur ce certificat ont été déclarés par l'expéditeur.						
CGC - Calgary Inspector / Inspecteur						



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.





Grading Oats Cont'd



W bu boiss. W	g/0.5 L g/0,5 L	kg/hL kg/hL	A lb/bu lb/boiss. A	lb/W bu lb/boiss. W
27.8	240	52.0	41.7	37.2
27.9	241	52.2	41.8	37.4
28.1	242	52.4	42.0	37.6
28.2	243	52.6	42.2	37.7
28.4	244	52.8	42.3	37.8
28.6	245	53.0	42.5	38.0
28.7	246	53.2	42.6	38.2
28.9	247	53.4	42.8	38.3
29.0	248	53.6	43.0	38.5
29.2	249	53.8	43.1	38.6
29.3	250	54.0	43.3	38.8
29.5	251	54.2	43.4	39.0
29.6	252	54.4	43.6	39.1
29.8	253	54.6	43.8	39.3
30.0	254	54.8	43.9	39.4
30.1	255	55.0	44.1	39.6
30.3	256	55.2	44.2	39.7
30.4	257	55.4	44.4	39.9
30.6	258	55.6	44.5	40.0
30.7	259	55.7	44.7	40.2
30.8	260	56.0	44.9	40.4

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)

Prices in 2006

When I started buying oats in 2006, the prices were as follows:

Feed Oats: \$ 1.25 –
\$ 1.75/bushel
Pony Oats: \$ 1.75 –
\$ 2.30/bushel

Prices in 2013

Current pricing:

Feed Oats: \$ 2.40 –
\$ 3:10/bushel
Pony Oats: \$ 3:10 –
\$ 3.60/bushel



Pricing

Year	Avg Price of Feed Oats	Year	Avg Price of Pony Oats
2006	\$1.50	2006	\$2.00
2007	\$1.67	2007	\$2.18
2008	\$1.85	2008	\$2.38
2009	\$2.05	2009	\$2.59
2010	\$2.28	2010	\$2.82
2011	\$2.53	2011	\$3.08
2012	\$2.81	2012	\$3.35
2013	\$3.11	2013	\$3.66
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!

- **Feed Oats**

Almost any colour,
weight or moisture

Primarily used in
feed or to feed
calves or non-
competitive horses.

- **Pony Oats**

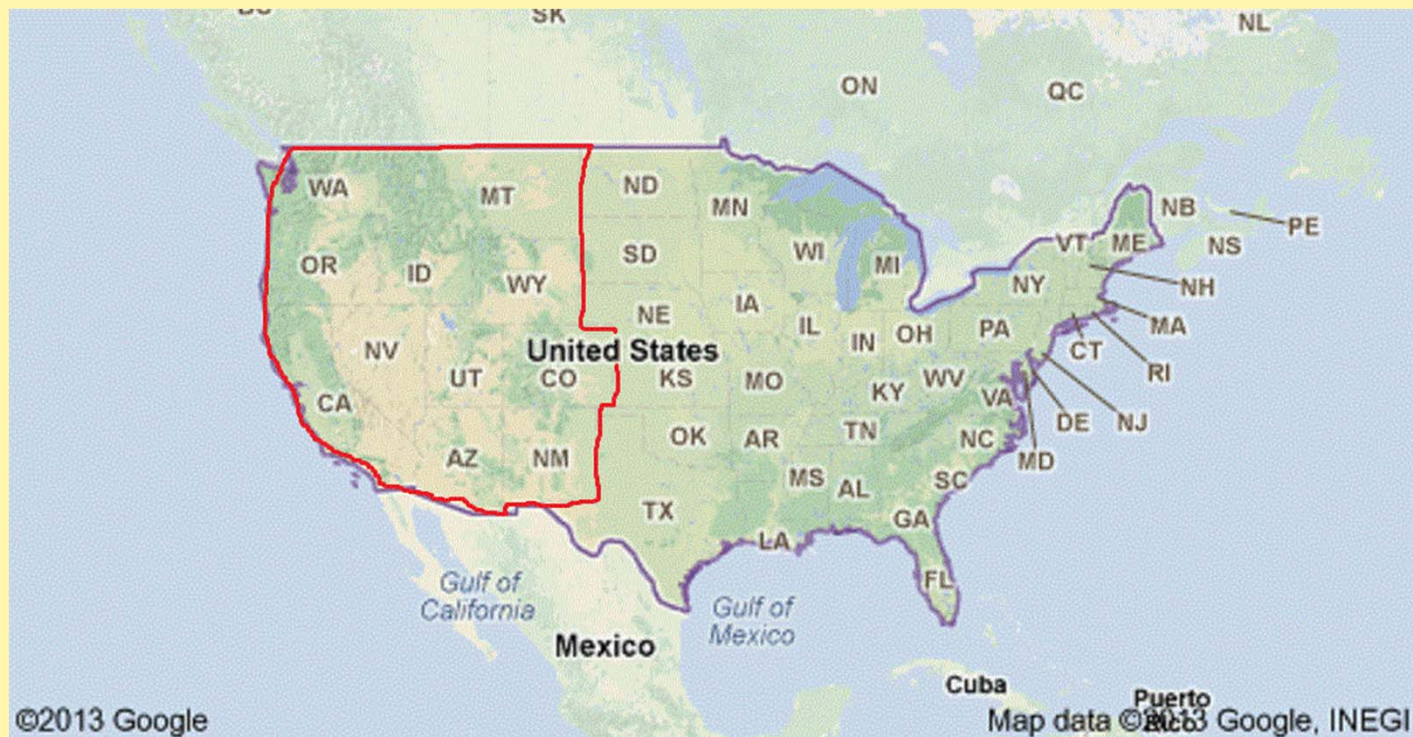
Good colour, weight or
moisture

Primarily used to feed
high end race or
competition horses.
Very selective customers.



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 it's 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.





Seed & Grain Cleaning



Indent



Air & Screen



Colour Sorter



Gravity Table

Types of Cleaning Equipment

Air & Screen, Colour Sorter, Indent, Buffer & Gravity

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.



New Technologies

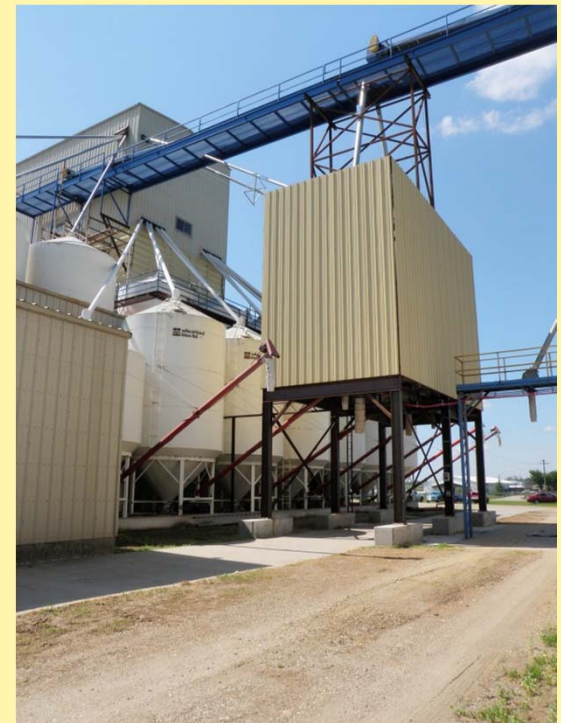
Investing in new technologies allows the plant to stay ahead of other facilities and open additional markets for further expansion.



COLOUR SORTER



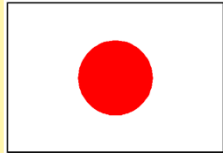
ROBOT



LOAD CELL BINS



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.





Bagging Systems/Rooms



- 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.