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Take control of your cereal prices

Unique new crop price risk management package

A unique new independent crop risk management package – incorporating comprehensive training and optional ongoing specialist advice – is to be launched at Cereals 2008 by agricultural business consultants Brown & Co.

With a successful track record helping cereal and oilseed rape growers, merchants and cooperatives in mainland Europe, the package is being delivered by European crop risk management specialists Offre Demande Agricole (ODA).

“Market price volatility has become a major challenge for the European growers,” says ODA’s Alexis Pouyé. “To capitalize on the opportunities, UK farmers and traders need to broaden their economic understanding to appreciate the risk and embrace new tools to manage it.”

In an arrangement with Brown & Co, the three-day ODA training course provides full grounding in forecasting, analyzing and interpreting international information to identify price risk. “By developing a good understanding of futures and options, farmers are encouraged to use hedging to improve security of price and markets,” explains Brown & Co’s Paul White. “Backed up by a large team of researchers, the ODA package offers a unique optional ongoing advice service.”

For an annual subscription, farmers receive monthly crop data and advice newsletters, fax alerts for time critical additional information and have access to a telephone hotline. They are also invited to regular discussion group club meetings throughout the year.

"Price risk management combines management of the level of price compared to the break even point and market trends," says Alexis Pouyé. "When break even points are reached it creates good opportunities to sell, but if the market rises, as it did at '07 harvest, then it was the wrong decision to sell.

"And the reverse is also true - if market prices are higher than the break even point it does not necessarily mean farmers should wait. It is important to consider the fundamentals and try to forecast the trend. By hanging on farmers can find themselves selling at the end of the campaign at a price under the break even point. With the current volatility there is a real risk of this happening this year, which is why we recommend farmers are prudent and protect with options."

ODA remains committed to its farming base. Interestingly in the past two to three years the organization has increasingly being approached by major food brands, such as pasta and ready-made-meal producers, looking for solutions to help manage major purchase price fluctuations.

"Cereal marketing is changing," says Paul White; "It is now possible to secure a wheat price before drilling, and a minimum price for rape one year ahead. There are popularly held misconceptions that futures are just for speculators and risk management is only for farmers who store grain. This proven training package will equip UK farmers with the knowledge, understanding and confidence to take steps to manage crop price risk in the future."

Farmers signing up for the three-day ODA/Brown & Co training before harvest benefit from a discounted rate of £750. For an opportunity to enter a competition to win a free place on the training course visit www.brown-co.com.

ENDS

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Notes to editors

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