



ProtectionPlus Pool

2007/08 Pool Finalisation

The Grain Pool and Plum Grove ProtectionPlus Pool from the 2007/08 season has now been finalised. The 2007/08 ProtectionPlus Pool opened with the aim to protect a price of \$245/tonne FOB, and finished at \$402.14 /tonne FOB.

The gains from the 2007/08 ProtectionPlus Pool reflected the way that the use of options allowed the pool managers to capture the vast majority of the rally in the market later that year. Given the primary objective was to protect a minimum price of \$245 FOB, being able to capture such a large percentage of the upside in the market is a great result for growers.

Another positive for the ProtectionPlus Pool is seen in results from the following year where the use of option based strategies enabled the pool managers to deliver on the Price to Protect in a rapidly declining market.

According to Plum Grove Commodity Trader Rob Kelly, the use of options is similar to the purchase of insurance on any other asset – whilst there was a cost of around \$19/tonne associated with protecting a price - a final return of \$402.14/tonne is a good return by any standards, but especially considering the reduced price risk associated with the ProtectionPlus Pool.

The pool returns and estimates are as follows:

2007/08	Price to Protect	Final
ProtectionPlus Pool	\$245.00	\$402.14
AgraCorp Benchmark Pool		\$421.00
2008/09	Price to Protect	Current EPR
ProtectionPlus Pool EPR	\$385.00	\$385.00
AgraCorp Benchmark Pool		\$318.00

* Milling grades (APW2, H1, H2 & ASW1) receive Quality Rewards payments on top of the base pool return.

The Grain Pool Plum Grove ProtectionPlus Pool is a wheat pool that is jointly managed by the trading teams at Plum Grove and at Grain Pool, with payments to growers and finance options also provided by Grain Pool.

Plum Grove
Ph. 1300 411 155

Grain Pool
Ph. 1800 199 083