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Always on the grow.

2019 Marrowfat Peas

Contracting Program

The Market

The conventional marrowfat pea (MFP) market has been stable for the last 12 months. A few of the positive factors that will benefit Canadian origin in 2019 are:

- ◆ UK's poor crop quality in 2018. The UK experienced a very wet fall last year, which significantly downgraded their crop with increased levels of bleaching.
- ◆ Canada signed the TPP (Trans Pacific Partnership) with Japan. As a result of this agreement, over the next 10 years Canadian origin MFP will enjoy reduced tariffs to that of the UK into Japan. Japan is still one of the largest consumers, so with that news and the lower UK quality, many buyers are making a large shift back to Canadian origin.
- ◆ Our weaker currency is assisting in keeping our prices competitive against the UK and New Zealand. If you recall in 2017, the UK had a 25% devaluation in its currency after Brexit was announced, making their products very competitive in end-use markets.

As a result, we are looking forward to again slowly increase acres in 2019 and continue to build some inventory of Canadian stocks to meet expected increased demand in 2019-20. It is important to note this is still a very small market compared to yellow or green peas, and all growers will want to ensure they are growing peas against a production contract.

For 2019-20 crop production we see a price range of \$11.00 to \$13.50 per bushel on our pool projection. Factors will be the price direction of the underlying yellow and green pea fundamentals and of course the direction of our currency over the next 12 months.

Production

Agronomically, MFPs are similar to green or yellow peas. There have been significant improvements over the varieties we grew 15 years ago, which were long-vined and prone to powdery mildew.

The newer lines Rudy Agro Ltd. (RAL) is working with are from Limagrain in Holland, licensed exclusively to RAL. Yield disadvantages to yellow or green peas that used to be around 25% have now narrowed to approximately 10% or less, and we now enjoy semi-leafless varieties that are powdery mildew resistant.

RAL has access to what are the strongest MFP genetics in the world, and we are happy to make these available to our growers, and together build a strong MFP export program.



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The Program

RAL's contracting program offers flexible pricing and delivery options for your crop:

- ◆ **Pooled Contracting:** We are pleased to continue with a pooled contract for 2019-20. You can elect to pool 100% of the crop that you produce whereby RAL commits to taking delivery of the crop no later than July 31 the following year. With a pooled contract growers enjoy steady movement throughout the crop year, and on average a third of the crop moving by each of December, March, and June. You will receive an initial price for your delivery of approximately 80% of where we anticipate the pool to end up at year-end, with the final prices achieved by RAL calculated at year-end (August 31). Final prices will be established and payments will be in growers' hands by September 15.
- ◆ **Fixed Price Option:** If you prefer to have a portion of your crop price fixed, you can price up to the first 15 bu/acre at the daily new crop bid (check with RAL staff) delivered to RAL. The fixed quantity on the contracts will be taken into RAL no later than December 30 of each year.

Grading

MFP are subject to the same grading factors as green peas in terms of bleach, stain/damage and cracked seed coats. However the tolerance for bleach is much higher than that of green peas. RAL's support throughout the growing season, as well as fall timing, will help to ensure you receive a #1 grade for your production. When Mother Nature decides to provide a #2 grade, RAL is well equipped with color sorters and blending capability with the rest of the program to maximize value on your production.

Because MFPs aren't recognized by the Canadian Grain Commission, the following in-house grades are utilized by the buyers, as well as our growers. Following are the grade parameters:

- ◆ **Bleach:** In order for a kernel to be deemed bleached, the seed coat must be removed and at least 1/3 of the cotyledon white, or "bleached", in appearance. Bleach is only a grading factor; there isn't any deduction for the bleach percentage.
- ◆ **Stained/Damage:** Kernels with dark spots covering greater than 5% of the kernel will be deemed stained/damage. This percentage is paid at the daily bid price for feed peas at the time of delivery.
- ◆ **Cracked Seed Coats (CSC):** Any seed coat that is cracked and when roughly rolled between the fingers breaks apart will be considered CSC. This percentage is also deducted and added to the splits/feed component. MFP have a tough seed coat so provided they are harvested at 14-15% moisture, growers will enjoy low CSC percentage upon delivery.
- ◆ **Earth Tag:** This is caused from attempting to harvest the peas at too high moisture, or when the accompanying weed mass hasn't had enough time/heat to properly dry down. As the peas pass through the combine, moisture from the weeds is squeezed onto the peas, dust from within the combine then sticks to the peas, causing earth tag. Essentially no level of earth tag is acceptable in the end sample, which can be managed at harvest.



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RAL has established two grades for MFPS:

RAL #1

- Maximum 20% Bleach at time of delivery
- Maximum 1% Stained/Damaged
- Maximum 5% Cracked Seed Coats

RAL #2

- Bleach in excess of 20% to a max of 60%
- Maximum 5% Stained/Damaged
- Maximum 10% Cracked Seed Coats

RAL # 3

Number 3 peas are those that don't fit into either the #1 or #2 Categories. These lots are looked at on an individual basis to find the best market opportunity for the crop, or additional processing color sorting to ensure the crop is marketable.

Harvest

MFPS can be desiccated with diquat and then straight cut or can be swathed green and placed in a windrow for 10 to 14 days and then picked up with conventional equipment. This flexibility allows them to be grown on virtually any farm.

Seed

For 2019 RAL has In-House RAL certified marrowfat pea planting seed at a cost of \$17.00/bu FOB RAL. As it is our intention to have you continue with this program for future years, after your seed purchase the first year you can do a seed trade in subsequent years for \$2.00/bu with our own production. RAL continues to fund its own seed multiplication, and directly funds a breeding program on your behalf.

There are no additional seed charges for access to the genetics that we offer to our growers; rather this program is actually funded by our end users, to ensure that you as growers continue to have the best genetics available.

If you're planning to grow yellow or green peas in 2019, be sure to talk to RAL regarding contracts for Marrowfat Peas and look at the increased profitability that this program continues to extract over that of yellow or green peas.