

Barley Variety Market Update

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CUSTOMERS OF AUSTRALIAN MALTING BARLEY VARIETIES

PREFERRED:

BASS AND LA TROBE

These varieties are the first choice for buyers and more likely to attract a higher malt premium than other accredited varieties. **La Trobe is the only fully accepted variety for the Japanese Shochu market.**

ACCEPTABLE:

FLINDERS, SCOPE CL & SPARTACUS CL

These varieties are accepted by the market as an alternative to a preferred variety. Demand for Scope is in decline and Spartacus continues to grow.

ACCREDITED IN 2019:

RGT PLANET

This variety has now achieved malting barley accreditation but is still undergoing market evaluation with commercial and brewing trials for acceptance in export markets.

UNDER EVALUATION:

BANKS, MALSTAR, IGB1705T & BUFF

These varieties are undergoing accreditation with Barley Australia. Banks did not pass through stage two accreditation. Malstar, IGB1705T and Buff are in stage one, with target accreditation of March 2021.

As Australia's largest exporter, each year CBH Marketing & Trading likes to provide growers with an update on malting barley varieties from a market and end-user customer perspective.

The information provided in this update applies to the 2019-20 season and beyond for accredited malting barley varieties, and those that are currently undergoing evaluation. It should be read in conjunction with the Grain Industry Association of WA (GIWA) Barley Rationalisation Recommendations and the Department of Primary Industries and Regional Development (DPIRD) Barley Variety Sowing Guide for Western Australia to assist in any decision making.

Malting barley variety rationalisation and the rapid rate of change for new varieties remains an ongoing issue for the industry. This year has seen the accreditation of RGT Planet, and there are six new varieties targeting accreditation in 2020 and 2021. With the rapid increase in adoption of Spartacus CL and RGT Planet by growers, and the decline of older varieties such as Baudin and Scope CL, it is vitally important that industry transitions away from older declining varieties to allow for effective rationalisation of segregations across the supply chain creating efficiencies for all participants.

The recent market environment has proven challenging for both malting and feed barley. There has been a duality in the market with strong demand from eastern Australia and high prices due to drought countered by weaker demand globally caused by high prices and ongoing challenges in the broader international trading environment. This can make it difficult to interpret the longer term signals in the market.

The 2018-19 harvest saw a record barley crop in Western Australia, with total barley production around 5.1 million tonnes, and malting barley production at 1.9 million tonnes. Together, these factors put pressure on malting premiums which eroded over the harvest period.

As a general rule when considering barley varieties, growing established and preferred malting barley varieties such as Bass and LaTrobe provides the best chance of securing a premium for malting barley. Established and preferred varieties are more likely to attract and maintain a premium over feed when the market is oversupplied.

In recent years, end-users of Australian malting barley have expressed their concerns to the industry about the rapid change of varieties and the issues this causes. Brewers need to produce a consistent product that meets all their key characteristics and it takes time and repetition to ensure a new variety will be able to meet requirements. The turnover of varieties can be a cause of frustration for customers and in the long term, Australian malting barley runs the risk of becoming substitutable with other origins.

Further updates for each variety are provided on the next page.

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LA TROBE

- La Trobe is the only variety fully accepted by the premium Japanese Shochu market and critical to ensuring supply for the 2019-20 season.
- Widely accepted by all major malting and brewing customers, with strong and stable demand.

BASS

- Strong customer preference remains for Bass
- Preferred variety due to higher protein content and diastatic power beneficial for starch adjunct based brewing style common in our Asian markets.

FLINDERS

- Flinders has not progressed to a preferred variety in the market and not all buyers are prepared to accept Flinders. This means Flinders is more susceptible to lower premiums as supply exceeds demand.
- Quality attributes are in line with market requirements and Flinders can be malted without the need for gibberellic acid (GA), which is a benefit for markets that prefer GA free.

SCOPE CL

- Still a widely accepted variety, but Scope CL is not a first preference for buyers.
- Demand for Scope CL is declining as buyers shift their demand to newer varieties with improved malting quality traits.

SPARTACUS CL

- Market development is ongoing in order to attain full market acceptance. As a result, the large volume received in the 2018-19 harvest was largely sold at a discount in the market in order to generate demand. We expect more detailed end-user feedback in mid to late 2019.
- Further trials for acceptance in the Japanese Shochu market are on hold until after the 2019-20 harvest.
- Malting premiums for the 2019-20 harvest will be determined by market acceptance and demand. Accreditation does not guarantee an immediate premium in line with established and preferred varieties.

RGT PLANET

- RGT Planet has successfully passed stage two of Barley Australia accreditation and obtained a malting barley classification in Australia.
- Market development with commercial malting and brewing trials is ongoing, with customer feedback expected mid to late 2019.
- Premiums will be dictated by market acceptance and demand. Accreditation does not guarantee an immediate premium in line with established malting varieties.

BAUDIN, COMPASS AND GRANGER

- CBH Marketing & Trading does not intend paying a premium for Baudin, Compass or Granger for the 2019-20 season.
- If growing these varieties in 2019-20 season, growers should expect to deliver these into feed barley segregations in the CBH network.
- While Baudin has proven to be an excellent variety over many years and is still the high-water mark for Australian malting barley quality, agronomically it has been outclassed by newer varieties and the quantity available is too small to be commercially viable.

As per the GIWA Barley Variety Receivals Recommendation Report, segregation opportunities for Bass, Flinders, La Trobe, Scope CL and Spartacus CL will be available at CBH sites and will vary by port zone.

Limited segregations for RGT Planet will be available, with the number and location to be determined by CBH Operations through grower estimates and LoadNet Paddock Planner.

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FURTHER ENQUIRIES

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