



## MINIMUM PRICE

# Grain Marketing Contracts

## WHAT ARE MINIMUM PRICE CONTRACTS?

- › The Minimum Price contracts allow you to enter into a delivery contract and establish a futures floor price to help mitigate declines in grain values while providing cash market exposure. You determine your floor price by selecting a Minimum Price price component less the total Minimum Price cost.
- › There are two types of Minimum Price contracts:
  - › The Minimum Price Put sets a net floor price for your contract and provides pricing flexibility by setting a basis and establishing the futures price component at a later time.
  - › The Minimum Price Call sets a net floor price and allows you to participate in the cash market once you establish the futures price component.

### / Should I use these contracts? Yes, if you:

- › Would like exposure to the cash market but want to be protected with a floor price if grain values fall.
- › Do not feel satisfied with current price but still want to sell some of your production.
- › Feel comfortable forward contracting a portion of your production.
- › Worry that the cash market will fall before you decide to sell.

### / When should these contracts be used?

- › During the pre-production period. Your floor price will help cover your known production costs and you also have the opportunity for better pricing potential.
- › At or after harvest. You can have a delivery contract and participate in the cash market while establishing a floor price to help mitigate declining prices.
- › Anytime you wish to have pricing flexibility with a floor price on the futures price component.

### / Benefits:

- › Minimum Price allows cash market participation in the futures reference month.
- › Minimum Price provides flexibility to establish a floor price.
- › You can apply a Minimum Price contract to any quantity or delivery period in accordance with the physical volume contracted with Cargill.



# How do the Minimum Price contracts work

## / Different circumstances may require either a Minimum Price Put or Call.

### Which method should you choose?

Assume that on April 1 you intend to plant canola in the upcoming season. You would like to secure a floor price for your fall delivery but believe the cash market may rally in the meantime. The current harvest-delivered basis is \$25 under the November futures. You will enter into a delivery contract, but you want to remain in the cash market through the summer months to benefit from potential increases in the future price component.

### CURRENT PRICES

November Futures - \$505

October Basis - \$25 under November

#### MINIMUM PRICE PUT

You can establish a delivery contract for October delivery and add a Minimum Price Put.

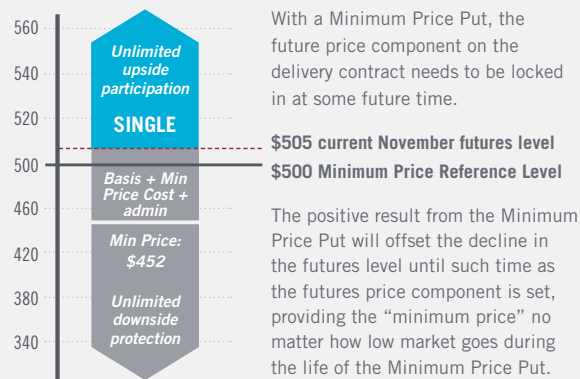
Minimum Price Put Cost – \$20 + \$3 admin cost

Minimum Price Reference Level – \$500 (Nov futures)

Expiration Date – September 24

Establishing a Minimum Price Put contract today will result in a floor price of \$452/MT on the contract. (\$500 Minimum Price Reference Level less November basis less the Minimum Price cost.)

#### RSX Minimum Price Put Protection/Participation



Single Put RSX Minimum Price Reference Level \$500:  
Cost (\$20.00 + 3 admin cost)

#### MINIMUM PRICE CALL

You can establish a delivery contract for October delivery and add a Minimum Price Call.

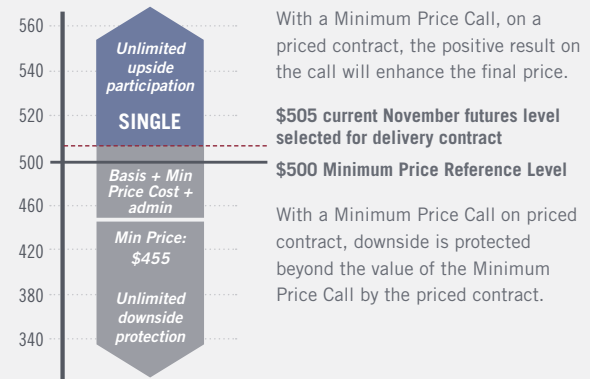
Minimum Price Call Cost – \$22 + \$3 admin cost

Minimum Price Reference Level – \$500 (Nov futures)

Expiration Date – September 24

Establishing a Minimum Price Call contract today will result in a floor price on the contract of \$455/MT. (\$500 Minimum Price Reference Level less November basis less the Minimum Price cost.)

#### RSX Minimum Price Call Protection/Participation



Single Call RSX Minimum Price Reference Level \$500:  
Cost (\$22.00 + 3 admin cost)

\*For either method, you can select the Minimum Price Reference Level and different levels may have different costs and different floor prices created. Either method can be allowed to run to expiry to provide the floor price benefit or can be repriced during the life of the contract if you elect to do that.

For more information, drop by your nearest Cargill location, contact your Cargill representative or visit [cargillag.ca](http://cargillag.ca)



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