

Contract Overview

Add a premium to nearby cash sales. In exchange, plan an unalterable offer for a 2nd sale at a specific futures price on a specific expiration date. If CBOT futures close at, or above, the offer level on the expiration date, a 2nd sale will be triggered at the offer level. The producer should use this contract when they anticipate a flat market in old crop prices and are willing to sell new crop at a higher level.

Contract Specifics

- 5000 bu increments

Potential Advantages

- Get a “boost” on old crop sales
- Price levels defined upfront
- Futures offer is only valid on the expiration date, at the close
- Futures offer level is designed to hit in a higher market

Potential Disadvantages

- Must hold bushels for the potential 2nd sale until the expiration date
- Futures could be higher than the offer level on the expiration date