NORTHERN COUNTRY COOP

EXTENDED PRICE CONTRACT

Contract Overview

Producer sells grain at the cash price and locks in a futures reference price for a deferred month. Producers can then price out of the futures side of the contract at any point ahead of the final pricing deadline. If futures have increased, they will receive a higher final cash price for the sale. Extended price contracts should be used when futures are of low value, basis levels are relatively favorable, and futures advancement looks probably. Eligible to receive an advanced payment, before final pricing, that can be beneficial for cash flow purposes.

Contract Specifics

- No bushel minimum
- No bushel increments
- Fee: $0.03/bu

Potential Advantages

- Eligible for 75% advance upfront
- Participate in futures gains
- Eliminate storage costs
- Grain is dried and shrunk to 15% vs. 14% on storage

Potential Disadvantages

- Cannot participate in basis gains
- Futures price could decrease below initial value
- Credit sale – title of grain is transferred at the time the contract is made