P.O. BOX 811 – HULL, IA 51239

Extended Price Contracts at Hull Coop

Available Beginning August 4th

Do you have old crop inventories you would like an opportunity to capture higher prices on without the hassle of opening your own hedge account? Would you like to empty some bins, stop storage costs, and receive some cash for your old crop bushels? The Hull Coop has that flexibility available through our Extended Price Contract.

Here's how it works: You set a cash price on your old crop corn or soybeans. We will pay you 70% of the value of your corn or soybeans as an advance, and then purchase a CBOT futures contract for you.

During the next several months, ideally when the futures markets rally, you can settle your Extended Price Contract. Any futures gain (or loss) will be added to the cash price from the time of contract writing, and you will receive a check for that amount. No basis to worry about, no margin calls or hedge account to set up.

What's in it for you? You get cash now, clean up inventory, and stop storage costs.

Example Calculation:

Cash corn at $3 per bushel. The coop pays 70% or $2.10 per bushel now. The Hull Coop purchases a July 2021 corn futures contract for you at $3.50. Hull Coop covers all margin calls and hedge expenses. The corn pricing can be finalized anytime between the original contract date and June 24, 2021. If, for example, in March of 2021 the July 2021 contract has rallied to $4.25 per bushel you could settle the contract, and you would be paid the balance of your cash price (30% or $0.90 in this situation) plus the hedge gain of $0.75 for a total of $1.65 per bushel. The payment would give you a total of $3.75 for the corn you placed on Extended Price in the summer of 2020.

Housekeeping Items:

1) 1,000 Bushel Minimum & 1,000 or 5,000 Bushel Increments
2) One-time fee based on contract sizes:
   a. 5,000 Bushel Increments: 2 Cents/Bu
   b. 1,000 bushel Increments: 4 Cents/Bu
   (Fee taken as a reduction in base price at initial contract writing)
3) One contract roll allowed at a cost of 2 Cents/Bu (taken as a reduction in base price)
4) Hull Coop retains 30% of the corn & soybean cash price to cover for potential losses in the futures contract position
5) The balance of the cash amount is available at any time that you want to settle the contract during regular market trading hours
6) Contracts must be settled in the quantity increments for which they were taken out – i.e. cannot settle 1,000 bushels off of a contract written in 5,000 bushel increments
7) All contracts must be settled by the earlier of June 24, 2021 or the day before first notice day for the Chicago Board of Trade contract month elected.
8) New Crop 2020 grain is not eligible for this contract offering.
9) You can defer payment of the advance and final payment if you desire.

We have a limited number of bushels available under this program for old crop corn and soybeans. Program is subject to close at any time. Please contact the Hull Coop soon if you are interested or have any questions.

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