



## Extended Price Contract for 2017

July 1, 2017

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? The Hull Coop has that flexibility available in our EXTENDED PRICE Contract. Here's how it works.

You sell us your old crop corn or soybeans, we will pay 70% of the value of your corn or soybeans, and then we will purchase a CBOT futures contract in the month of your choosing for your EXTENDED PRICE.

During the next several months you can finish pricing your EXTENDED PRICE contract. Any futures gain (or loss) will be applied to the balance of your original payment and you will receive a check for that amount. No basis to worry about, no margin calls or hedge account to set up. In addition, you may choose to roll your contract forward one time to a different month for a small fee.

What's in it for you? You get cash now, clean up inventory, and retain pricing opportunity without storage costs.

### Example Calculations:

Cash corn at \$3.30 per bushel. The coop pays 70% or \$2.31 per bushel now. The Hull Coop purchases a September 2018 corn futures contract for \$4.10 or a contract, **or a prior month that you prefer**. We cover all margin calls and hedge expenses. The corn pricing will need to be finalized anytime between the original cash sale and the earlier of the day before first notice day for the given contract month or August 23, 2018. If, for example, in March 2018 the September 2018 contract has rallied to \$4.40 per bushel you can "sell" or finalize the contract. You would be paid the balance of your cash price (30% or \$.99 in this situation) plus the hedge gain of \$.30 for a total of \$1.29 per bushel. The payment would give you a total of \$3.60 for the corn you placed and sold in July 2017.

### Housekeeping items:

- 1) You have choice of what size contracts you would like us to put together. If you are putting 15,000 bushels on extended price, you can do any increment as long as it is a round 1,000 bushels. For example, you can have three 5,000 bushel contracts or you could have five 3,000 thousand bushel contracts.
- 2) We retain 30% of the corn or soybean cash price to cover potential losses in the futures contract. For example, if the \$3.55 futures drop 60 cents and you have not finalized by the expiration date, the 30% we held back would cover that loss. If losses are more than the retained amount, you are liable for the balance.
- 3) The balance of the cash amount is available at any time that you want to settle the contract. You will only be able to settle in contract increments. For example if you have five 3,000 bushel contracts you would need to settle them 3,000 bushels at a time - no partial settlements.
- 4) You can defer payment on the current cash portion of the sale if you desire with a deferred payment contract.
- 5) **Contracts may be rolled forward one time. Cost to roll a contract to a different month is 2 cents/bu. You may only roll to contract months within the same crop year. If you do not select a month, all contracts will be placed in September 2018 futures.**
- 6) Expiration date is the earlier of the day before first notice day or August 23, 2018
- 7) **Extended price contracts are available after July 1, 2017 and the deadline to move bushels into the extended price programs will be 1:00pm on July 31, 2017 (Subject to space availability)**

Please contact the Hull Coop soon if you are interested.