



**Tremont  
Co-operative  
Grain Co.**

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# MARKETING TOOLS

	FORWARD SALE	AVERAGE PRICE	HTA	BASIS	GUARANTEED MINIMUM PRICE (MIN-MAX)	ACCUMULATOR
BU REQ	No bushel requirement	1200 bushels	5,000 bu increments	No bushel requirement	5,000 bu increments	Varies, requires commitment of at least 5,000 bu
COST	No cost to the producer	No cost to the producer	Rate varies depending on time until execution; as little as 2c/bu or as much as 10c+/bu	No cost to the producer	5c/bu typically	No cost to the producer
DESCRIPTION	<i>Producer locks in forward sale for delivery to elevator for specified time period.</i>	<i>Producer and elevator agree to market X bushels divided up evenly amongst Y weeks; typically a small percentage of expected fall bushels</i>	<i>Producer prices futures price against specific delivery, but leaves basis unpriced.</i>	<i>Producer sells grain, but only locks in basis, with final cash price to be determined later.</i>	<i>Producer markets grain with cash price, which includes option that could increase value of sale later on</i>	<i>Producer and elevator agree to market X bushels divided up evenly amongst Y weeks with parameters for pricing bushels</i>
PROS	Easily executed Cash price and quantity are fixed Risk transferred to elevator	Eliminates the “human element” in pricing grain Useful for those who struggle pricing ahead of harvest	Lock in rising market prices without settling on cash price Storage and other costs can be avoided	Takes basis risk off the table Storage and other costs can be avoided Ability to take cash-advance	Receive base price – no further risk of price decline Can participate (limited) in market rally	Pricing bushels higher than current cash market
CONS	Lack of participation in “up” market	Market rallies pre- or post-pricing will be missed Could be pricing grain into a falling market	Potential basis risk If not able to deliver, could be at risk for other fees	Transfers ownership to elevator before pricing Not able to roll to new crop year Risk of futures price decrease	Participation in rally isn’t 1-for-1 Sideways or lower market could result in no further payments Excessive time results in lower base	No “guarantee” on final bushel amount, price Potential to double-up bushels at lower than current marketing price