



## 2018-2019 Grain Programs Effective 04/22/19

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### **Cash or Spot Contracts**

Producers can lock in the cash price we are offering for any posted delivery period. Currently we have bids all the way out to July 2019. Delivery windows are generally at least 30 days from the start date of the contract unless specified otherwise.

Producers can also deliver grain at any time without a contract in place and it will be placed on a spot contract at the closing bid on the day it is delivered. Grain delivered on a Saturday or Sunday will be priced at the previous Friday's close. Contract overruns will go to the next open contract (within the delivery period) or they are placed on a spot contract.

### **Delayed Pricing – Effective November 24<sup>th</sup>, 2018:**

Sellers may place grain on price later contracts for ten calendar days (starting on delivery) with no charges.

If the grain is not priced within 10 days a fee of 6 cents per month (.002 cents per day) will be assessed until final pricing occurs. Final price must be established by 07/31/2019.

### **Delayed Pricing – Effective February 20<sup>th</sup>, 2019:**

Free Price Later for new deliveries. Final price must be established by 6/30/19.

Sellers must notify the main office that they want their grain placed on a price later contract before delivery and give an estimate as to how many bushels they will be bringing. Our scale operators will not be taking instructions to place grain on price later contracts.

### **Basis Contracts**

Producers may set their basis for any delivery period within the crop year versus the respective futures month for that time frame.

-Seller can set their futures price at any time before delivery, or may elect to deliver corn and leave the futures open.

-Seller can roll basis one time to the next futures month at the market spread for a 2 cent fee. Rolling a second time will be at buyer's discretion.

-Seller may take a \$2.25/bushel advance on the unpriced bushels once the grain is delivered.

### **Futures Fixed / Hedge To-Arrive Contracts**

Producers may elect to set futures only for any posted delivery month versus the respective futures month for that time frame (i.e. Jan, Feb, or Mar delivery vs the March Futures).

-Seller may set basis at any time between the date the contract is written and the first day of delivery of the month for which it is written. If basis is not set by the first day of delivery it will be set by NuGen on that day.

-Seller may elect to roll the futures to another futures month (and a new delivery period) 2 times within the crop year Oct-Sep. Seller must notify NuGen of their intention to roll at least 30 days prior to the start date of the initial delivery period. If notice is not given at least 30 days out seller will be obligated to deliver within the initial delivery period. The fee to roll will be 2 cents per bushel the first time. There will be no fee to roll the second time.

Currently there are no initiation fees for futures fixed contracts May 2019 – Sep 2019 delivery. Dec 2019 – Mar 2020 are 3 cents, and Apr – July 2020 are 5 cents at this time. These fees may change as we approach the respective delivery periods.

### **Minimum Price Contract**

We'll now be offering minimum price contracts - which allow you to sell cash grain now and while maintaining the ability to participate in futures market increases for a fee.

Sellers may contract cash grain for a specified delivery period and then select a futures month and call strike price to purchase. NuGen will then buy the call option and deduct the cost of the call and a service fee from the cash grain price to come up with the guaranteed minimum price. The guaranteed minimum price is equal to the futures, plus or minus the basis, less the call premium and service charge. At any time prior to the option's expiration, you may liquidate the call and receive the remaining premium, or market value, for that call option. The remaining premium value is added to the guaranteed minimum price for the final cash price. If the call expires with no value, the guaranteed minimum price is the maximum cash price achieved.

A minimum price contract allows you to set a satisfactory price with the opportunity to realize unlimited gains for an additional known cost. This contract essentially replaces your long cash grain position with a call option that has a pre-defined cost and unlimited upside potential.

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### **Other Notes**

Please give any contract splits or special payment instructions to the admin office at the time of contracting or delivery (for spot loads).

Please note that the scale will not be taking instructions to place grain in price later programs – arrangements need to be made with the admin office before the grain is delivered or it will be spot priced at the closing bid that day.

As always, Tuesdays and Thursdays are our normal payment days for grain delivered prior to those days. We will automatically pay on contracts when they are filled - unless requested otherwise. Checks are generally available by 3:00pm on Tuesdays and Thursdays. If you would like to get a check another day of the week, please let us know by 11:00am on that day and we can usually have one issued by 3:00pm. If you wish to pick up your payment in person, please let us know ahead of time so that it does not get mailed out.

If you are deferring your payment into 2020, let us know before a settlement is issued.

**Please note that these are programs will be subject to change throughout the year.**