Extended Price

Stop Storage and Stay in the Market

How it Works

An Extended Price contract is quite simple. You sell the commodity for the current cash price and enter the FUTURES, allowing you to remain in the market. You choose what futures month to enter, within the current crop year, and you can exit at any time. Your final cash price is your cash sale price, plus or minus any gain or loss in the FUTURES. If the futures month is going to expire but you still want to remain in the market, you can "roll" it by exiting the expiring month and entering another. This contract can only be done in 5,000 bushels increments.

Corn Example

	Date	Futures Price	Change in Futures	Cash Price	Explanation
	Today	$3.60	-	$3.30	Enter March Futures at $3.60
Scenario 1	02/20/15	$4.00	+ $0.40	$3.70	Exit at $4.00
Scenario 2	02/20/15	$3.20	- $0.40	$2.90	Exit at $3.20

The Benefits

By selling the commodity and entering into an Extended Price contract, your bushels no longer accrue storage and are not subject to any secondary shrink or discounts. You are also not subject to any change in basis.

The Risk

In an Extended Price contract you are still subject to any change in the futures market. If futures go up, you gain but if futures go down, you lose.

The Cost

Farmer's Coop Elevator Charges a $0.02/bu administrative fee to enter an Extended Price contract. There is an additional $0.01/bu fee each time the contract is rolled. Fees will be deducted from the final cash price when payment is made.

To enroll in an Extended Price contract or if you have any questions contact the following.

Grain Office: 308-487-3325
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