Hedge-to-Arrive (HTA)

Setting the Futures

How it Works

A Hedge to Arrive contract sets the FUTURES and leaves the basis and final cash price open. Bushels will be delivered at a later date. Basis can be set at any time prior to delivery but will be set once bushels are delivered. This contract can only be applied in increments of 5,000 bushels.

The Benefits

Basis and futures tend to move in opposite directions. A HTA contract allows you to lock in a futures price and wait until some other time to set the basis. You can take advantage of high futures long before you deliver but you don't have to set basis levels.

The Risk

Basis is not set and may move unexpectedly, causing your cash price to be less than you anticipated. You may also not be able to deliver the bushels you have contracted. There is also the risk of over-contracting bushels. Keep in mind what your expected production is and how much of that you feel comfortable contracting before it is harvested.

The Cost

Farmer's Coop charges an administrative fee that is determined by the delivery date. The closer the delivery date, the lower the fee. Fee value can range from $0.03/bushel for delivery in 6 months to $0.09/ bushel for delivery in 12 months. This fee will be deducted from the final cash price when payment is made.

To enroll in a HTA contract or if you have any questions contact the following.

Grain Office: 308-487-3325
Tucker Hamilton: 308-360-0830