

# Market-Up Contact

## About the contract

The Tate & Lyle Market Up contract is a unique cash grain contract which allows the producer to sell grain at a premium to the day's price while offering a like amount of deferred grain at a higher price.

If the futures market settles at or above the defined offer level on the expiry date the producers offer will be priced. If the futures market settles below the offer level on the expiry date the bushels are unpriced and the bushels are considered not marketed.

The Market Up program is customizable, allowing the producer the ability to model a program fitting specific needs and objectives. The Market Up program gives the producer the ability to customize a marketing program with financially sound, trusted marketing professionals at Tate & Lyle Grain - and collect a premium to do it!

## Advantages

- Allows producer to price grain above the market
- Establishes a marketing program that sells into board rallies
- Straight forward – no hidden dates or fees

## Considerations

- Producer can become over-marketed on unproduced grain
- Producer cannot take advantage of market moves above designated offer price
- Does not guarantee the sale deferred delivery grain on firm offer prior to the expiry date
- No down-side protection if futures don't achieve offer price
- The offer cannot be adjusted or cancelled

## Example

On March 1, Tate & Lyle's cash bid is \$3.65/bu (\$3.75 board - \$0.10 basis = \$3.65 cash) for April delivery. The producer enters into a Market Up contract and receives a \$.15/ bu premium on a 5,000 bu April delivery contract for a final price of \$3.80 cash in exchange for a firm offer to sell an additional 5,000 bu of new crop corn if December futures settle at or above \$4.20 offer price on 8/25.

## Possible Outcomes

#1) December futures settle below the \$4.20 offer price on 8/25; producer's offered bushels are considered not marketed; producer keeps original premium

#2) December futures settle at \$4.30 on 8/25; the offered bushels are priced at \$4.20 December futures; Tate & Lyle contacts producer to establish a fall delivery period and flat price based on current basis level for fall delivery period; or, an alternative option \*(HTA or futures roll)

Premiums, offer prices, and dates all vary depending on customer objective and current market

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