BASIS ONLY CONTRACT

A contract to sell grain that establishes a basis in a firm delivery window.

HOW DOES IT WORK:

The producer agrees to sell a specific quantity of grain for a specific delivery period at a basis price. Futures remain unpriced.

WHEN TO USE:

- When basis levels and delivery time table are desirable
- Flexibility to participate in higher prices is desired
- Producers are anticipating basis depreciation
- Producers have more production than they can store

ADVANTAGES:

- Allows producers to participate penny for penny in all futures market rallies
- The contract establishes a fixed basis price
- Allows producers to lock in basis ahead of harvest
- Equity may forward producers up to 80% of contract value to create cash flow on delivered, but unpriced grain
- Allows producers to avoid storage

THINGS TO CONSIDER:

- Producers are still exposed to market risk
- Price will not increase if basis appreciates
- Producer has a deadline to make pricing decisions or rolling the contract

For More Information:
TheEquity.com/Grain | 217.342.4101