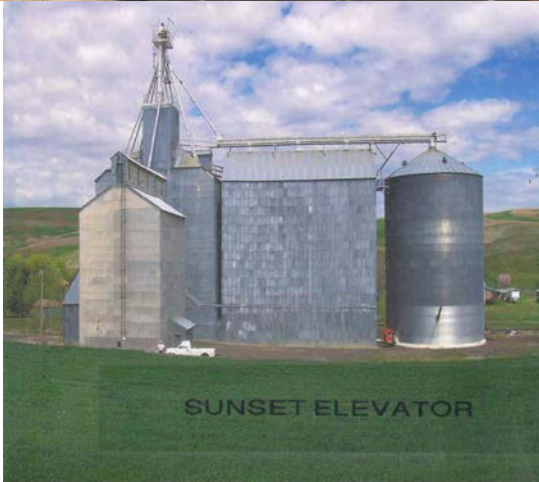




# Facilities



# Seed Plant



# Marketing Canola

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- Cash
- Hedge-To-Arrive
- Basis Contracts
- Options Contracts

# Canola Basics

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- Canola Traded on ICE Canada (Symbol RS)
- 44,092 lb contract
- Future Months Traded Jan, Mar, May, July and November

# Hedging

TWO COMPONENTS MAKE UP A CASH PRICE

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FUTURES

+

BASIS

=

CASH

# Hedge To Arrive Contract

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- Hedge to arrive contracts establish a futures price component w/ basis to be determined at a later date. Use this contract when futures are high and basis is historically or seasonally low.

## PROCEDURE

1. Negotiate a delivery date, quantity, and futures position
2. Deliver grain as stated in contract.
3. Receive cash payment upon basis lock.
4. Service charges likely apply.

# Hedge To Arrive Contract

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## POSITIVES

- Lock in Futures market price with opportunity for basis gains.
- Take advantage of carry in the market and low basis levels

## NEGATIVES

- Potential basis losses if basis decreases prior to delivery.
- Will be a contract with a particular entity to deliver grain.





RSH15(D10) ~ Daily Tue Jan 20 2015 1:22:46 PM H:456.3 L:446.6 T:455.7 D +6.0 +1.33%



MACD 5.27 5.14 0.1230 0

VOL 11925 96991



Candles SMA(Close,5) SMA(Close,9) SMA(Close,100) SMA(Close,18) MACD(12,0,26,0,9,0) VOL

# Options Contract

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- Sell New Crop Call
- Apply Premium to Old Crop Cash Sale
- If Call gets exercised against then it is converted to a new crop HTA

# Options Example

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|                          |                   |
|--------------------------|-------------------|
| February 2015 Cash Price | \$17.90cwt        |
| January 2016 \$450 Call  | <u>\$1.00cwt</u>  |
| Cash Sale Price          | <b>\$18.90cwt</b> |

If futures markets are above \$450mt upon expiration then a \$450mt HTA is written for January 2016

# Questions

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## Contact Info

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