Harvest Max Contract

How it works

This contract, at its core, is an averaging contract but has a unique twist. Producers just have to decide the amount of bushels they wish to enroll into the contract. Those bushels are then divided evenly and marketed during the trading period. Each day, at the end of the session, the divided bushels will be priced. What makes this contract unique is rather than pricing the close, we will be giving the producer the HIGH trade of the day. At the end of the pricing period the producer will be given an average price on all of the daily high trades for the market period. The marketing period will be predetermined based on historical data to decide optimal pricing windows. This contract is only offered for corn and milo and does come with a fee that will be subtracted from the final price. Basis is left open for producer to set before the final pricing date. Producer is paid upon delivery to the elevator.

Highlights:

- Offered in Corn and Milo Only
- Allows producer to get high price of the day for grain during trading period
- Comes with a per bushel fee
- Allows producer to average price during a historically high trading period
- Great way to diversify marketing portfolio.

When to use

This contract best fits into a marketing plan as a way to help diversify the portfolio. Only a portion of the total bushels should be used in this contract, it should not make up the bulk of your marketing plan. Averaging contracts are a great way to capture pricing opportunities from a window of seasonally high pricing. This contract gives the unique opportunity to capture the high price of the day. So, even on a down day you don’t have to worry.

Primary Risks

Production Risk- This will be a risk in every contract. Use multi-year average yields to help determine the appropriate amount to forward sell per commodity.

Missed Opportunity Risk- By enrolling bushels in this contract you eliminate the ability to price at higher levels on the contracted bushels if the markets were to go up after the pricing window.

Basis Risk – By leaving Basis open there is the possibility it weakens and could reduce cash price

AMERICAN PLAINS CO-OP

American Plains Co-op
Main Office: (620) 793-3531
www.apcoop.com

Visit Us on Social Media: