Cargill Elevate™

Minimum Price Strategies

Long Call / Call Spread

Minimum Price Long Calls or Call Spreads can be simple ways to participate in the market while maintaining a guaranteed minimum futures price – also known as a floor. Use these when you have a bullish market bias and want to try to add value to current contracts.

Enhance

Take advantage of market opportunities to seek premium prices for your grain.

PRICE

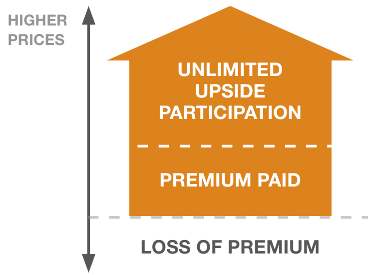
INSURE

ENHANCE

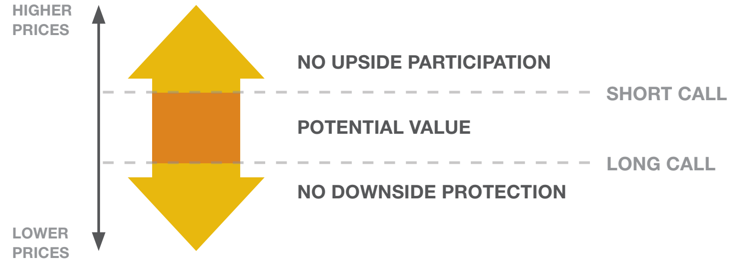
Cargill™

Cargill Elevate™ Minimum Price Long Call / Call Spread

MINIMUM PRICE LONG CALL provides upside potential with downside protection by locking in a floor price for your contract.



MINIMUM PRICE CALL SPREAD provides the opportunity to benefit from a market increase capped at a pre-determined level. In doing so this will reduce the cost compared to a single leg contract. A **Minimum Price Call Spread** is a combination of a long call with a lower price an a short call at a higher price, both with the same expiration date and futures reference month.



When should I use this contract?

When you:

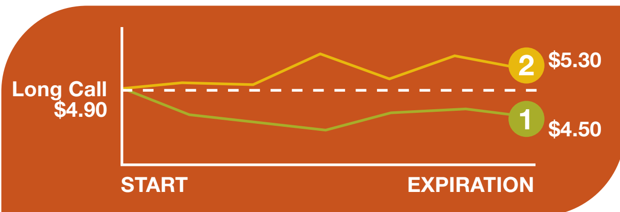
- Have a bullish market bias and are comfortable with the cost of the strategy.
- Want to try to add value to current contracts in a bullish market while maintaining a minimum price.
- Are uncertain about where the market will go and want to protect current prices and maintain upside potential.
- Deliver a large percent of your crop in the fall and want to participate if the market goes higher through winter, spring or summer.
- Call Spread: Want to lessen the investment and are comfortable with limited upside potential.

How Minimum Price Works

Call Spread Cost Calculation	
$5.00 Long Call Initial Cost	($0.25)
$5.40 Short Call Initial Value	$0.15
Total Cost	**($0.10)**

Minimum Price Long Call

You have a **$5.00** cash contract (both futures and basis have been established), but think corn may rally and want some upside potential. You decide to attach a **Minimum Price Long Call ($4.90 December)** to your **$5.00** cash contract for a cost of **$0.15** giving you a minimum price of **$4.85.**

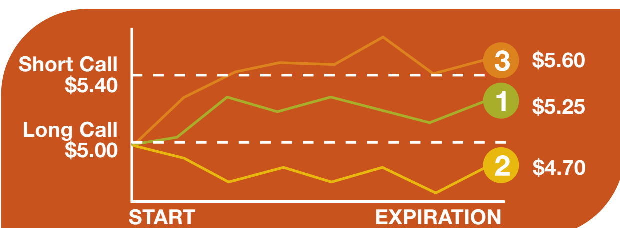


Potential final price scenarios at expiration*

	Original Flat Price	Initial Cost	Minimum Price	Futures Price*	Final Value	Net Cash Price
1	$5.00	($0.15)	$4.85	$4.50	$0	$4.85
2	$5.00	($0.15)	$4.85	$5.30	$0.40	$5.25

Minimum Price Call Spread

You want a lower net cost and are willing to have a cap on the potential price increase. You decide to attach a call spread using a **$5.00 December Long Call/$5.40 Short Call,** hoping the market increases and you can capture additional value. With this Minimum Price strategy, you cap the potential price increase at **$0.40** with a **$5.40 December Short Call** for a total cost of **$0.10.**



Potential final price scenarios at expiration*

	Original Flat Price	Initial Cost	Minimum Price	Futures Price*	Final Value	Net Cash Price
1	$5.00	($0.10)	$4.90	$5.25	$0.25	$5.15
2	$5.00	($0.10)	$4.90	$4.70	$0	$4.90
3	$5.00	($0.10)	$4.90	$5.60	$0.40	$5.30

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