Cargill Elevate™

Minimum Price Strategies

Long Put / Put Spread

Minimum Price Long Puts or Put Spreads can be simple ways to protect from market volatility through a guaranteed minimum futures price – also known as a floor. Use these when you are uncertain where the market will go or have a bearish market bias.

Insure

Protect against market volatility with a minimum futures price.

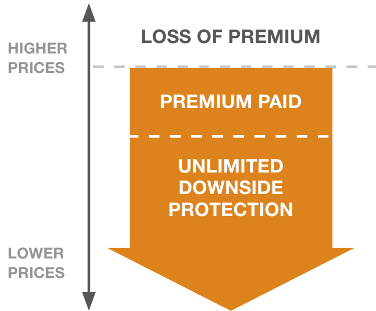
PRICE

INSURE

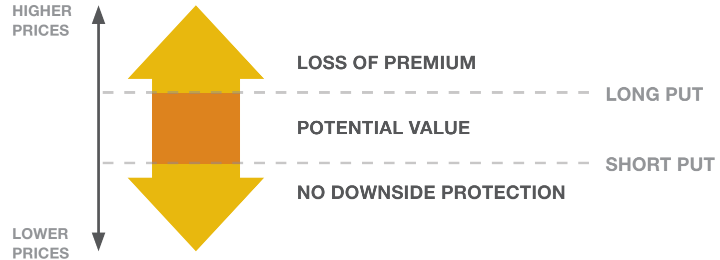
ENHANCE

Cargill™

MINIMUM PRICE LONG PUT provides downside protection by locking in a floor price for your contract.



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



When should I use this contract?

When you:

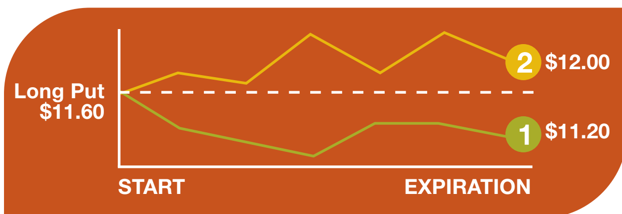
- Have a bearish market bias and are willing to pay a premium to lock in a floor price.
- Want to add value to a contract if the market goes lower.
- Are uncertain about where the market will go and want to protect current prices and maintain upside potential.
- Long Put Spread: Hope to benefit from a market decrease down to the short put level, essentially capping potential downside protection and reducing the cost compared to a single leg long put.

How Minimum Price Works

Put Spread Cost Calculation	
$11.60 Long Put Initial Cost	($0.25)
$11.00 Short Put Initial Value	$0.10
Total Cost	**($0.15)**

Minimum Price Long Put

You are getting ready for planting but are concerned that there may be a decline in prices between early spring and harvest and desire downside protection. The November soybean futures price is currently quoted at **$11.60/ bushel.** You decide to attach a **$11.60 long put** costing **$0.25** to an unpriced grain contract with the intent to lock in the contract's futures reference price at expiration.

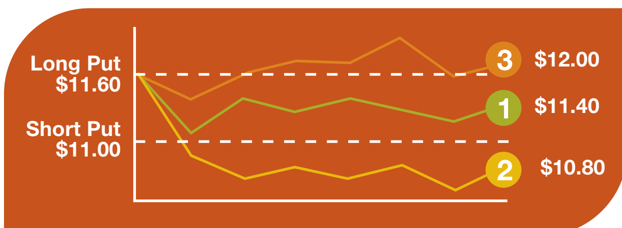


Potential final price scenarios at expiration*

	Initial Cost	Futures Price*	Final Value	Net Price Adjustment	Net Futures Equivalent
1	($0.25)	$11.20	$0.40	$0.15	$11.35
2	($0.25)	$12.00	$0	($0.25)	$11.75

Minimum Price Put Spread

In order to lower the cost of the strategy, you decide to attach a put spread to the unpriced grain contract, using a **$11.60 November Long Put** and a **$11.00 November Short Put.** This Minimum Price strategy caps downside protection at **$0.60** for a total cost of **$0.15.**



Potential final price scenarios at expiration*

	Initial Cost	Futures Price*	Final Value	Net Price Adjustment	Net Futures Equivalent
1	($0.15)	$11.40	$0.20	$0.05	$11.45
2	($0.15)	$10.80	$0.60 (max)	$0.45	$11.25
3	($0.15)	$12.00	$0	($0.15)	$11.85

©2023 Cargill, Incorporated. All Rights Reserved. Purchase Contract terms apply. This is provided to you for information purposes only, does not constitute an offer, and is not intended to be a part of any contract that may be entered into. Please consult the Purchase Contract for the terms and conditions that will govern the sale and purchase of grain.

Information provided is general in nature and is provided without guarantee as to results. The information is not intended to be, and should not be construed as, trading, financial, legal, or tax advice. No warranty is made with regard to the information or results obtained by its use. Cargill, Incorporated, its subsidiaries, and affiliates disclaim any liability arising out of your use of, or reliance on, the information.

Cargill™