Cargill Elevate™

Focal Point

A Focal Point contract allows you to participate in potential upside market moves, experiencing penny-for-penny price participation, up or down.

Enhance

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

PRICE

INSURE

ENHANCE

Cargill™

When should I use this contract?

When you:

- Are not happy with today's cash price and believe the market has upside potential
- Need to deliver grain now given lack of storage or cash flow needs
- Don't want to pay the cost of commercial storage fees
- Want to express a bullish market bias on an existing grain contract

What else do I need to know about Focal Point?

- Once you have delivered your grain, you will receive an advance payment for a portion of the contract value. The balance will be paid once the Focal Point Adjustment Amount has been determined
- It is important to understand you are taking on price risk, and if the market goes down your grain price will likewise decrease

How does it work?

- Enter into a new flat priced grain contract or you can add to an existing grain contract as long as the futures price is established
- Select your Focal Point Futures Reference Month and establish an Initial Focal Point Price
- Set a goal for the Final Focal Point Price
- Monitor the market prices and experience penny-for-penny price participation, up or down
- Establish your Final Focal Point Price at any time leading up to the Final Pricing Deadline of your Focal Point contract
- The difference between your Initial and Final Focal Point Prices (the Focal Point Adjustment Amount) will be included as a part of the contract pricing formula

How Focal Point works

Example 1: New Grain Contract

On **November 1,** you need to sell 10,000 bushels of corn to free up storage space, but you're not happy with the current cash bid of **$4.50/bu.** You believe that corn market prices will improve compared to current levels, so you enter into a Focal Point contract at the same time you deliver. You select July as the futures reference month and establish the Initial Focal Point Price at **$4.90.**

On May 15, you contact your Cargill rep to establish your Final Focal Point Price.

	Scenario 1 July corn futures price has risen to $5.10	Scenario 2 July corn futures price has fallen to $4.80
Cash Price	**$4.50**	**$4.50**
Focal Point		
Final Focal Point Price	$5.10	$4.80
- Initial Focal Point Price	$4.90	$4.90
= Focal Point Adjustment Amount	$0.20	-$0.10
Focal Point Cost	**-$0.04**	**-$0.04**
Final Cash Price	$4.66	$4.36

Example 2: Existing Grain Contract

On **April 10,** you decide to enter into a No Basis Established (NBE) contract by locking in **$5.00/bu** December futures price component knowing that if the market conditions change, Cargill offers Focal Point. On **June 10** you feel the market has dropped too low given the growing season ahead and feel the market may improve in the coming weeks. You enter a Focal Point with an Initial Focal Point Price at the current December futures price of **$4.50.**

On July 15, you contact your Cargill rep to establish your Final Focal Point Price.

	Scenario 1 December futures price has risen to $4.80	Scenario 2 December futures price has fallen to $4.20
Cash Price	**$5.00**	**$5.00**
Focal Point		
Final Focal Point Price	$4.80	$4.20
- Initial Focal Point Price	$4.50	$4.50
= Focal Point Adjustment Amount	$0.30	-$0.30
Focal Point Cost	**-$0.04**	**-$0.04**
Final Cash Price	$5.26	$4.66

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