



## Basis Contract



Set your basis level for grain during a specific delivery period while you wait to set your futures price.

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### Background

If you feel there is a potential for futures prices to improve, but basis levels may get worse, a Basis Contract allows you to lock in only the basis portion of a cash contract for a specific delivery period. The Basis Contract allows you to wait until a later date to set the futures reference pricing portion of your cash contract. Basis Contracts may also allow you to receive a payment advance on an estimated portion of the contract value for the grain that has been delivered.

### Here's How It Works

- 1) Working with your ADM grain merchandiser, you lock in the basis for a specific delivery period.
- 2) If you wish, you may be able to receive a partial cash advance after delivery has occurred.
- 3) You set your final futures reference price prior to the deadline provided by the contract terms.
- 4) You deliver your grain within the contracted period and receive the contracted cash price (minus your cash advance, if applicable), which is the **Futures Reference Price +/- Basis**.

### The Benefits

- > It helps you actively manage your final grain price.
- > It helps diversify your marketing.
- > It can help improve cash flow, if needed.

*Entering into this contract does not result in the seller opening a futures or options account or having a futures or options position. Any futures or options position taken by buyer is for the benefit of the buyer only and shall be in the buyer's name. Futures and/or options may be employed as a grain pricing mechanism. This contract is not a futures or options contract or a commodity pool agreement.*