Macon

DELAYED PRICE (DP)

What is a Delayed Price contract?

A DP contract allows you to deliver your corn *now*, and price it *later*. It is beneficial to those who are seeking to free up storage space, and are not satisfied with the current price of corn.

Advantages:

- **Unlimited upside potential**
- **Avoid personal storage costs**
- **No Set amount of Bushels**
- **Storage discounts eliminated**
- **Avoid any on farm grain quality issues**

Disadvantages:

- **Possible Fees involved**
- **Pricing deadlines**
- **Risk of decrease in futures and softening basis**

How it works:

You are considering various contracting options; you know that you want to begin hauling now, but you are unsatisfied with the current cash price of corn. You decide to enter into a DP contract so that you can deliver now, and price the bushels later on.

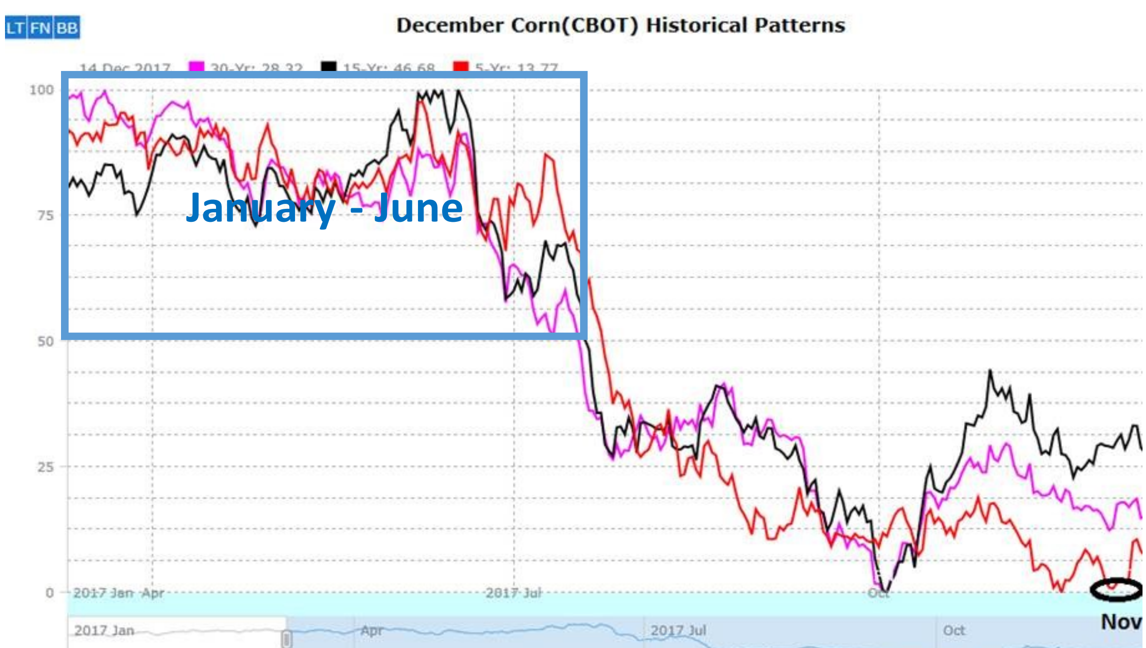
It is December 15 and you apply 5000 bushels to a DP contract, and you will have until March 31 get those priced.

It is now **February 15** and you want to price your bushels. The basis is +.10 over the March futures of 6.70. You know that every month you are being charged a fee and you are happy with the current price, so you decide to lock it in. You will be paid $6.80, minus the accumulated fees. Here's the math:

March Futures (Feb. 15)	$6.70
Current Basis (Feb. 12)	+.10
Accumulated Fees (.05 per month)	- $0.10
Price Received	$6.70

- DP fees vary from year to year and are prorated based on when you deliver the corn
- Quick-ship basis is excluded when pricing contract
- Keep in mind the day you call is the day you are pricing your corn, therefore that days cash price is your DP's cash price.
- Macon requires DP priced in same crop year.

Additional Historical Data



- Knowing Macon's historical basis and keeping in mind our basis is a reflection on when corn is needed.
- Historical data states typically rallies happen between February and June.
- Macon requires DPs priced in the same crop year.

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