Primient

Cash Spot Contract

About the contract

A cash (spot) contract provides the producer a spot price at the time of delivery as determined by the current futures and posted basis level. No prior arrangement or contract is required ahead of delivery. The producer can elect for an immediate settlement at delivery or defer their settlement to a later date

Advantages

- No specified delivery times. Grain is priced as it is hauled in
- Producer doesn't suffer falling grain prices after delivery day
- No fees or extra costs associated with the contract

Considerations

- Producer cannot take advantage of market moves after grain is delivered

Example

Producer John has 1,800 bushels to bring in. On December 12th he brings in 900 bushels, and on the 13th he brings in his other 900 bushels. His prices are as follows:

December 12th corn futures $6.25

- Local Basis - .40
- Cash Price $5.85

December 13th corn futures $6.30

- Local Basis - .40
- Cash Price $5.90