Cargill Elevate

Minimum Price Strategies 3-Way

Minimum Price 3-Way Strategies can be a low-cost way to capture a fixed amount of upside potential with limited downside protection. Use these when you have a range bias and want to try to add value to current contracts.

Insure

Protect against market volatility with a minimum futures price.





INSURE

X





When should I use this contract?



When you:

- Think the market could go up and would like to participate but are comfortable with some limited downside protection.
- Are looking for a zero, or very low cost Minimum Price strategy.

How Minimum Price works

Minimum Price 3-Way (Short Call, Long Put, Short Put)

With the recent uptick in the market you want to make a sale for next year's corn crop. You:

- Want possible upside participation.
- Are more worried about upside participation than downside protection.
- Would like to keep costs limited.

After talking with your Cargill representative, you decide to use a Minimum Price strategy by attaching a 3-way contract to a No Price Established (NPE) contract using values of a **\$5.40 Short Call, \$4.90 Long Put,** and a **\$4.50 Short Put.** The Minimum Price strategy caps your downside protection at **\$0.40** and upside participation is capped at **\$0.50** for a total cost of **zero.**

3-Way Cost Calculation		TARGET (Short Call) \$5.40		4 \$5.60
\$5.40 Short Call Value	\$0.20	PRICE PROTECTION		1 \$5.25
\$4.90 Long Put Cost	(\$0.40)	STARTS (Long Put) \$4.90		
\$4.50 Short Put Value	\$0.15	PRICE PROTECTION ENDS (Short Put)		2 \$4.70
Total Cost	\$0	\$4.50		3 \$4.20
			START	EXPIRATION

Potential final price scenarios at expiration*

	Initial Cost	Futures Price*	Final Value	Net Price Adjustment	Net Futures Equivalent
1	\$0	\$5.25	\$0	\$0	\$5.25
2	\$0	\$4.70	\$0.20	\$0.20	\$4.90
3	\$0	\$4.20	\$0.40 (max)**	\$0.40	\$4.60
4	\$0	\$5.60	(-\$0.20)	(-\$0.20)	\$5.40

**Downside protection is limited to the value of the short put once the market dips below that level at expiration. You're exposed to the market.

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