

# Working with Your Grain Merchandiser



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## What is the Role of the Grain Merchandiser?



- **Supply:** processors operate 24/7 and have small amounts of storage, thus the constant flow of grain to the plant.
- **Logistics:** a smooth flow of grain insures the plant has raw material, minimizes unloading times and creates the condition which make least cost origination possible.



## What is the Role of the Grain Merchandiser?



- **Information:** the flow of information is a two-way street. Merchants like hearing unfiltered info directly from the country. Farmers can benefit from the large amount of info merchants have access to on a daily basis.
- **Contract Alternatives:** to keep that grain flowing, your local merchant may suggest an alternative to just holding grain unpriced.



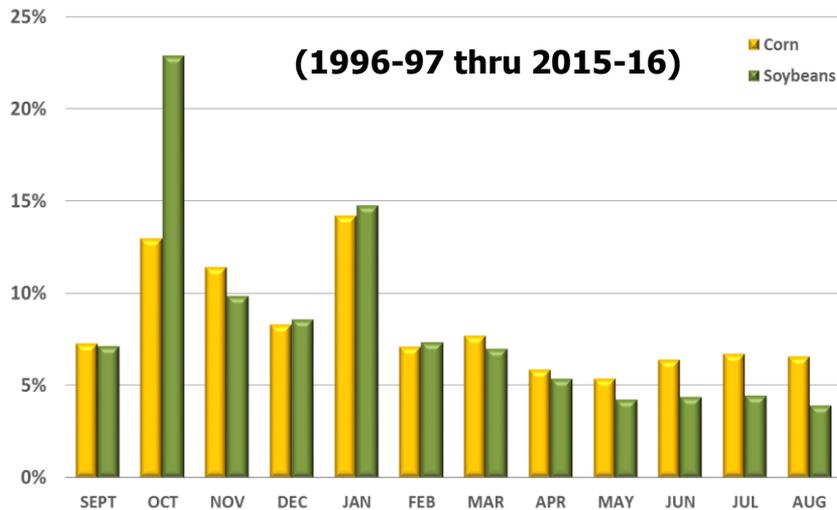
## Comparing Marketing Tools



<u>Crop Marketing Tool</u>	<u>Futures</u>	<u>Basis</u>	<u>Time</u>	<u>Location</u>
<b>Cash sale</b>	Set	Set	Set	Set
<b>Delayed price contract</b>	Open	Open	Set	Set
<b>Minimum price contract</b>	Floor	Set	Set	Set
<b>Basis contract</b>	Open	Set	Set	Set
<b>Hedge</b>	Set	Open	Open	Open
<b>Hedge-to-arrive</b>	Set	Open	Set	Set
<b>Forward contract</b>	Set	Set	Set	Set
<b>Options</b>	Floor	Open	Open	Open



## Percent of Crops Marketed



### Key points:



- Understand the role of the grain merchandiser
- Compare various crop marketing tools
- Consider separating the futures price and basis decision
- Learn to use a variety of crop marketing tools.





Thanks for joining the

