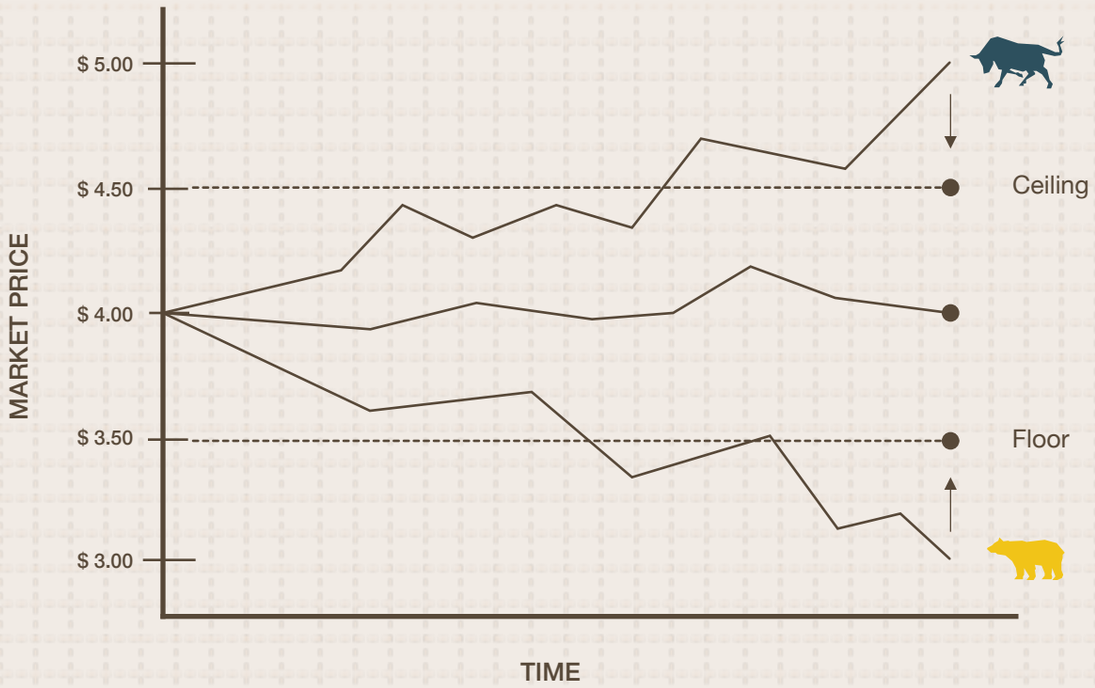
Min-Max

CASH CONTRACT

"floor/ceiling" | "collar"

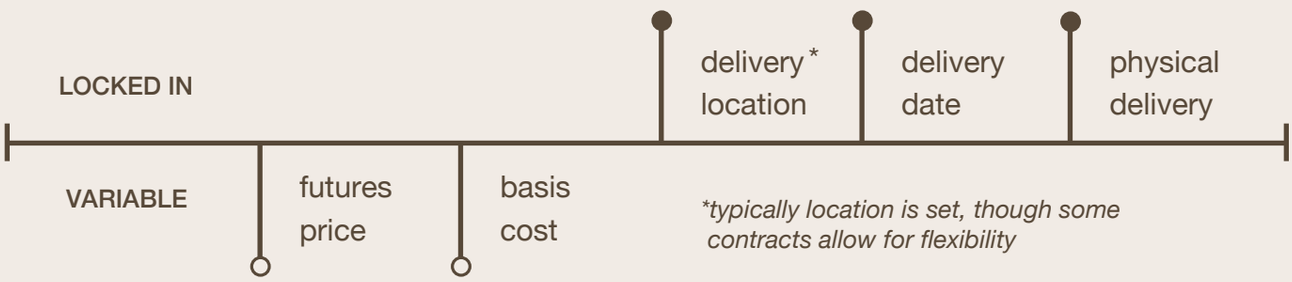
$ a few cents per bushel
no margin required



If the market is bullish and goes above your ceiling of $4.50 at expiration, the price you will get for your grain is $4.50.

If the market stays between your floor and your ceiling at expiration, the price you will get for your grain will be whatever the market settles at.

If the market is bearish and goes below your floor of $3.50 at expiration, the price you will get for your grain is $3.50.



USE CASE

- Your bias is slightly bullish.
- You want to limit your downside risk but also be able to participate in upside if the market rallies.
- You are willing to accept a floor below current market levels in exchange for an above-market ceiling.
- You prefer to work with a buyer on the cash market.
- You are confident you have (or will have) the physical crop for delivery and are comfortable setting a delivery location.

FarmLogs