

# SCS Newsletter

January 22, 2016

## QUICK SNAPSHOT

Producer activity in the structured grain contract market picked up in the last couple of weeks—rising on the back of the recent increase in the underlying grain futures prices. Most interest focused on capturing premium for cash sales by establishing obligations above price levels in next year's crop. Master Enhancer Plus and Deferred Assurance Plus Plans were the most popular tools used to give Producers a bump in their sale price for both old and new crop.

In the volatility complex, last week's report was followed by gyrations in near term implied vols; dropping right after the report, then rising, now sharply falling again. Long term implied vols in general avoided these gyrations.

## IN THE SPOTLIGHT

During this time of the year, SCS Deferred Contracts are the most popular tools Producers use to market the grain they still have in the bin.

SCS Deferred Contracts are often used to open up upside for an extended period of time on bushels that need to be delivered quite soon—our Deferred Floor and Range Plans do just that. By setting a floor price, the Producer is able to accumulate extra cash each week the designated futures price closes above it. They're also using Deferred Contracts to introduce premiums to their cash sale by agreeing to possibly sell additional bushels at a specified level in the next crop year.

For more information on Deferred Contracts, contact your broker or the SCS Desk.

## WHAT'S HOT

### CORN

...with CZ16 at \$3.88... CZ17 at \$4.01...CK17 at \$4.045

**Deferred Floor ExtPlus Plan (CZ16)** - floor at 3.88, double up in CZ17 at 4.25, all expires Nov'16, costs 14 cents

**Fence Reserve Plan (CZ16)** - floor at 3.88, cap & weekly double up at 4.25, stop protect at 3.30, costs 5 cents

**Originator Plus Plan (CZ16)** - fixed price/double-up at 4.06, trigger at 3.40, reset at 3.88, no cost

**Deferred Assurance Plus Plan** - 21 cent/bu enhancement now, with a double up in CK17 at 4.30 that expires Nov'17

**Enhancer Plus Plan (CK17)** - fixed price/double-up at 4.3525, k/o at 3.40, no cost



### SOYBEANS

...with SX16 at \$8.82...SX17 at \$8.84

**Deferred Floor ExtPlus Plan (SX16)** - floor at 8.82, double up in SX17 at 9.20, all expires Oct'16, costs 27.2 cents

**Range ExtPlus Plan (SX16)** - floor at 8.82, cap at 9.30, double up in SX17 at 9.30, all expires Oct'16, costs 14.5 cents

**Range Plus Plan (SX16)** - floor at 8.82, cap/double-up at 9.3475, no cost

**Enhancer Plus Plan (SX16)** - fixed price/double-up at 9.235, k/o at 8.00, no cost

Questions? Comments? Contact us!

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