



## Master Fence Plan

SCS Master Fence Plans let the producer set minimum and maximum prices and average into his bushel sales, while limiting his downside protection by choosing a STOP PROTECT LEVEL. If the futures contract is beyond the Stop Protect Level at the expiry of the structure, the producer's accumulation average will be adjusted downward.

This is a popular structure for producers with Crop Insurance, so that they are not protected twice below their insurance level.

SCS Master Fence Plans can have additional quantities into the current or next year's crop included to cheapen the price of the original contract.

*TOOL GROUP* Min/Max

### *PRODUCER BIAS*

- > Master Fence Plan — neutral to slightly bullish in the near term, neutral in the long term. OK with pricing additional bushels on a weekly basis
- > Master Fence Plus Plan — more bullish than the reserve in the near term, neutral in the long term. OK with pricing additional bushels at the end of the contract
- > Master Fence Reserve Plan — more bullish than the reserve in the near term, neutral in the long term. OK with pricing additional bushels on a weekly basis

### *ADVANTAGES*

- > Producer is able to capture upside
- > Protection from downside market moves

### *DISADVANTAGES*

- > Capped upside participation
- > Limited downside protection
- > If committing to additional quantity, the additional bushels are priced at a predetermined level, thereby eliminating upside for those bushels

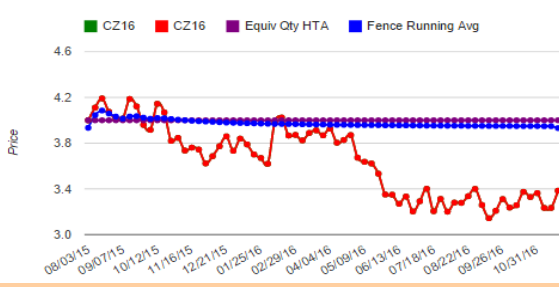
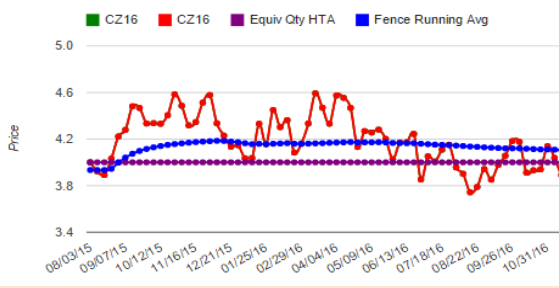
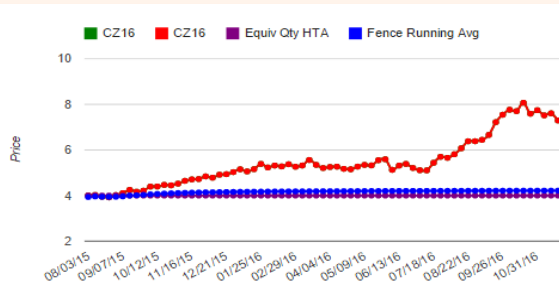
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## Examples

### CZ16 Futures Price at \$4.00

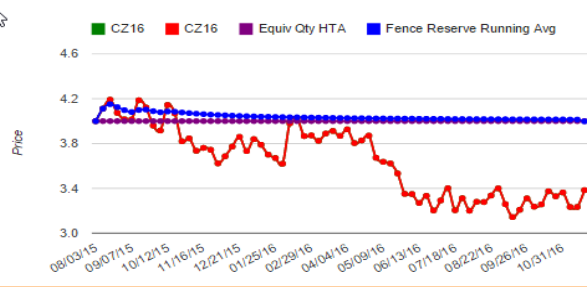
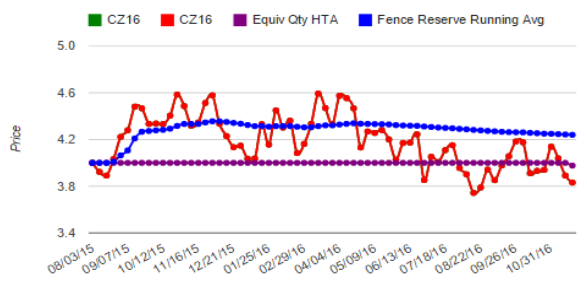
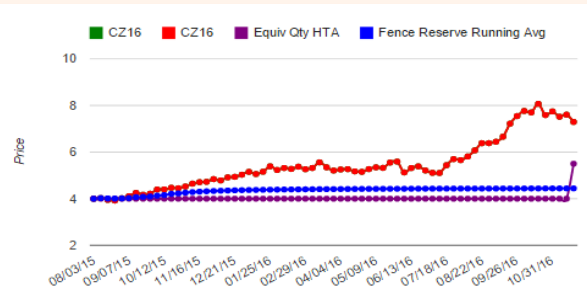
#### 1. MASTER FENCE

- Bushels priced weekly in CZ16 with a floor price at \$4.00 and a cap price of \$4.30625
- If at the end the CZ16 futures price is below \$3.40, the average price for the initial amount will be reduced by the difference between \$3.40 and the ending futures price
- Costs 6.6 cents/bu



#### 2. MASTER FENCE RESERVE

- Bushels priced weekly in CZ16 with a floor price at \$4.00 and a cap price at \$4.46625
- Weekly double-up at \$4.46225
- If at the end the CZ16 futures price is below \$3.40, the average price for the initial amount will be reduced by the difference between \$3.40 and the ending futures price
- NO COST



BULL MARKET

NEUTRAL MARKET

BEAR MARKET