



## Master Support Plan

SCS Master Support Plans allow the producer to set a minimum price and average into this bushel sales, but now he limits his downside 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 a producer with Crop Insurance, so that he is not protected twice below his insurance level.

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

TOOL GROUP Floor

### PRODUCER BIAS:

- > Master Support Plan— very bullish, but still wants to lock in protection above a certain level.
- > Master Support Plus Plan— bullish in the near term, neutral in the long term. OK with pricing additional bushels at the end of the contract
- > Master Support Reserve Plan— bullish to neutral, OK with pricing additional bushels on a weekly basis.

### ADVANTAGES:

- > Producer has full upside
- > Protection from downside moves (limited)
- > Useful for a producer with crop insurance
- > Cheaper than a Floor plan

### DISADVANTAGES:

- > Downside protection ends beyond a certain level
- > Possibly pricing additional bushels at a predetermined level, thereby eliminating upside for those bushels as well

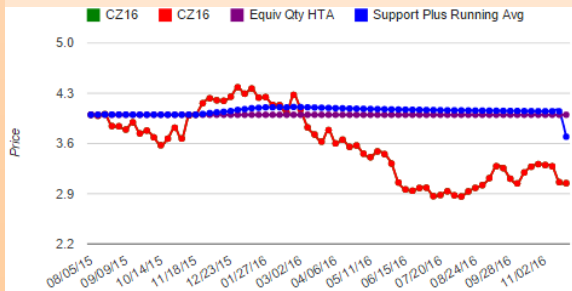
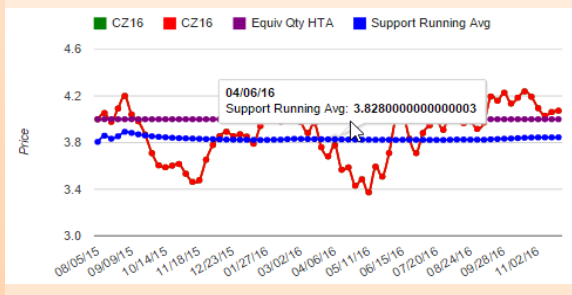
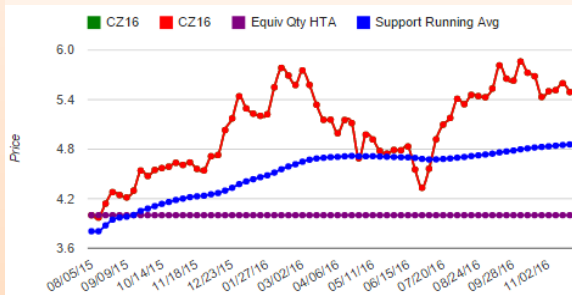
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## Examples

### CZ16 Futures Price at \$4.00

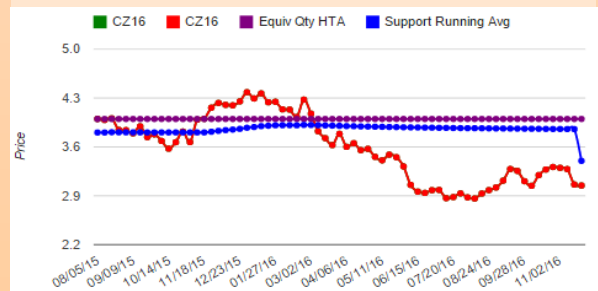
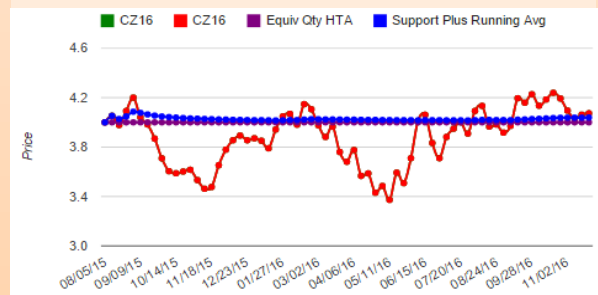
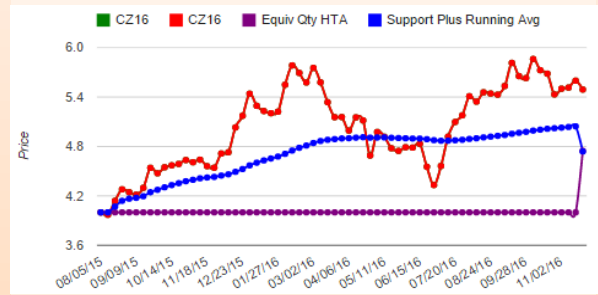
#### 1. MASTER SUPPORT

- Bushels priced weekly in CZ16 with a floor at \$ 4.00
- If at the end the CZ16 futures price is below \$ 3.50, the average price for the initial quantity will be reduced by the difference between \$ 3.50 and the ending futures price
- Costs 19.4 cents/bu



#### 2. MASTER SUPPORT PLUS

- Bushels priced weekly in CZ16 with a floor at \$ 4.00
- Double-up at the end of the contract at \$4.42750
- If at the end the CZ16 futures price is below \$ 3.40, the average price for the initial quantity will be reduced by the difference between \$ 3.40 and the ending futures price
- NO COST



BULL MARKET

NEUTRAL MARKET

BEAR MARKET