Pacer

What is the Pacer contract?

Pacer is a foundational contract that guarantees the average of the daily futures settlement prices for a futures reference month over an averaging period and gives you the control to price out at anytime.

Should I use this contract?

Yes, if you:

- Would like to stay in the market for an extended period of time but want to avoid the frustration of trying to “time” the market.
- Seek simplicity and automation in your marketing plan.
- Believe you can take advantage of historical price seasonality.
- Are seeking to reduce stress, frustration and risk associated with marketing grain.

What are the advantages of this contract?

- Provides discipline by pricing grain every day during the pricing period
- Choose the averaging period you desire.
- Price out any time during the averaging period.
- Establish a benchmark for future grain marketing.
- Help diversify and add discipline to your marketing plan.
- Minimal / low cost solution.

How Pacer works

On **March 28** you believe the market will rally following the USDA Planting Intentions report but are unsure when to sell. Knowing you will soon be busy in the field, you fear you will miss timing in the market. After meeting with your Cargill representative, you decide to enter into a Pacer contract to sell 10,000 bushels of corn for delivery to your local Cargill elevator. You select **April 1 – June 30** as the averaging period using December corn futures reference month.

Scenario 1: Pacer builds futures price

On **June 30** your Pacer contract finishes pricing. The average futures price for the period is **$3.93**

Pacer Future Reference Price	$3.93
Pacer Cost	-$0.04
Price Before Basis Adjustment	$3.89

Scenario 2: Set basis for fall delivery

On **June 30** your Pacer contract finishes pricing and you set basis for fall delivery. The average futures price for the period is **$3.93**

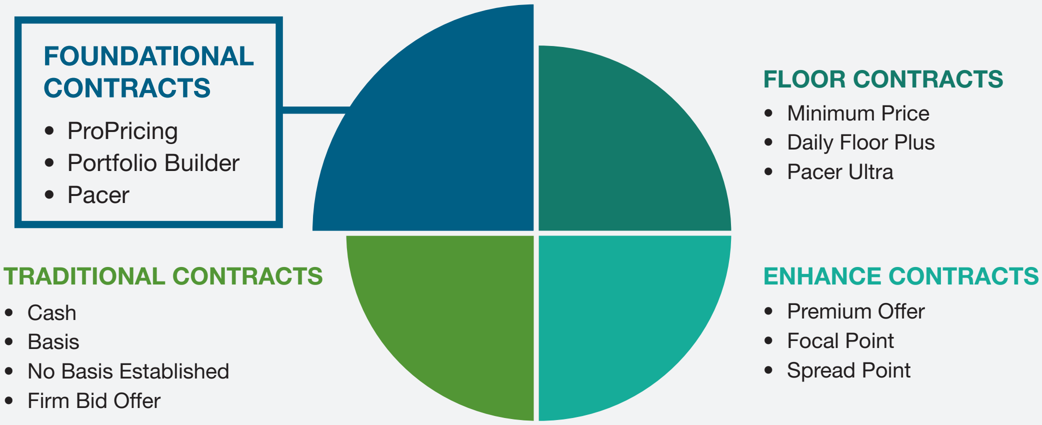
Pacer Future Reference Price	$3.93
Pacer Cost	-$0.04
+/- Basis	-$0.20
Final Contract Price	$3.69

Scenario 3: Early price out

It's **May 30** and the running average futures price for the period is currently **$3.85**. Futures have rallied and are currently at **$4.15**. You believe the futures market is going to decline, so you decide to price out the remaining unpriced bushels at **$4.15**. The resulting Pacer futures reference price is calculated to be **$3.99 ($4.00 less a $0.01 early price out cost)**. You also set basis for fall delivery.

Pacer Future Reference Price	$3.99
Pacer Cost	-$0.04
+/- Basis	-$0.20
Final Contract Price	$3.75

How does Pacer fit within my grain marketing plan?



For more information, drop by your nearest Cargill location, contact your Cargill representative or visit CargillAg.com