Spot Priced Contracts

Overview

Agvance Grain has the ability to create and use priced purchase contracts that are designated as Spot. Spot is pricing at the moment of delivery or pricing of grain at current market value for grain that has already been delivered. The new spot contract provides the ability to attach Discount Schedules, a Cash Price, a Futures Price, Basis, and a Futures Month directly to a specific transaction as the transaction is being created. Spot Contracts can be created quickly and easily where the contract would be applied. This gives the user added freedom to continue to add the transaction with a selected schedule and prices tied to that transaction. The Spot Priced Contracts don't have to be signed as they are pricing on the "spot".
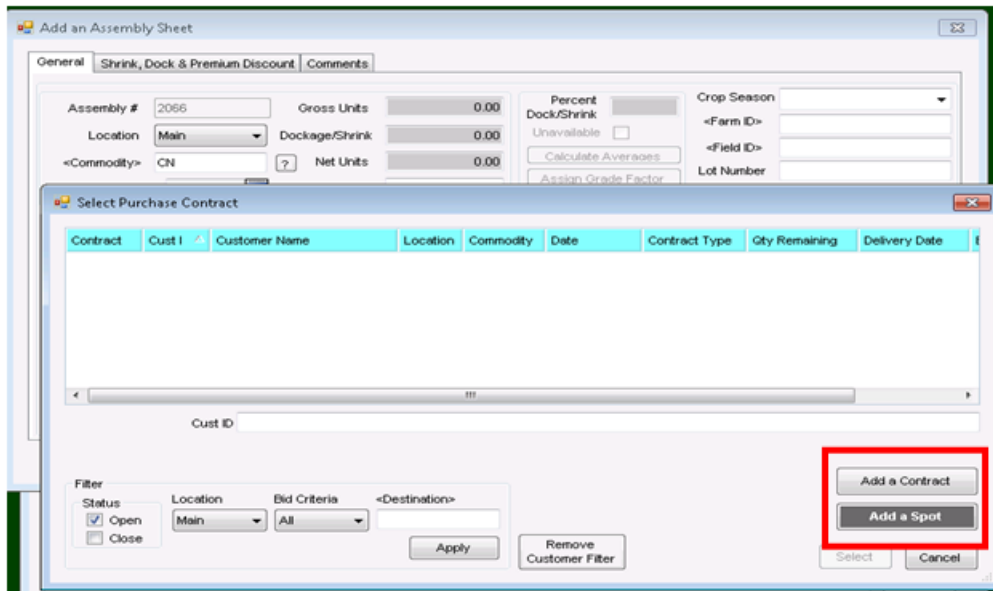
How to Use Spot Contracts

Spot contracts are used for a specific price amount but not for a specific amount of grain. When the contract is created it will show zero units but will include a price per unit. As units are applied to the contract via scale tickets, assemblies, or settlements the contracted units will increase. The contract status will be set to 'Closed' but it could have more units applied to it. The spot contract will allow a basis price to be tied to the spot units. If a spot price is applied to a scale ticket, assembly, or a settlement without using a spot contract, the spot purchase basis price cannot be tracked.

With a spot contract, premium/discount tables can be applied at settlement time. This is helpful for commodities where pricing by grade result schedules is done at time of settlement.

Spot price contracts can be added in different areas of the Grain module. One location is the scale ticket interface when selecting an assembly. Not only can an assembly be added, but a spot contract (or a regular purchase contract) can be added as well.

This allows the scale operator to add the spot contract when asked to do so at the scale. Spot contracts can also be created on the import of the scale tickets through the same manner, by going through the assembly selection and adding an assembly sheet. If the scale operator isn't allowed to make contracts this will allow whoever is performing the import to add the contract.

Spot priced contracts can also be entered through the normal operational path under Operations/Purchase Contracts with the Add Purchase Contract option. On the Add Purchase Contract window, by selecting the Spot check box. This will allow anyone with access to purchase contracts to make a spot priced contract.

The Spot contract can be applied to an assembly for units already delivered, or to be delivered upon.

The Spot Contract can also be added or selected at settlement time.
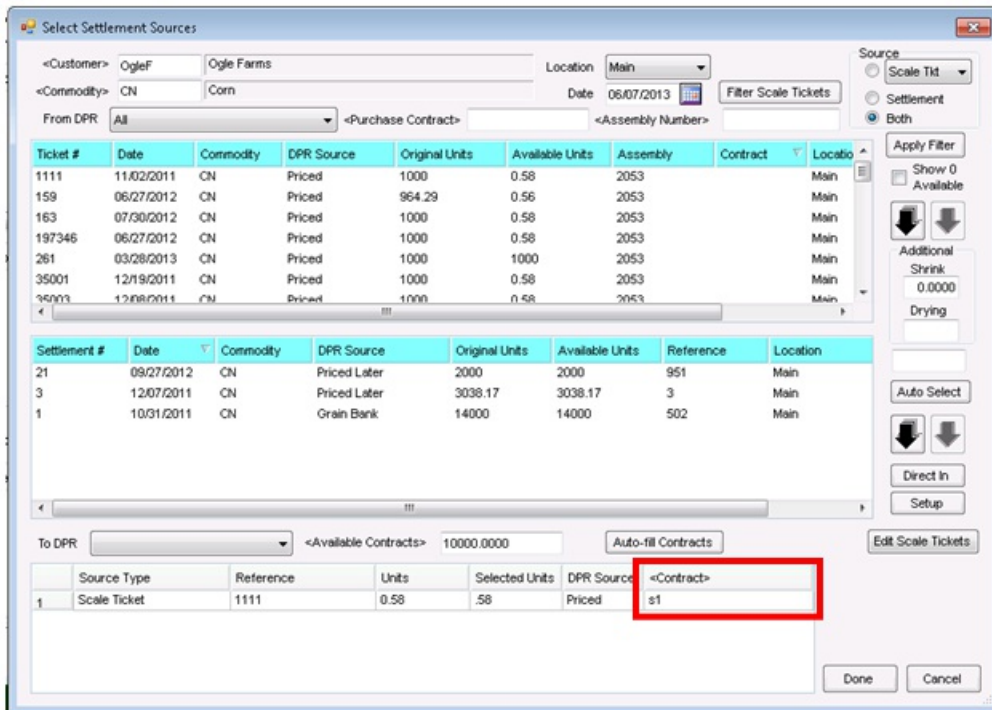
A Spot contract can also be added from the *View Cash Bids* utility.
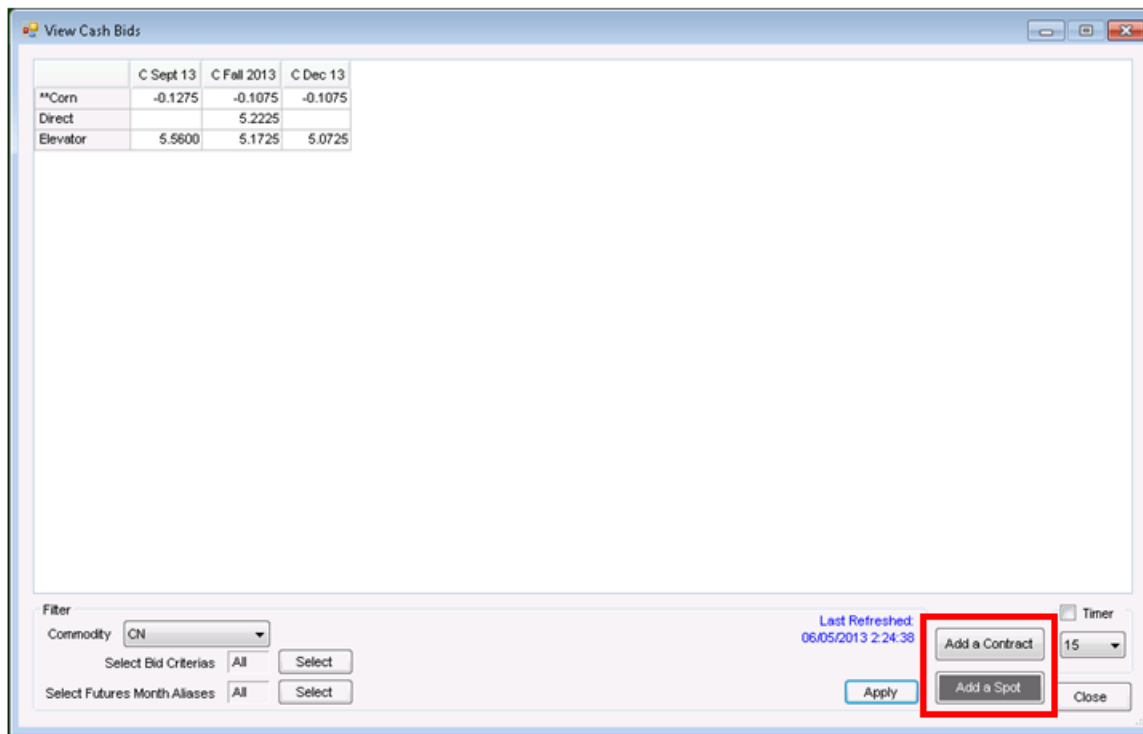
This will allow the grain merchandiser to keep an eye on current cash bids and also keep up with adding purchase and spot contracts. When a farmer inquires about price, the merchandiser will have the price in front of him and if the merchandiser needs to create a Spot or regular purchase contract, all that is needed is to highlight the cell that represents the bid criteria for the required futures month and click on **Add Contract** or **Add a Spot**. The commodity, bid criteria, cash, basis and future price will default into the contract with the remaining information needing to be

completed by the merchandiser.

Reports are also available to help isolate Spot Contracts. These reports can be found in the *Purchase Contra* as well as on the *Daily Transaction Report* and selecting *Spot Purchases.*