Purchase Offer Contracts

To help track producer grain offers for future delivery, a Purchase Offer Contract transaction gives the ability to document producer offers to sell grain. Enter and print Purchase Offer Contracts with dispositions of Priced, Futures Fixed, or Hedged to Arrive. A report and a monitoring utility are available to help monitor and track Offer Contracts to see how close they are to reaching the Offer price. Offer Contracts can easily be converted into actual Purchase Contracts after the Offer price has been reached with minimal additional data entry required.

Setting Up Purchase Offer Contracts

To effectively use Purchase Offer Contracts, a minimal amount of setup needs to be established at *Grain / Setup / Futures Month/Pricing* by entering rows for the Futures Months that will be used for the Offer Contracts as well as the monitoring utility.
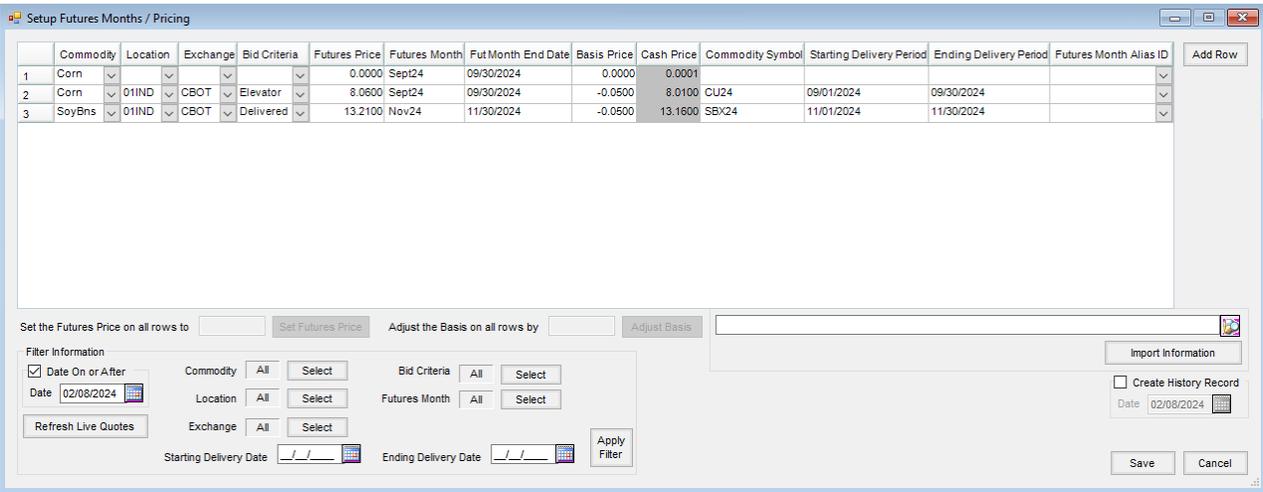
Commodity, Futures Month, and *Fut Month End Date* are all mandatory fields.

Note: Information established at *Setup / Futures Months/Pricing* can be pulled into both Purchase Offers and Purchase Contracts.

Creating a Purchase Offer Contract

Entering Purchase Offer Contracts at *Grain / Operations / Purchase Offer Contract* is very similar to entering the Purchase Contract.

General

- **Contract Number** – This can default if auto numbering is turned on. If auto numbering is turned off, it must be manually entered.

- **Customer ID** – Double-click to indicate the Customer for this Purchase Offer Contract.

- **Commodity** – Double-click to indicate the Commodity for this Purchase Offer Contract.

- **Date Established** – This defaults with the system date but can be edited if needed.

- **Expire Date** – This date is not required. If entered, it can be used as a filter in the Futures Offer report and the Monitor Purchase Offer Contracts utility.

- **Contract Type** – The default is *Priced* but *Basis Fixed*, *Futures Fixed*, or *Hedged-to-Arrive* are also available options.

- **Contract Status** – This defaults as *Open* but *New Crop* is also an available option.

- **Offer Status** – This defaults in as *Open* and will automatically change to *Filled* if **Convert to a Purchase Contract** is selected. Optionally edit existing Offer Contracts and change to *Expired* or *Canceled* when applicable.

- **Contract Quantity** – Enter the quantity for this Purchase Offer Contract. This is required.

- **Futures OP** – The Futures Offer Price is required only for Contract Types of *HTA* or *Futures Fixed*.

- **Cash OP** – The Cash Offer Price is required only on *Priced* Contracts.

- **Futures Month** – This may be selected from the drop-down that was set up earlier. Choose **View Price Grid** to select a row from the *Setup / Futures Months/Pricing* grid. If a row is selected, the *Commodity*, *Location*, *Exchange*, *Bid Criteria*, *Futures Month*, *Start Delivery*, and *Complete Delivery* will be pulled into the Contract. If this data conflicts with information that may already have been entered manually on the Contract, a message

will indicate the data that is in conflict and an opportunity will be given to cancel or continue.

- **Exchange and Bid Criteria** – These are only required if set up on the *Setup / Futures Months/Pricing* grid. If not set up, then both fields are optional. Each may be used as a filter on the Purchase Offer Contract report.
- **Salesperson, Destination, and Pricing Note** – Each of these fields are optional and can be used as filters for report purposes.
- **Start Delivery and Complete Delivery Dates** – These dates are required if used at *Setup / Futures Months/Pricing*. If so, then the dates on the Offer Contract must fall between the dates in the *Setup / Futures Months/Pricing* rows. If not, then they are optional but can be used as filters in the report and the monitor utility.
- **Grading Factors and Schedules** – Schedules for specific Grade Factors may be applied to the Offer Contracts.

Comments

The *Comments* tab is available to add comments that pertain to the contract (**i.e.,** the reason for canceling the Offer Contract). Comments can also be selected from a list of previously saved comments. If an Offer Contract is converted to a Purchase Contract, a cross reference comment will be automatically added to both the Offer Contract and the new Purchase Contract for audit trail purposes.

Purchase Offer Contract Report

The Purchase Offer Contract report at *Grain / Grain Reports / Purchase Offer Contracts* can be used to list and monitor Offer Contracts. The report lists the contracts in ascending order of Offer Price starting with cash offers

first, then listing the futures offers.

To use the report as a monitor, use the *Offer Price Range* filter and enter a low and a high offer price. For example if current cash bid based on previous market close is $7.25 and the daily market limit up is .30, then enter 7.25 for the low and 7.55 for the high. The report will show all Offer Contracts within that range and the offers that could potentially be within the range during the next trading session.


The report can be filtered to show the Priced, Hedged-to-Arrive, Futures Fixed, and/or Basis Fixed Offer Contracts within the Offer Price Range or all Offer Contracts.

Monitor Purchase Offer Contracts Utility

The Monitor Purchase Offer Contracts utility at *Grain / Utilities* can be used to watch Offer Contracts and/or convert Offer Contracts into Purchase Contracts.
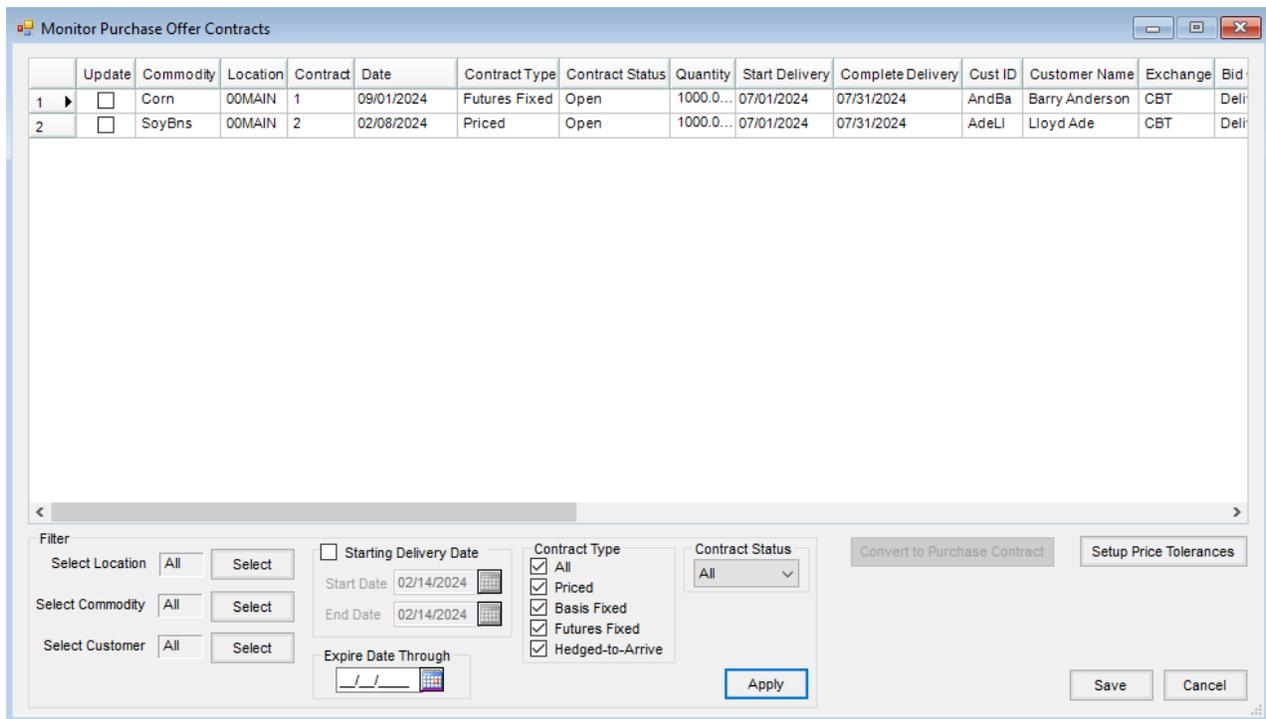
The Monitor utility displays the contracts available to be converted into Purchase Contracts. This utility has several filters to narrow the results. One filter is **Setup Price Tolerance** which is used to filter by the price on the offer. The grid will show all Offer Contracts where the offer price is within the price tolerance of reaching the actual futures or cash price displayed at *Setup / Futures Months/Pricing*. The price tolerance is set per Commodity. If the *Setup Price Tolerances* option is left blank, it will only bring in the contracts that are an exact match to the price in the *Setup / Futures Months/Pricing* grid.
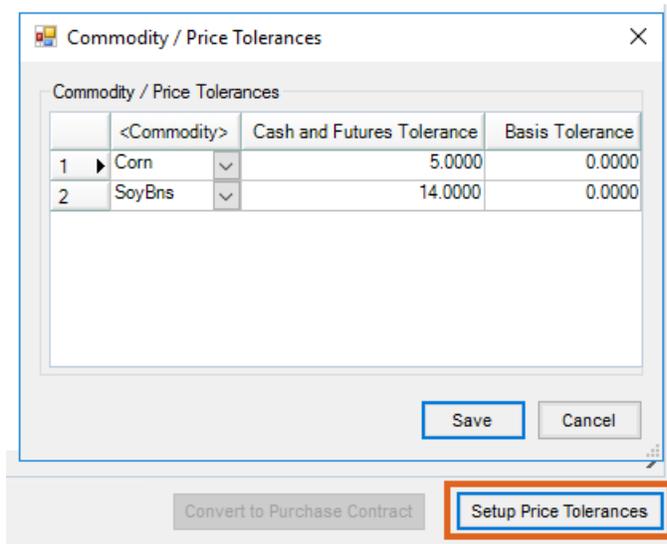
The Monitor utility can be used to cancel, fill, or expire Offer Contracts by changing the Offer status and putting a check in the *Update* column.

Converting Purchase Offer Contracts

Two methods are available to convert Purchase Offer Contracts into Purchase Contracts.

At *Grain / Operations / Purchase Offer Contracts*, editing an Offer Contract allows the Offer to be converted directly into a new Purchase Contract.

In *Grain / Utilities / Monitor Purchase Offer Contracts*, convert the highlighted Offer Contract by selecting **Convert to Purchase Contract** to add a new Purchase Contract using the Offer Contract information as the source.