

## Grain Pricing Order (GPO) For Ontario Producers

If you want to take your mind off the markets and focus on your farm, while South West Ag Partners gets you the price you need, try placing a Grain Pricing Order.

What is it?

When you place a Grain Pricing Order (GPO), you tell South West Ag Partners in advance the price at which you will sell a specific quantity of grain. The delivery period and the GPO expiry date are also decided at this time. When the South West Ag Partners bid reaches your desired price, as long as it's before the expiry date, your grain is automatically sold at this level. If South West Ag Partners bid doesn't reach the price on the GPO within the time frame of agreement, the contract expires on the last day.

What are the Advantages of the Grain Pricing Order?

- You name the price at which you want your grain sold, whether or not you are in touch with your grain marketing specialist when the market actually reaches that level.
- The GPO can be used for unpriced grain, grain not yet grown or harvested, grain already delivered or for grain in storage.
- You take on no additional risk or cost and put South West Ag Partners to work for you watching the market.
- You gain the ability to capture daily rallies in the future market without having to follow the market throughout the trading session.

What are the Risks and Disadvantages of the Grain Pricing Order?

The market may reach a level close enough to your predetermined price to be acceptable to you without reaching your exact specified price. As a result, the marketing opportunity is missed.

When is it used?

Producers generally use a GPO when they aren't able to closely follow the market, but know at what level they can comfortably and/or profitably sell their product.

How does it work?

The local South West Ag Partners bid on March 26<sup>th</sup> is \$3.10 per bushel for October delivery corn. According to your individual farm calculations, \$3.50 is the price you're going to want for this year's crop. So you sign a Grain Pricing Order for \$3.50, because you know you'll be busy with seeding over the next couple of months and won't have time to be in touch with your grain marketing specialist every day. The GPO will expire June 1<sup>st</sup>.

On April 20<sup>th</sup>, when you start planting your crop, the price is still at \$3.10 but by May 2<sup>nd</sup>, the market is up to \$3.25, and then \$3.40 on May 7<sup>th</sup>. By May 15<sup>th</sup> the price South West Ag Partners is bidding for October delivery corn reaches \$3.50/bu and the Grain Pricing Order is filled. You've sold your grain at the desired price even though you were busy seeding the whole time the market was moving.