

GAP Contract

(Goodwine Average Price)

- **Contracts Available**

- New Crop Corn (Fall 2019)
- New Crop Soybeans (Fall 2019)

- **Pricing Period**

- April 25, 2019 to July 25, 2019
- Priced at settlement every Thursday for 14 weeks
 - One exception is Thursday, July 4th (CME IS CLOSED)
 - This pricing will take place at settlement on Tuesday, July 2, 2019

- **Other**

- FREE
- No minimum bushels needed to participate
- No early pricing penalty (See example below)
- \$0.10/bu cancellation fee
- A running average will be tracked and updated on the website on a weekly basis
- DEADLINE TO PARTICIPATE IS CLOSE OF BUSINESS DAY ON **WEDNESDAY, APRIL 24, 2019!**

EXAMPLE – This is an example of how the contract would have worked in 2018. These are the actual prices last year!

Farmer Brown committed 5,000 bushels of corn to a GAP contract.

Goodwine divided the 5,000 bushels of corn into 14 equal parts. Goodwine priced the bushels at the market's settlement price each Thursday during the pricing period. The table on the right shows an example of how the pricing worked. These are the actual prices we paid for new crop corn last year on those specific dates.

- Farmer Brown was obligated to deliver 5,000 bu of corn during harvest 2018.
- Goodwine was obligated to pay Farmer Brown \$3.60/bu on the 5,000 bu delivered.

Dates of pricing	Bushels Priced	Price
4/26/18	357.14	\$ 3.79
5/3/18	357.14	\$ 3.90
5/10/18	357.14	\$ 3.89
5/17/18	357.14	\$ 3.83
5/24/18	357.14	\$ 3.92
5/31/18	357.14	\$ 3.83
6/7/18	357.14	\$ 3.66
6/14/18	357.14	\$ 3.54
6/21/18	357.14	\$ 3.46
6/28/18	357.14	\$ 3.33
7/5/18	357.14	\$ 3.31
7/12/18	357.14	\$ 3.26
7/19/18	357.14	\$ 3.30
7/26/18	357.14	\$ 3.39
	5,000.00	\$ 3.60

The bulk of the 2018 corn harvest took place during the months of September and October. Had Farmer Brown waited and priced this same 5,000 bu in equal increments as he delivered it over that period, he would have averaged \$3.16 which was **\$0.44/bu less** than the GAP contract!

Dates of pricing	Bushels Priced	Price
9/6/18	625.00	\$ 3.24
9/13/18	625.00	\$ 3.08
9/20/18	625.00	\$ 3.07
9/27/18	625.00	\$ 3.16
10/4/18	625.00	\$ 3.19
10/11/18	625.00	\$ 3.21
10/18/18	625.00	\$ 3.22
10/25/18	625.00	\$ 3.13
	5,000.00	\$ 3.16

DISCLAIMER: We understand that research shows selling ahead did not result in a higher price nearly 25% of the time. Goodwine does not guarantee that the GAP contract will have a higher average price than the harvest average.

Early Pricing Example: If on 5/19/18, the price of new crop would have reached \$4.10, Farmer Brown could have called and priced the unpriced portion of his bushels. Using the same example, Goodwine would have already priced 1,428.56 bushels (priced on 4/26, 5/13, 5/10, and 5/17) at an average price of \$3.86. The remaining 3,571.44 bushels would have then been priced at \$4.10 giving Farmer Brown a GAP Contract price of \$3.91. At this point, Farmer Browns participation in the GAP contract would have ended.

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5/17/18	357.14	\$ 3.92
5/19/18	3,571.44	\$ 4.10
	5,000.00	\$ 3.91