

Hedge To Arrive (HTA) contracts

What It is: The futures (CBOT) price of the contract is set, but the basis is not. HTA (Hedge To Arrive) contracts are the opposite of basis contracts.

How it works: You will use this contract when you like the board price for a certain trading period. You will set the number of bushels and the futures price. When you decide which month you want to delivery your bushels to the plant you will choose a current basis for the month of delivery. Once this is done this will set your cash price.

When doing HTAs there is a fee involved for carrying the hedge. The fee is 3 cents plus 1 cent/bushel/option period past the current trading period.

Advantages:

- Flexibility of delivery month
- Downside future risk is eliminated
- May take advantage of basis rallies
- No margin calls
- May avoid a weak basis or low flat prices

Disadvantages :

- Upside future gains cannot be realized
- At risk for basis change
- Must be done in 5000 bu lots
- Local basis knowledge

HTA Example

This example is from Harvest 2016

You know you want to deliver in Oct/Nov or December. Therefore you will choose the December trading period. Your contract now shows \$3.91 futures. This means that you can set delivery for any of the months trading versus the December option month. (Usually oct/nov/dec)

CORN

USDA has adjusted the calculations of LDP data.
[Click here for more information.](#)

Delivery	Cash Price	Futures Month	Futures Price	Futures Change	Basis
Feb 17	3.49	@C7H	363'6	-0'2	-0.15
Mar 17	3.49	@C7H	363'6	-0'2	-0.15
Apr 17	3.56	@C7K	371'2	0'4	-0.15
May 17	3.56	@C7K	371'2	0'4	-0.15
June 17	3.58	@C7N	378'4	0'2	-0.20
July 17	3.58	@C7N	378'4	0'2	-0.20
Aug 17	3.63	@C7U	384'6	0'2	-0.22
Sep 17	3.60	@C7U	384'6	0'2	-0.25
Oct 17	3.61	@C7Z	391'2	0'2	-0.30
Nov 17	3.71	@C7Z	391'2	0'2	-0.20
Dec 17	3.71	@C7Z	391'2	0'2	-0.20
Jan 18	3.75	@C8H	399'6	0'2	-0.25

Price as of 02/27/17 07:32AM CST.

If you make a HTA contract, essentially you are thinking the basis should get better between the day you make the contract and the day you start delivering.

Setting the basis on a (HTA) contract

To finalize the price on this contract you must set the basis. You can set the basis anytime **before** delivery.

This is an example from Harvest of 2016.

In this example you set your futures on 10/24 at \$3.48. You waited to set the basis for 15 days and in doing so gained 14 cents in basis appreciation.

CORN USDA has adjusted the calculations of LDP data.
[Click here for more information.](#)

Delivery	Cash Price	Futures Month	Futures Price	Futures Change	Basis
Oct 16	3.16	@C6Z	348'2s	-4'2	-0.32
Nov 16	3.20	@C6Z	348'2s	-4'2	-0.28
Dec 16	3.20	@C6Z	348'2s	-4'2	-0.28
Jan 17	3.33	@C7H	358'0s	-4'2	-0.25
Feb 17	3.38	@C7H	358'0s	-4'2	-0.20
Mar 17	3.38	@C7H	358'0s	-4'2	-0.20
Apr 17	3.45	@C7K	365'0s	-4'0	-0.20
May 17	3.45	@C7K	365'0s	-4'0	-0.20
June 17	3.51	@C7N	371'2s	-3'6	-0.20
Oct 17	3.56	@C7Z	386'2s	-2'6	-0.30

Price as of 10/24/16 02:21PM CDT.
Select the futures or basis month to view Futures contract information.

The day you locked your futures

$3.48 + -.18 = 3.30$ final price for Dec 16' delivery

CORN USDA has adjusted the calculations of LDP data.
[Click here for more information.](#)

Delivery	Cash Price	Futures Month	Futures Price	Futures Change	Basis
Nov 16	3.30	@C6Z	347'6	1'4	-0.18
Dec 16	3.30	@C6Z	347'6	1'4	-0.18
Jan 17	3.34	@C7H	356'4	1'2	-0.22
Feb 17	3.36	@C7H	356'4	1'2	-0.20
Mar 17	3.36	@C7H	356'4	1'2	-0.20
Apr 17	3.44	@C7K	364'0	1'0	-0.20
May 17	3.44	@C7K	364'0	1'0	-0.20
June 17	3.51	@C7N	371'0	1'0	-0.20
Oct 17	3.55	@C7Z	385'4	0'6	-0.30

Price as of 11/08/16 08:45AM CST.

15 days later when you locked your basis