How Cargill Risk Management Works with Customers

Jill is a Buyer at Jill's Poultry

Cargill Meal Merchant

Cargill Risk Management representative

Jill's goal is to **control** input costs and **maximize margin** on meat sales

She buys soybean meal for her poultry feed from Cargill for December for delivery

She works with her Cargill Risk Management representative to customize a hedging solution that aligns with her market bias and meets her objectives

SOLUTION

The pricing solution is a Trigger Cap, embedded into the Cargill supply chain

SMZ: $310
Quantity: 100 contacts
Trigger: $310
Reprice: $290
Additional: $290
Expiration: November

On Expiration the market settles at $305, her effective reprice level on 100 contracts is $290

SWAPS

Cargill Risk Management transfers swaps internally to the Cargill business, the meal merchant calculates the final price using 290 as the futures level

Jill's Poultry receives delivery of meal to their feed plant

FUTURES

MARGIN

Because of the Cargill Risk Management solution, Jill reduced her futures level, as a result enhancing the margin on her chicken sales

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