Target pricing

The target pricing service lets producers place price lock-in orders for their fixed price, basis or futures prices. The service is available for Basis Payment Contract (BPC) and Fixed Price Contract (FPC) for wheat, FPC for durum, FPC for feed barley and FPC and BPC for selected barley programs. Producers indicate to the CWB the target price at which they want their contract locked in, the class or type of grain, tonnage and the time period over which the order is to stand.

There is no fee for target pricing a BPC or FPC with the CWB. The CWB monitors prices daily. If a minimum of the daily settlement price (released every business day at 2:30 p.m. Central Time) reaches or exceeds the target price, the order will be filled. Target orders are matched to the daily settlement values, and not to intra-day trading values. If the settlement price exceeds the target price, the producer will receive a contract for the higher settlement value. The service is free of charge and orders may be cancelled at any time **before they are filled**. Orders may be placed at any time during the sign-up period for the related program for BPCs that have the basis value locked in. Futures price orders can be placed until the basis contract month expiry date for the corresponding futures month. Producers can place a target price order by calling the CWB at 1800-275-4292 between 7:00 a.m. and 6:00 p.m. Central Time, Monday to Friday or faxing in a form available on the CWB Web site or through Fax on Demand, (service available 24 hours a day).

Futures target pricing example

On May 10 a producer locks in a 200 tonne CWRS December basis at \$23.65 per tonne over the Minneapolis futures. The producer has budgeted for a total BPC value of \$200 and realizes that he or she will need a futures value of \$176.35 CDN per tonne to accomplish this. On May 15, the producer completes a target pricing application form, indicating they want a December futures value of \$176.35 CDN per tonne for this specific contract, and indicate that he or she has set the time period to last until basis contract month expiry date of November 29, 2006. The producer will receive a letter confirming the target order has been entered, and another letter when and if the target price has been filled. Target pricing allows the producer to participate in possible futures market rallies without having to watch daily market conditions.

	May 10	May 15	July 17
Producer locks in Dec CWRS Basis upon BPC sign-up:	\$23.65		\$23.65
Producer places target order for Dec CWRS:		\$176.35	
Target price reached July 17, futures market closes at \$177.10.			<u>\$177.10</u>
Producer's BPC becomes fully priced as of July 17.			\$200.75

FPC/BPC sign up deadline is November 1, 2006 at 7:30 a.m. C.T.

Basis contract month expiry dates

Futures month	Expiry date	Last opportunity to lock in futures
December 2006	November 29, 2006	7:30 a.m. November 30, 2006
March 2007	February 27, 2007	7:30 a.m. February 28, 2007
May 2007	April 26, 2007	7:30 a.m. April 30, 2007
July 2007	June 28, 2007	7:30 a.m. June 29, 2007

An example of how to complete the Target Pricing Application related to this illustration is on the reverse.

#CWB	TARGET	PRICING	APPLICATION
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Wheat, durum, selected barley, feed barley

2006-07 Fixed Price Contract and Basis Payment Contract Target Pricing

This document forms part of the:

2006-07 CWB Fixed Price Contract and Basis Payment Contract for Wheat: Terms and Conditions; 2006-07 CWB Fixed Price Contract and Basis Payment Contract for Selected Barley: Terms and Conditions;

2006-07 CWB Fixed Price Contract for Durum: Terms and Conditions;

2006-07 CWB Fixed Price Contract for Feed Barley: Terms and Conditions.

Grain committed to the Fixed Price Contract (FPC) or Basis Payment Contract (BPC) programs must be delivered and settled in the 2006-07 crop year. Grain delivered into storage under 2005-06 CWB delivery contracts cannot be settled against a 2006-07 FPC or BPC.

Please complete all information in this ar	ea.	
Producer's Name ("the Producer") as shown on	the Delivery Permit	
Image: Book of the second system Constraints Producer's Identification No. Producer's Identification No. Producer's Identification No.	e r l l l l l l l l l l l l l l l l l l	Producer's Fax No.
0 0 1 2 3 4 5 6 7 8 (30	06)555-5309	(306)555-5310
	native Telephone No. (daytime/cell)	
()	
A PROGRAM _ FPC (Ch	oose grain and, if applicable, class/t	type and proceed to C)
	noose grain and, if applicable, class/	type and proceed to B)
GRAIN Wheat If Target Price is for wheat, please indica	ate class:	cted barley 🗌 Feed barley
(choose only one class per form):	WRS CPSR CPSW C	WRW CWES CWSWS CWHWS
If Target Price is for selected barley, please	e indicate type (choose only one ty	ype per form):
B FUTURES OR BASIS Choose a target price for your Basi	s or Futures (choose one and pro	ceed to C)
If your target price is for an existing ba	isis contract, provide your contract r	number 999999
	ber 2006 March 2007 (^W	Vheat (nly) If targeting a Basis contract, enter only the Basis or the Futures target price. Do not combine them.
.		only)
C Please indicate the <i>Net Tonnes</i> and y	our Target Price. Net Tonnes	Target Price \$ 176,35
	00	
	Minimum of 20 tonr	
Part D must be completed		
D TIME PERIOD Choose the t	time period for which you wish you	r target price order to be valid.
☐ 30-day ☐ 60-day ☐ Until I (the e	November 1, 2006 (7:30 a.m. CT) and of the sign-up period)	Until Basis Contract Month Expiry Date. (If there is an existing basis contract.)
Dnce your <i>Target Price</i> has been met, a contra The CWB will send you an information staten ⁄ou have the right to change or rescind your	nent which includes your contract nu	imber.
READ THE FOLLOWING CAREFULLY. I (the <i>Producer</i>) have read the <i>Terms and Condi</i> and sending it to the CWB, I am selecting the ta options I have selected herein.		ted on this application. By completing this documer the said Terms and Conditions will a pply to the
Bob Producer	Pre	sident
Producer's Signature	Position	in Company (If Applicable)
Data		FAX (204) 983-803
Date		Phone 1-800-275-429
Important: Please keep the original f	or your records.	(7 a.m. to 6 p.m. Mon F Central Tim