StoneX®

StoneX Australian Feeder Cattle Swap

Helping you manage cattle price risk

farmers | feedlotters | processors | traders | manufacturers | others

StoneX is committed to advancing Australia's agriculture and cattle industry by developing financial products aimed at managing market and price risks. This initiative underscores StoneX's dedication to supporting the Australian cattle industry through the introduction of the cattle swap, a tool designed to mitigate business-related market and price risks in the industry.

What is a swap?

A swap is a financial derivative that enables users to secure a future price for cattle by connecting buyers and sellers, thereby managing price and market risk throughout the year.

Why is this important?

- Continued price volatility in the cattle market has made it evident that a tool to manage price risk is needed.
- By using this product, market participants can protect and manage their margins so that unfavourable market price changes do not significantly impact the return on their cattle.
- There are continued geopolitical, seasonal, supply/demand and other risks within the cattle market, the StoneX swap aims to help mitigate these risks

What is the StoneX Feeder Cattle swap?

The swap is a forward contract that allows industry participants to better manage their forward price risk and protect their margins, the details are below:

Index specifications

Weight: 380 – 480kg liveweight

Dentition: 0-2 tooth

Breed: Flatback (less than 51% tropical content)

Location: Delivered Darling Downs (300km radius of Dalby)

Priced in: c/kg lwt

Swaps – key details

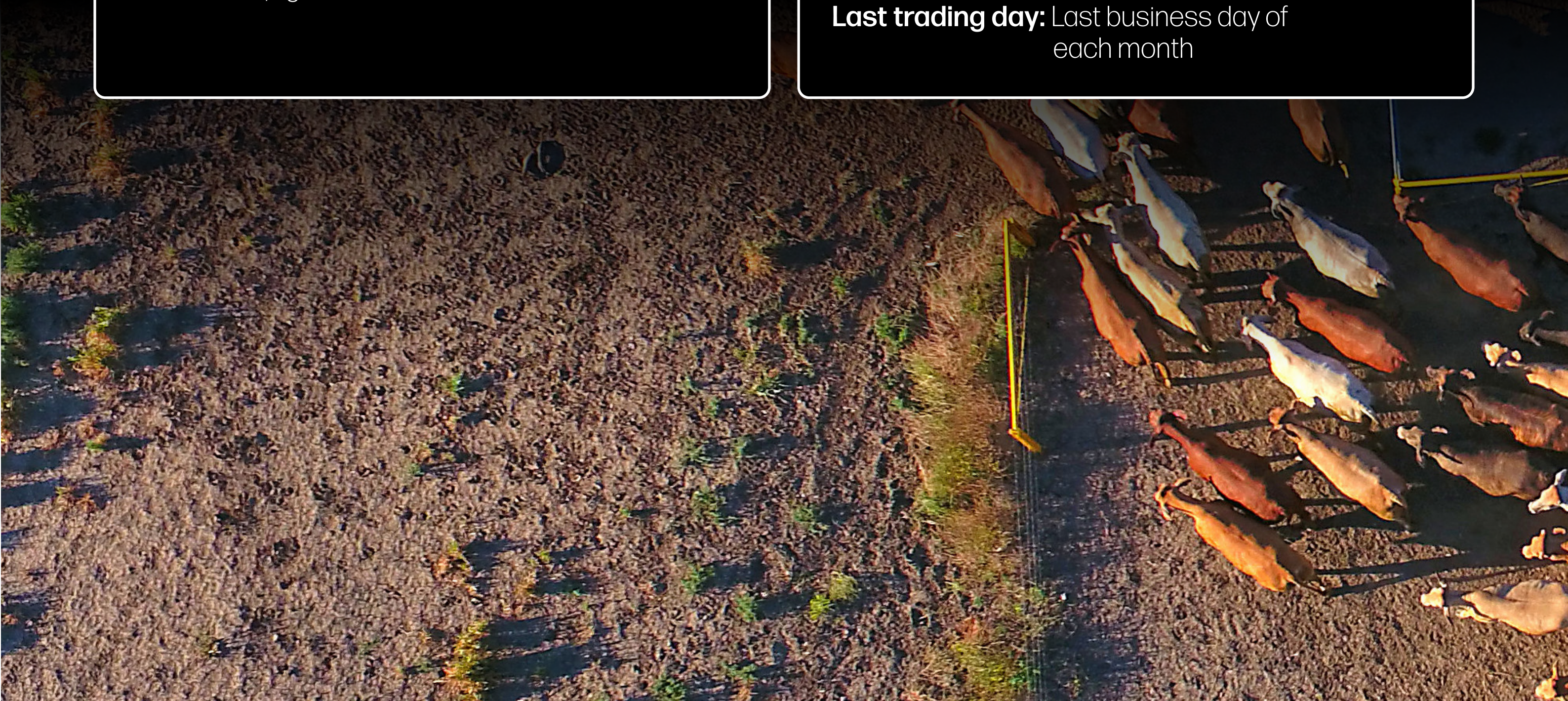
Lot size: 10,000kg liveweight

Pricing Unit: A$ c/kg lwt

Contract months: Rolling 12 consecutive months

Settlement: Cash settled against the month average price of Argus Feeder Steer Index

Last trading day: Last business day of each month



How is the swap priced?

Argus Media, one of the world's leading price reporting agencies, produces the Argus Australia Northern Feeder Cattle Index weekly. Transaction prices between farmers and feedlots in the Darling Downs are derived from over 30 companies operating in eastern Australia's cattle market, it is these transaction prices that form the Argus Index.

This close collaboration helps ensure that price inputs from a deep pool of sources across the supply chain comprise the index – enabling it to serve as a relevant and trusted price benchmark for use in physical supply agreements and financial derivatives contracts, as well as for analysis and planning.

How does the swap work?

StoneX acts as the broker to the swap, they bring together buyers and sellers at an agreed price for a particular forward month.

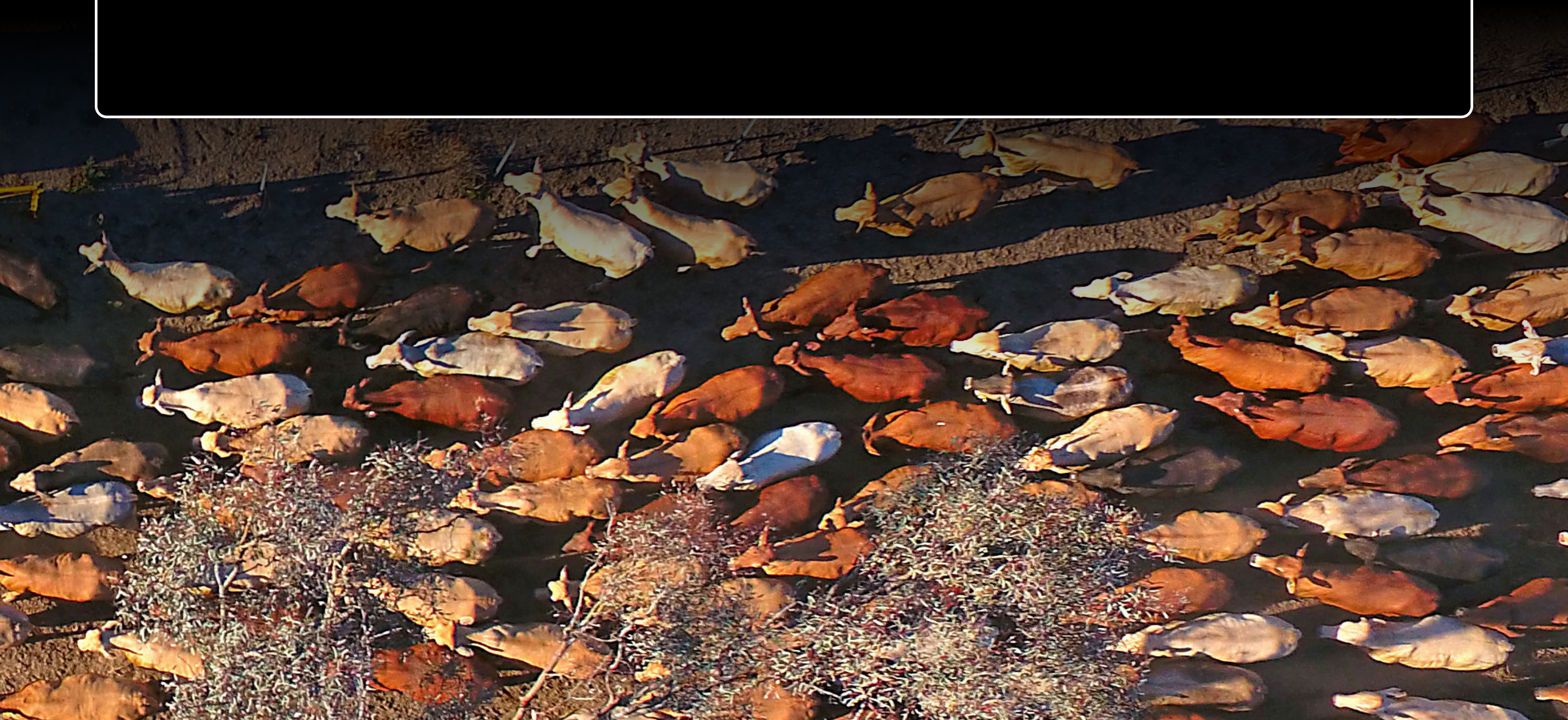
StoneX then acts as the "middle man" through an account with both parties, this enables the participants to maintain anonymity and avoid counterparty credit risk within the industry. At expiry the trade is then cash settled against the average of the Argus Feeder Cattle Index for that particular month.

What about stocks that do not fit index specifications?

The swap can be used to manage risk for cattle of any breed, in any location and of any type. Its designed to define a clear relationship between different specifications and to be used by Farmers, Feedlotters, Processors, Traders, Manufacturers and Consumers.

Can I deliver physical cattle if I use the swap?

You can't deliver physical cattle to settle the swap, however it is designed to be implemented in supply chains or give you the ability to make a simultaneous transaction against the swap when you deliver the cattle.



To find out more and discuss the swap, cattle markets and prices call:

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About StoneX

StoneX Group Inc. (NASDAQ: SNEX) a Fortune-100 company and its subsidiaries are a leading provider of execution, risk management, advisory, market information, and clearing services for various asset classes and markets worldwide.
