



AVERAGE PRICE PROGRAMS

Fall 2018 thru Fall 2019



POET Grain Average Price Program

- Select a delivery period to enroll bushels
- Select a pricing period that will determine the average price based on daily CBOT settlements
- Establish basis anytime up to delivery

How it Works

- Number of bushels priced daily will be equal to number of unpriced bushels remaining divided by number of trading days remaining in your pricing period.
- You can always price remaining unpriced bushels at any time.
- You can set the basis any time prior to delivery.

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|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Delivery Period: | Oct - Dec '18 | Jun—Jul '19 | Oct—Dec '19 | Oct-Dec '19 |
| Futures Month: | May '19 (CK19) | July '19 (CN19) | Dec '19 (CZ19) | Dec '19 (CZ19) |
| Pricing Period: | Jan 2, 2019— Mar 29, 2019 | Jan 2, 2019— May 31, 2019 | Jan 2, 2019— Jun 28, 2019 | Jun 3, 2019— Aug 30, 2019 |
| Pricing Days: | 61 Days | 104 Days | 124 Days | 64 Days |
| Fee Per Bushel: | \$.05 | \$.05 | \$.05 | \$.05 |
| Sign Up Deadline: | Dec 14, 2018 | Dec 14, 2018 | Dec 14, 2018 | May 27, 2019 |

*Basis must be set prior to delivery for all Average Price Contracts at locations posted bid.

Example:

You enter into an Average Price contract to sell 5,000 bushels of corn for November 2018 with a pricing period of Jan 2, 2019 thru Mar 29, 2019. (61 days) for an investment of 5 cents. The Average Price contract guarantees that your futures price will be the average of the daily close during the pricing period.

5,000 bushels / 61 days = 82 bushels per day will be priced during the pricing period.



Scenario #1: The Average daily futures settlement for the period was \$4.00.

\$4.00 Average Settlement Price
-\$.05 Avg Price Contract Fee
-\$.10 Basis (varies by location)

\$3.85 Cash Price

Scenario #2: Midway thru the pricing period CBOT Futures have rallied 30 cents higher. You decide to price the remainder of the un-priced bushels on the Average Price contract. The average price up to that date is \$3.90 on 2,500 bushels that have been priced so far. The remaining 2,500 bushels are priced at an average of \$4.20 making the new average price on the entire 5,000 bushels \$\$4.05.

\$4.05 Average Settlement Price
-\$.05 Avg Price Contract Fee
-\$.10 Basis (varies by location)

\$3.90 Cash Price



Portfolio Approach

A Portfolio Approach to grain marketing can diversify your marketing efforts.

Any given year can change which marketing approach works best.

Average Price contracts are solid and traditional foundations to a diverse marketing program.