



AVERAGE PRICE PROGRAMS

Fall 2017 thru Fall 2018



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.

Delivery Period:	Oct - Dec '17	Jun—Jul '18	Oct—Dec '18	Oct-Dec '18
Futures Month:	May '18 (CK18)	July '18 (CN18)	Dec '18 (CZ18)	Dec '18 (CZ18)
Pricing Period:	Jan 2, 2018— Mar 30, 2018	Jan 2, 2018— May 31, 2018	Jan 2, 2018— Jun 29, 2018	Jun 1, 2018— Aug 31, 2018
Pricing Days:	62 days	104 days	125 days	65 days
Fee Per Bushel:	\$.05	\$.05	\$.05	\$.05
Sign Up Deadline:	Dec 18, 2017	Dec 18, 2017	Dec 18, 2017	May 28, 2018

*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 2017 with a pricing period of Jan 2, 2018 thru Mar 31, 2018. (62 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 / 62 days = 80.6 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
-\$0.10 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
-\$0.10 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.