



## AVERAGE PRICE PROGRAMS

Fall 2020 thru Fall 2021



## 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 '20<br>Prog #23    | Jun—Jul '21<br>Prog #24      | Oct—Dec '21<br>Prog #25      | Jun—July '21<br>Prog #26     | Oct-Dec '21<br>Prog #27      |
|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Futures Month:    | May '21 (CK21)               | July '21 (CN21)              | Dec '21 (CZ21)               | Sep '21                      | Dec '21 (CZ21)               |
| Pricing Period:   | Jan 4, 2021—<br>Mar 31, 2021 | Jan 4, 2021—<br>May 28, 2021 | Jan 4, 2021—<br>Jun 30, 2021 | Jun 1, 2021—<br>Aug 31, 2021 | Jun 1, 2021—<br>Aug 31, 2021 |
| Pricing Days:     | 61 Days                      | 102 Days                     | 124 Days                     | 65 Days                      | 65 Days                      |
| Fee Per Bushel:   | \$.05                        | \$.05                        | \$.05                        | \$.05                        | \$.05                        |
| Sign Up Deadline: | Dec 21, 2020                 | Dec 21, 2020                 | Dec 21, 2020                 | May 24, 2021                 | May 24, 2021                 |

\*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 2020 with a pricing period of Jan 4, 2021 thru Mar 31, 2021. (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.