Jewell

MINIMUM PRICE

What is a minimum price contract?

The **POET Minimum Price** contract allows you to sell your corn today for an accepted floor price while still enabling you to participate in the futures market.

This option is beneficial to those of you who are seeking to lock in a floor price, but believe that there is upside potential in the futures market.

Advantages:

- **You establish the quantity, floor price, and pricing period**
- **Opportunity to capture gains when there is an increase in the futures price or early on in the trade**
- **You get to deliver the corn now and get paid the minimum price**

Disadvantages:

- **There is a fee associated with this contract**
- **Possible loss of the fee you paid if the futures price trades sideways or decreases**

How it works:

A Minimum price contract will allow you to deliver now, and get paid now for the Minimum price that was locked in; all while still having the potential to take unlimited upside gains later. This is a option allows you to still participate in any upside market potential, while delivering bushels at a time convenient for you.

Example:
The current cash bid is $3.00, and you select the July 2021 strike price of $3.60, which has a $.25 cent investment cost.

Here's the math:

Current Cash Price	$3.00
Min. Price Investment	- 0.25
Cash Price	$2.75

You will be paid $2.75 upon delivery of the grain, the July $3.60 strike price has an expiration date of 6/25/2021. If at anytime up to that date, as long as there is value left in the call option you can capture it and add the premium to your minimum price.

Here are a couple of different scenarios that could take place:

Scenario #1:

Expiration Date: 6/25/2021

Strike Price: $3.60

On 6/25, the market closes at $3.40 N futures. Since we are below the $3.60 strike price and at expiration, there are no gains to be had. The option will expire worthless.

Scenario #2:

Expiration Date: 6/25/2021

Strike Price: $3.60

On 6/25, the market closes at $4.00 futures. The closing price is $0.40 above the strike price. You will have a check cut for nearly $0.40/bu.

Scenario #3:

Expiration Date: 6/25/2021

Strike Price: $3.60

You are still a couple of months from your option expiration date; however the market is up and the July futures are trading at $4.00/bu. Rather than risk waiting until the expiration date, you decide to call in take the value of the call. Your premium will be at least $0.40/bu.

Keys to Remember:

- You may execute your option at any point up to option expiration
- You *must* call us to execute
- Option may be executed below strike price to take advantage of any remaining value left in the call

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