



AVERAGE PRICE PROGRAMS

Fall 2021 thru Fall 2022



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 '21 Prog #28 | Jun—Jul '22 Prog #29 | Oct—Dec '22 Prog #30 | Jun—July '22 Prog #31 | Oct-Dec '22 Prog #32 |
|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Futures Month: | May '22 | July '22 | Dec '22 | Sep '22 | Dec '22 |
| Pricing Period: | Jan 4, 2022— Mar 31, 2022 | Jan 4, 2022— May 31, 2022 | Jan 4, 2022— Jun 30, 2022 | Jun 1, 2022— Aug 31, 2022 | Jun 1, 2022— Aug 31, 2022 |
| Pricing Days: | 61 Days | 102 Days | 123 Days | 65 Days | 64 Days |
| Fee Per Bushel: | \$.05 | \$.05 | \$.05 | \$.05 | \$.05 |
| Sign Up Deadline: | Dec 20, 2021 | Dec 20, 2021 | Dec 20, 2021 | May 23, 2022 | May 23, 2022 |

*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 2022 with a pricing period of Jan 4, 2022 thru Mar 31, 2022. (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.

$5,000 \text{ bushels} / 61 \text{ days} = 82$
bushels per day will be priced during the pricing period.



Scenario #1: The Average daily futures settlement for the period was \$5.00.

\$5.00 Average Settlement Price
-\$.05 Avg Price Contract Fee
-\$.10 Basis (varies by location)

\$4.85 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 \$4.90 on 2,500 bushels that have been priced so far. The remaining 2,500 bushels are priced at an average of \$5.20 making the new average price on the entire 5,000 bushels \$5.05.

\$5.05 Average Settlement Price
-\$.05 Avg Price Contract Fee
-\$.10 Basis (varies by location)

\$4.90 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.