



## AVERAGE PRICE PROGRAMS

Fall 2022 thru Fall 2023



## 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 '22 Prog #34	Jun—Jul '23 Prog #35	Oct—Dec '23 Prog #36	Oct-Dec '23 Prog #37	Oct-Dec '23 Prog #38
Futures Month:	May '23	July '23	Dec '23	Dec '23	Dec '23
Pricing Period:	Jan 3, 2023— Mar 31, 2023	Jan 3, 2023— May 31, 2023	Jan 3, 2023— Jun 30, 2023	Apr 17, 2023- July 15, 2023	Jun 1, 2023— Aug 31, 2023
Fee Per Bushel:	\$.05	\$.05	\$.05	\$.05	\$.05
Sign Up Deadline:	Dec 16, 2022	Dec 16, 2022	Dec 16, 2022	Apr 12, 2023	May 26, 2023

\*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 2023 with a pricing period of Jan 3, 2023 thru Mar 31, 2023. (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 = 81 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.