

RPowerD™ - Harvest is a great time to talk about 2019 plans

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Harvest is a great time to talk about 2019 planning. Last issue, we talked about the large premium we are currently seeing in 2019 prices vs where 2018 prices are trading. The opportunity for growers to establish floor prices now for 2019 crops and to expand their opportunity for even higher minimum prices with growing season intervals on up to 110% of the most acres planted in the past four years is highlighted at this [Link](#). And even better, they pay nothing until harvest of 2019!

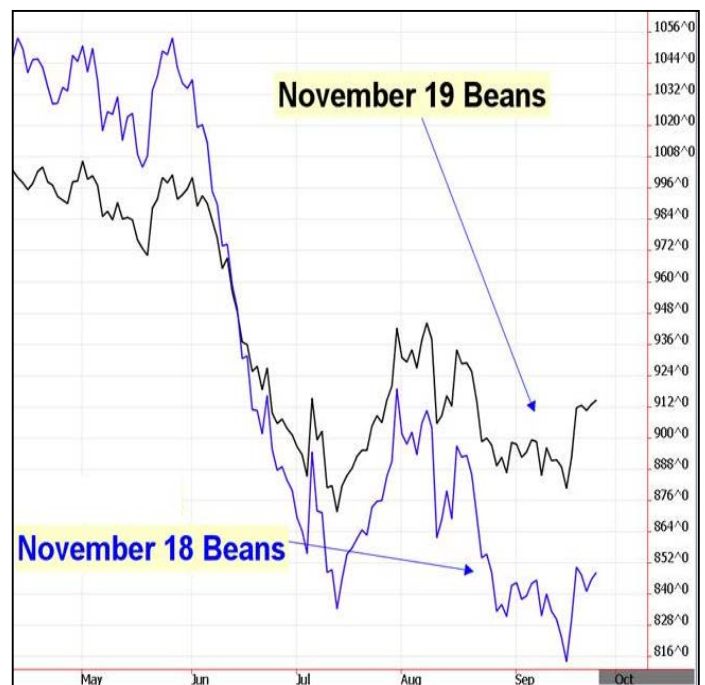
Early predictions for 2019 acres were published by Infoma Economics last week and show a major shift to more corn acres and less soybean acres for 2019. This makes a corn price hovering around \$4.00 for the 2019 year look pretty attractive considering the \$3.49 harvest price we have experienced the past two growing seasons with less carry-out and fewer export limitations than we are looking at for 2019.

2019 Informa Planted Acres Estimates

(mln acres)	2019 est	2018	% Change
Corn	93.04	89.1	4.4%
Soybean	82.27	89.6	-8.2%
Wheat	50	47.5	5.3%

Who knows what the 2019 February average might be but based on option volatility in the December 2019 CME options, there is a one standard deviation probability (e.g. 67% of the time) the February price will fall between \$3.57 and \$4.38. That means we have risk of seeing the February average about \$0.40 cents per bushel lower than current 2019 prices on corn.

What is \$0.40/bu worth to a producer on corn? Simply multiply their anticipated Approved Yield x \$0.40 and see. For instance: 190 Approved Yield x \$0.40 per bushel = \$76/acre. This means the risk of doing nothing and hoping the February average is at today's price may reduce the producer's minimum revenue guarantee by \$76 per acre for each insured acre should the February Projected Price come in \$0.40 below today's RPowerD Market Price. We get the opportunity of the high end with our RP policy, we can eliminate the \$76/acre of risk with RPowerD right now!



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