



MPowerD™ Power Play – Lock in floor on Soybeans now

Surprise reduction in the 2017 soybean yield from 49.9 to 49.5 (trade was expecting 50) and carry-out reduction of 45 mln bushels in the September report to 430 mln bu was enough to run in some of the shorts in the market and give us a nice rally to 2 ½ month highs Thursday. Total US bean production was left unchanged due to a 680,000 planted acre increase. National Average price was left unchanged.

For many Midwestern producers, the 2018 Soybean closing price of \$10.06 ½ captures at least a net breakeven for the soybean crop that will be planted in the spring of 2018. Now is the time to act.

This Power Play edition of the Revenue Power Guide is designed for sharing with producers who purchased a MP-HPO policy for their 2018 soybeans. This Power Play is a call to action. By creating a MPowerD quote that locks in the Market Price on Friday the 13 producers will have until midnight Monday to make a choice to use \$10.06 ½ as their minimum price compared to the MP-HPO projected price of \$9.66. Capturing the run up now locks out the bottom side and covers cost for many producers. (\$10.06 ½ x 95% x 57 bu/ac = \$545/acre revenue.)

Additionally, adding Alternative Price Discovery Periods at the same time one locks in a floor price and expands the probability for producers to achieve the highest possible Margin Trigger on their MP-HPO policy as we discussed in previous version of the Revenue Power Guide.

The example shows the Margin Trigger jumping \$22/acre by using Market Price and if we would get an interval to average \$10.40 later in the year \$40 more than MP-HPO.

| Lee | IL | Market Price | Market Price and Mar, Apr, May, Jun, Jul Intervals |
|--------------------------|---------------|--------------------|--|
| Soybean | MP-HPO 95/1.2 | MPowerD-HPO 95/1.2 | MPowerD-HPO 95/1.2 |
| Expected Yield | 57.0 | 57.0 | 57.0 |
| <u>x Projected Price</u> | <u>\$9.66</u> | <u>\$10.065</u> | <u>\$10.400</u> |
| = Expected Revenue | \$551 | \$574 | \$593 |
| Coverage Level | 95% | 95% | 95% |
| Protection Factor | 1.2 | 1.2 | 1.2 |
| Expected Cost | \$157 | \$157 | \$157 |
| Deductible | <u>\$28</u> | <u>\$29</u> | <u>\$30</u> |
| Trigger | \$366 | \$388 | \$406 |
| Total Producer Premium | \$26 | \$36 | \$42 |
| Net Deductible | \$54 | \$65 | \$72 |
| Soybean | MP-HPO 95/120 | MPowerD-HPO 95/1.2 | MPowerD-HPO 95/1.2 |
| Final Yield | 48.0 | 48.0 | 48.0 |
| <u>x Harvest Price</u> | <u>\$9.00</u> | <u>\$9.00</u> | <u>\$9.00</u> |
| = Rev to Count | \$432 | \$432 | \$432 |
| - Harvest Cost | <u>\$165</u> | <u>\$165</u> | <u>\$165</u> |
| Harvest Margin | \$267 | \$267 | \$267 |
| Margin Loss | \$99 | \$121 | \$139 |
| Protection Factor | 1.2 | 1.2 | 1.2 |
| Indemnity | \$119 | \$145 | \$167 |
| Net Indemnity | \$93 | \$109 | \$125 |



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