

RPowerD™ - Using "Market Price" to get yesterday's price

August 14, 2018

RPowerD "Market Price" is defined as the previous trading session's closing price. Since the "Market Price" used Friday was Thursday's closing price, agents were able to make RPowerD quotes on Friday, after the bearish crop report sparked sharply lower trade, using Thursday's closing prices.

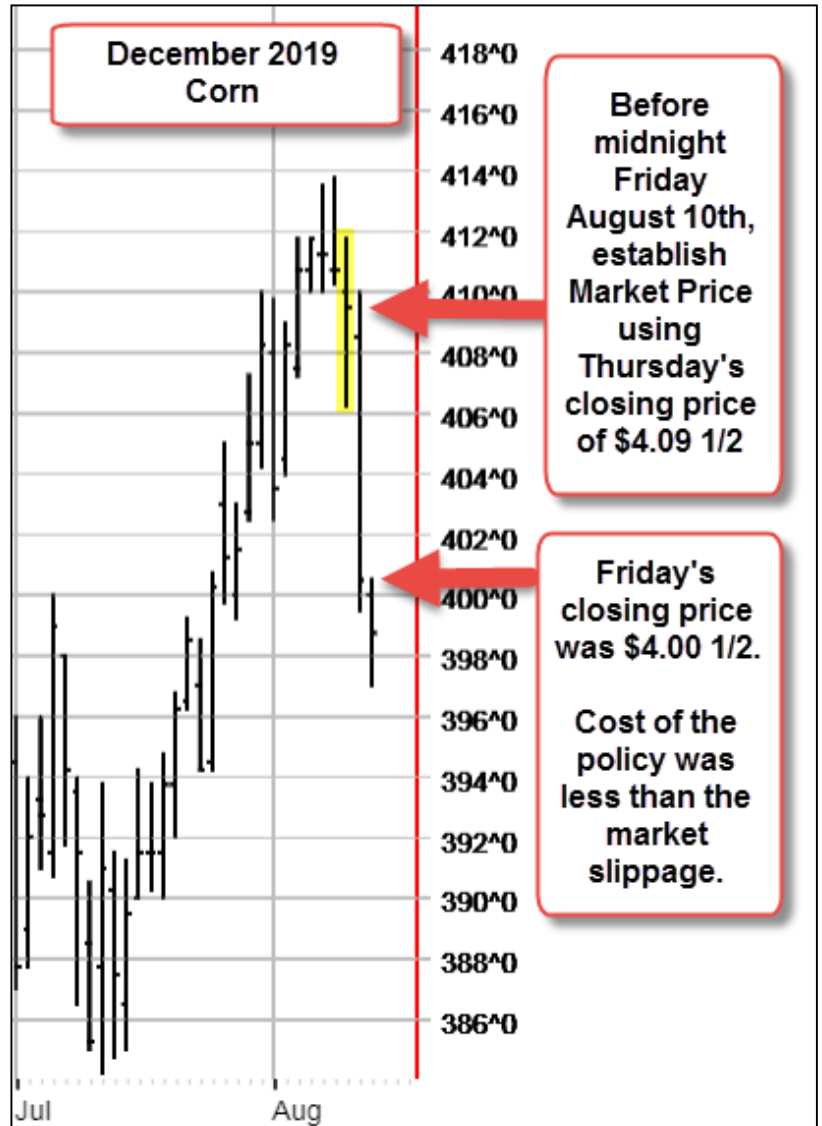
Use Market Price	Market Price	\$4.0050
Opt-In		

To make this even better, the producer had until midnight Saturday, the day after the RPowerD estimate was created, to make a final decision about using RPowerD to establish the minimum price that would be used in the 2019 RPowerD revenue policy.

"Opting-in" to "Market Price" as shown above allows the producer to take advantage of the two trading session "Look Back" feature of RPowerD. A great use for this feature is a situation like we had last Friday. Friday's USDA crop report predicted larger than expected production and ending stocks for 2018 crops and the markets reacted as shown.

The producer could have established the minimum price that will be used in their Revenue Equation for less than the amount the market was down for the day. The producer declares intended acres of 110% of the most acres planted in the past four years but is only charged for acres he actually plants and owes nothing until October of 2019.

Additionally, the producer can expand his opportunity to achieve the highest possible minimum revenue by choosing to purchase up to 12 Alternative Price Discovery periods at the same time he sets his Market Price or he can add additional price discovery intervals later. Finally, since RPowerD prices are always at floor, should we get price rallies later, the producer can buy up his minimum revenue guarantee any day until the April 1, 2019 RPowerD SCD. Learn, analyze, and quote RPowerD at www.agentevantage.com.



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