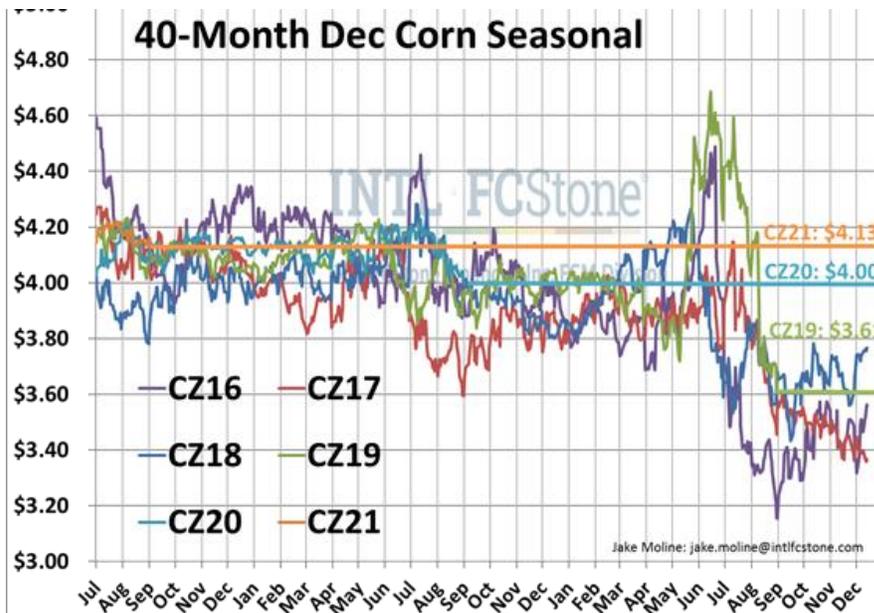


## December 2020 Weekly Accumulator

This contract is really the main contract I like right now and would encourage farmers to use this to get a jump start on marketing next year's crop. I like the weekly accumulator because as each week progresses you know where you are sitting with your double up. I will discuss some of the reasons why I currently like it.

1. It forces you to sell ahead. Once again, selling ahead had it's price advantages, especially if you do not store 100% of your crop. CFE's weighted average price of fall accumulators is \$3.82 (cash price), this is currently ahead of the market by 50-55 cents.

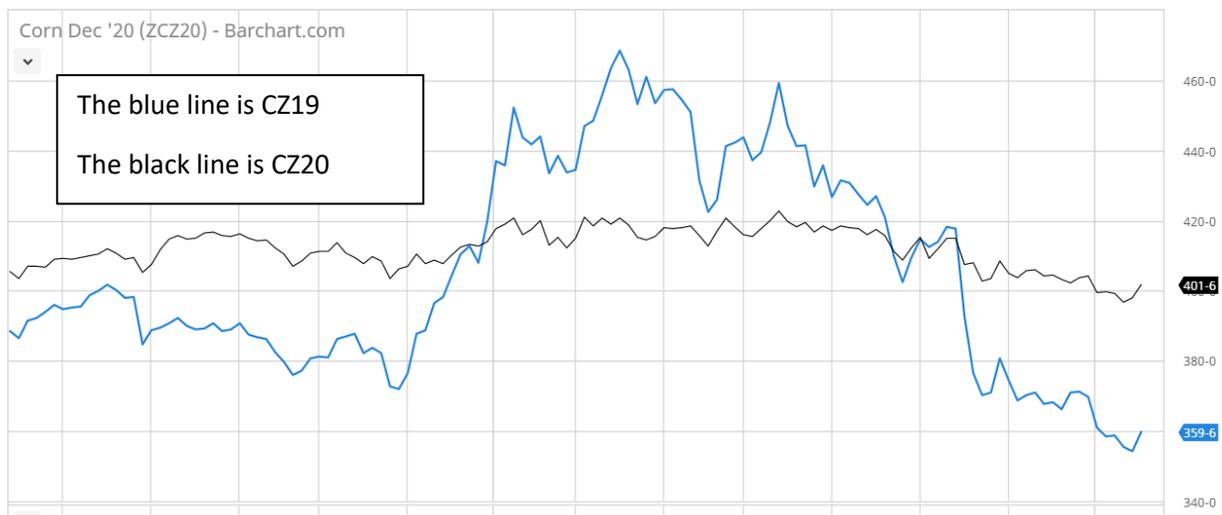


The chart to the left helps illustrate the value of selling ahead and how a carry market typically acts.

The lowest values of DEC corn are typically put in right before harvest/when the DEC contract expires.

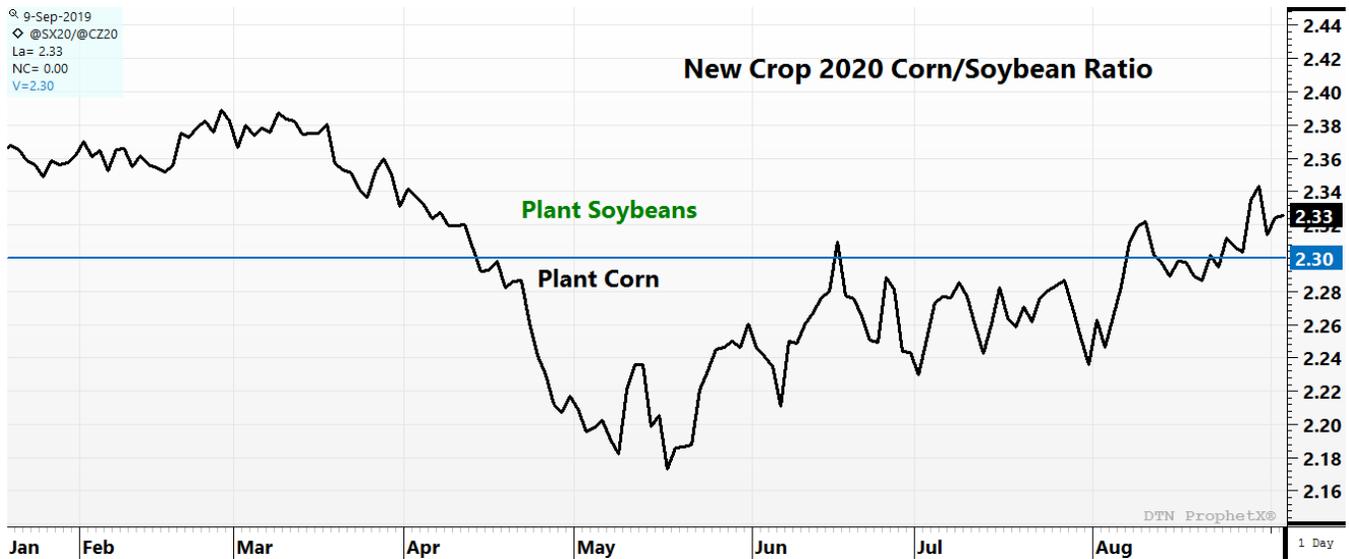
I.e. The carry in futures erodes away as we get to the future.

2. Accumulators tend to work best in range-bound markets. The December 2020 futures have been A LOT more range bound than any of the nearby months. For example- DEC19 has dropped -\$1.04 since July 15<sup>th</sup>. DEC20 has only dropped -\$0.215 since July 15<sup>th</sup>. (see chart below)



3. The further out the accumulator, typically the more option premium in them.
  - a. More time until expiration = more unknowns in the market = more premium

- This may be the most convincing aspect, there is talk of big corn acres next year. Informa put out 95 million acres of corn to be planted next year. To me it doesn't feel the DEC20 corn price is actually 'buying' 95 million acres of corn at the moment, but its more so analysts thinking soybean price is going to continue being depressed and therefore farmers will plant more corn.



- Dec19 futures are trading at 3.615 as I type this up. You could also do a Dec20 weekly accumulator at 4.265 as I type this up. This is 65 cents more.

**CFE's average cash price of accumulators so far this crop year.**

**Fall 2019: \$3.82** (current bid is \$3.36-3.41)

**March 2020: \$3.98** (current bid is \$3.43-3.53)

**July 2020: \$4.19** (current bid is \$3.56-3.66)