



Forward Contract Compared to Put Option Opportunity

Today's Date **2/3/2012**

Forward Contract Opportunity

July Futures Price	\$ 8.13
Today's Basis - for delivery	\$ 0.02
Today's Forward Contract Price	\$ 8.15

2011 Old Crop Hard Red Spring Wheat

Minneapolis Grain Exchange

Put Option Opportunity Using July 12 Wheat Put Options Expiration June 22

	\$ 8.20	\$ 8.10	\$ 8.00	\$ 7.80	\$ 7.60	\$ 7.40	\$ 7.20
Strike Price	\$ 8.20	\$ 8.10	\$ 8.00	\$ 7.80	\$ 7.60	\$ 7.40	\$ 7.20
Less Premium Cost	\$ (0.60)	\$ (0.55)	\$ (0.47)	\$ (0.39)	\$ (0.30)	\$ (0.22)	\$ (0.15)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 7.59	\$ 7.54	\$ 7.52	\$ 7.40	\$ 7.29	\$ 7.17	\$ 7.04
Less Expected Basis	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02
Expected Minimum Cash Price	\$ 7.61	\$ 7.56	\$ 7.54	\$ 7.42	\$ 7.31	\$ 7.19	\$ 7.06

Revenue Per Acre Protected

Yield Estimate of 65 bu/ac	\$495	\$491	\$490	\$482	\$475	\$467	\$459
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 8.73	\$ 8.68	\$ 8.60	\$ 8.52	\$ 8.43	\$ 8.35	\$ 8.28
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Outcomes over a range of futures prices

Range of Prices Expected Cash Prices at Various Futures Prices

Range of Prices	Expected Cash Prices at Various Futures Prices							
\$10.00	\$9.41	\$9.46	\$9.54	\$9.62	\$9.71	\$9.79	\$9.86	
\$9.75	\$9.16	\$9.21	\$9.29	\$9.37	\$9.46	\$9.54	\$9.61	
\$9.50	\$8.91	\$8.96	\$9.04	\$9.12	\$9.21	\$9.29	\$9.36	
\$9.25	\$8.66	\$8.71	\$8.79	\$8.87	\$8.96	\$9.04	\$9.11	
\$9.00	\$8.41	\$8.46	\$8.54	\$8.62	\$8.71	\$8.79	\$8.86	
\$8.75	\$8.16	\$8.21	\$8.29	\$8.37	\$8.46	\$8.54	\$8.61	
\$8.50	\$7.91	\$7.96	\$8.04	\$8.12	\$8.21	\$8.29	\$8.36	
\$8.25	\$7.66	\$7.71	\$7.79	\$7.87	\$7.96	\$8.04	\$8.11	
\$8.00	\$7.61	\$7.56	\$7.54	\$7.62	\$7.71	\$7.79	\$7.86	
\$7.75	\$7.61	\$7.56	\$7.54	\$7.42	\$7.46	\$7.54	\$7.61	
\$7.50	\$7.61	\$7.56	\$7.54	\$7.42	\$7.31	\$7.29	\$7.36	
\$7.25	\$7.61	\$7.56	\$7.54	\$7.42	\$7.31	\$7.19	\$7.11	
\$7.00	\$7.61	\$7.56	\$7.54	\$7.42	\$7.31	\$7.19	\$7.06	
\$6.75	\$7.61	\$7.56	\$7.54	\$7.42	\$7.31	\$7.19	\$7.06	
\$6.50	\$7.61	\$7.56	\$7.54	\$7.42	\$7.31	\$7.19	\$7.06	
\$6.25	\$7.61	\$7.56	\$7.54	\$7.42	\$7.31	\$7.19	\$7.06	
\$6.00	\$7.61	\$7.56	\$7.54	\$7.42	\$7.31	\$7.19	\$7.06	

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