



Forward Contract Compared to Put Option Opportunity

Today's Date

01/04/11

Forward Contract Opportunity

November Futures Price	\$ 12.83
Today's Basis - fall del.	\$ (0.70)
Today's Forward Contract Price	\$ 12.13

2011 New Crop Soybeans

Put Option Opportunity

Strike Price	\$12.80	\$12.60	\$12.20	\$12.00	\$11.80
Less Premium Cost	\$ (1.34)	\$ (1.23)	\$ (1.02)	\$ (0.92)	\$ (0.84)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 11.45	\$ 11.36	\$ 11.17	\$ 11.07	\$ 10.95
Less Expected Basis	\$ (0.60)	\$ (0.60)	\$ (0.60)	\$ (0.60)	\$ (0.60)
Expected Minimum Cash Price	\$ 10.85	\$ 10.76	\$ 10.57	\$ 10.47	\$ 10.35

Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$542.50	\$538.00	\$528.50	\$523.50	\$517.50
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

\$14.17 \$14.06 \$13.85 \$13.75 \$13.67

Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices				
\$13.50	\$11.55	\$11.66	\$11.87	\$11.97	\$12.05
\$13.25	\$11.30	\$11.41	\$11.62	\$11.72	\$11.80
\$13.00	\$11.05	\$11.16	\$11.37	\$11.47	\$11.55
\$12.75	\$10.85	\$10.91	\$11.12	\$11.22	\$11.30
\$12.50	\$10.85	\$10.76	\$10.87	\$10.97	\$11.05
\$12.25	\$10.85	\$10.76	\$10.62	\$10.72	\$10.80
\$12.00	\$10.85	\$10.76	\$10.57	\$10.47	\$10.55
\$11.75	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$11.50	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$11.25	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$11.00	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$10.75	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$10.50	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$10.25	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$10.00	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$9.75	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$9.50	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35
\$9.25	\$10.85	\$10.76	\$10.57	\$10.47	\$10.35

2011 Soybean - Example Guess

Revenue Insurance floor

\$12.50 base

Coverage Election	65%	70%	75%	80%	85%
Futures Price	\$ 8.13	\$ 8.75	\$ 9.38	\$ 10.00	\$ 10.63
Basis	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)
Cash Equivalent	\$ 7.43	\$ 8.05	\$ 8.68	\$ 9.30	\$ 9.93