



## Forward Contract Compared to Put Option Opportunity

Today's Date 01/21/11

### Forward Contract Opportunity

November Futures Price	\$ 13.39
Today's Basis - fall del.	\$ (0.80)
Today's Forward Contract Price	\$ 12.59

2011 New Crop Soybeans

### Put Option Opportunity

Strike Price	\$13.40	\$13.20	\$13.00	\$12.80	\$12.60
Less Premium Cost	\$ (1.36)	\$ (1.24)	\$ (1.12)	\$ (1.02)	\$ (0.93)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 12.03	\$ 11.95	\$ 11.87	\$ 11.77	\$ 11.66
Less Expected Basis	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)
<b>Expected Minumim Cash Price</b>	<b>\$ 11.33</b>	<b>\$ 11.25</b>	<b>\$ 11.17</b>	<b>\$ 11.07</b>	<b>\$ 10.96</b>

### Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$566.50	\$562.50	\$558.50	\$553.50	\$548.00
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	<b>\$ 14.75</b>	<b>\$ 14.63</b>	<b>\$ 14.51</b>	<b>\$ 14.41</b>	<b>\$ 14.32</b>
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### Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices				
\$16.00	\$13.93	\$14.05	\$14.17	\$14.27	\$14.36
\$15.50	\$13.43	\$13.55	\$13.67	\$13.77	\$13.86
\$15.00	\$12.93	\$13.05	\$13.17	\$13.27	\$13.36
\$14.50	\$12.43	\$12.55	\$12.67	\$12.77	\$12.86
\$14.00	\$11.93	\$12.05	\$12.17	\$12.27	\$12.36
\$13.50	\$11.43	\$11.55	\$11.67	\$11.77	\$11.86
\$13.00	\$11.33	\$11.25	\$11.17	\$11.27	\$11.36
\$12.50	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$12.00	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$11.50	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$11.00	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$10.50	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$10.00	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$9.50	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$9.00	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$8.50	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$8.00	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96
\$7.50	\$11.33	\$11.25	\$11.17	\$11.07	\$10.96

### 2011 Soybean - Example Guess

	Revenue Insurance floor			\$13.00 base	
Coverage Election	65%	70%	75%	80%	85%
Futures Price	\$ 8.45	\$ 9.10	\$ 9.75	\$ 10.40	\$ 11.05
Basis	\$ (0.80)	\$ (0.80)	\$ (0.80)	\$ (0.80)	\$ (0.80)
Cash Equivalent	\$ 7.65	\$ 8.30	\$ 8.95	\$ 9.60	\$ 10.25