



### Forward Contract Compared to Put Option Opportunity

Today's Date **04/15/11**

#### Forward Contract Opportunity

September Minn Wheat	\$ 9.00
Today's Basis - fall del.	\$ (1.05)
Today's Forward Contract Price	\$ 7.95

2011 New Crop Spring Wheat

#### Put Option Opportunity Using Dec 11 Mpls Wheat Put Options

Strike Price	\$9.20	\$9.00	\$8.80	\$8.60	\$8.40	\$8.20	\$8.00
Less Premium Cost	\$ (1.08)	\$ (0.95)	\$ (0.84)	\$ (0.73)	\$ (0.62)	\$ (0.53)	\$ (0.44)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 8.11	\$ 8.04	\$ 7.95	\$ 7.86	\$ 7.77	\$ 7.66	\$ 7.55
Less Expected Basis	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)
<b>Expected Minimum Cash Price</b>	<b>\$ 7.66</b>	<b>\$ 7.59</b>	<b>\$ 7.50</b>	<b>\$ 7.41</b>	<b>\$ 7.32</b>	<b>\$ 7.21</b>	<b>\$ 7.10</b>

#### Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$383.00	\$379.50	\$375.00	\$370.50	\$366.00	\$360.50	\$355.00
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 10.08	\$ 9.95	\$ 9.84	\$ 9.73	\$ 9.62	\$ 9.53	\$ 9.44
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#### Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices						
\$16.00	\$14.46	\$14.59	\$14.70	\$14.81	\$14.92	\$15.01	\$15.10
\$15.50	\$13.96	\$14.09	\$14.20	\$14.31	\$14.42	\$14.51	\$14.60
\$15.00	\$13.46	\$13.59	\$13.70	\$13.81	\$13.92	\$14.01	\$14.10
\$14.50	\$12.96	\$13.09	\$13.20	\$13.31	\$13.42	\$13.51	\$13.60
\$14.00	\$12.46	\$12.59	\$12.70	\$12.81	\$12.92	\$13.01	\$13.10
\$13.50	\$11.96	\$12.09	\$12.20	\$12.31	\$12.42	\$12.51	\$12.60
\$13.00	\$11.46	\$11.59	\$11.70	\$11.81	\$11.92	\$12.01	\$12.10
\$12.50	\$10.96	\$11.09	\$11.20	\$11.31	\$11.42	\$11.51	\$11.60
\$12.00	\$10.46	\$10.59	\$10.70	\$10.81	\$10.92	\$11.01	\$11.10
\$11.50	\$9.96	\$10.09	\$10.20	\$10.31	\$10.42	\$10.51	\$10.60
\$11.00	\$9.46	\$9.59	\$9.70	\$9.81	\$9.92	\$10.01	\$10.10
\$10.50	\$8.96	\$9.09	\$9.20	\$9.31	\$9.42	\$9.51	\$9.60
\$10.00	\$8.46	\$8.59	\$8.70	\$8.81	\$8.92	\$9.01	\$9.10
\$9.50	\$7.96	\$8.09	\$8.20	\$8.31	\$8.42	\$8.51	\$8.60
\$9.00	\$7.66	\$7.59	\$7.70	\$7.81	\$7.92	\$8.01	\$8.10
\$8.50	\$7.66	\$7.59	\$7.50	\$7.41	\$7.42	\$7.51	\$7.60
\$8.00	\$7.66	\$7.59	\$7.50	\$7.41	\$7.32	\$7.21	\$7.10
\$7.50	\$7.66	\$7.59	\$7.50	\$7.41	\$7.32	\$7.21	\$7.10

#### 2011 Hard Red Spring Wheat

	Revenue Insurance floor				\$9.89 base	
Coverage Election	65%	70%	75%	80%	85%	
Futures Price	\$ 6.43	\$ 6.92	\$ 7.42	\$ 7.91	\$ 8.41	
Basis	\$ (1.05)	\$ (1.05)	\$ (1.05)	\$ (1.05)	\$ (1.05)	
Cash Equivalent	\$ 5.38	\$ 5.87	\$ 6.37	\$ 6.86	\$ 7.36	

Assumes producing a crop that yields equal to your crop insurance APH

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