



Forward Contract Compared to Put Option Opportunity

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

Forward Contract Opportunity

November Futures Price	\$ 13.39	2011 New Crop Soybeans
Today's Basis - fall del.	\$ (0.80)	
Today's Forward Contract Price	\$ 12.59	

Put Option Opportunity Using Nov 11 Soybean Put Options

Strike Price	\$13.40	\$13.20	\$13.00	\$12.80	\$12.60	\$12.40	\$12.20
Less Premium Cost	\$ (0.98)	\$ (0.87)	\$ (0.78)	\$ (0.68)	\$ (0.60)	\$ (0.52)	\$ (0.45)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 12.41	\$ 12.32	\$ 12.21	\$ 12.11	\$ 11.99	\$ 11.87	\$ 11.74
Less Expected Basis	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)
Expected Minimum Cash Price	\$ 11.71	\$ 11.62	\$ 11.51	\$ 11.41	\$ 11.29	\$ 11.17	\$ 11.04

Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$585.50	\$581.00	\$575.50	\$570.50	\$564.50	\$558.50	\$552.00
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 14.37	\$ 14.26	\$ 14.17	\$ 14.07	\$ 13.99	\$ 13.91	\$ 13.84
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Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices						
\$18.00	\$16.31	\$16.42	\$16.51	\$16.61	\$16.69	\$16.77	\$16.84
\$17.50	\$15.81	\$15.92	\$16.01	\$16.11	\$16.19	\$16.27	\$16.34
\$17.00	\$15.31	\$15.42	\$15.51	\$15.61	\$15.69	\$15.77	\$15.84
\$16.50	\$14.81	\$14.92	\$15.01	\$15.11	\$15.19	\$15.27	\$15.34
\$16.00	\$14.31	\$14.42	\$14.51	\$14.61	\$14.69	\$14.77	\$14.84
\$15.50	\$13.81	\$13.92	\$14.01	\$14.11	\$14.19	\$14.27	\$14.34
\$15.00	\$13.31	\$13.42	\$13.51	\$13.61	\$13.69	\$13.77	\$13.84
\$14.50	\$12.81	\$12.92	\$13.01	\$13.11	\$13.19	\$13.27	\$13.34
\$14.00	\$12.31	\$12.42	\$12.51	\$12.61	\$12.69	\$12.77	\$12.84
\$13.50	\$11.81	\$11.92	\$12.01	\$12.11	\$12.19	\$12.27	\$12.34
\$13.00	\$11.71	\$11.62	\$11.51	\$11.61	\$11.69	\$11.77	\$11.84
\$12.50	\$11.71	\$11.62	\$11.51	\$11.41	\$11.29	\$11.27	\$11.34
\$12.00	\$11.71	\$11.62	\$11.51	\$11.41	\$11.29	\$11.17	\$11.04
\$11.50	\$11.71	\$11.62	\$11.51	\$11.41	\$11.29	\$11.17	\$11.04
\$11.00	\$11.71	\$11.62	\$11.51	\$11.41	\$11.29	\$11.17	\$11.04
\$10.50	\$11.71	\$11.62	\$11.51	\$11.41	\$11.29	\$11.17	\$11.04
\$10.00	\$11.71	\$11.62	\$11.51	\$11.41	\$11.29	\$11.17	\$11.04
\$9.50	\$11.71	\$11.62	\$11.51	\$11.41	\$11.29	\$11.17	\$11.04

2011 Soybean Example

	Revenue Insurance floor			\$13.49 base		
Coverage Election	65%	70%	75%	80%	85%	
Futures Price	\$ 8.77	\$ 9.44	\$ 10.12	\$ 10.79	\$ 11.47	
Basis	\$ (0.80)	\$ (0.80)	\$ (0.80)	\$ (0.80)	\$ (0.80)	
Cash Equivalent	\$ 7.97	\$ 8.64	\$ 9.32	\$ 9.99	\$ 10.67	

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

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