



### Forward Contract Compared to Put Option Opportunity

Today's Date **04/21/11**

#### Forward Contract Opportunity

November Futures Price	\$ 13.71
Today's Basis - fall del.	\$ (0.80)
Today's Forward Contract Price	\$ 12.91

2011 New Crop Soybeans

#### Put Option Opportunity Using Nov 11 Soybean Put Options

Strike Price	\$13.60	\$13.40	\$13.20	\$13.00	\$12.80	\$12.40	\$12.20
Less Premium Cost	\$ (0.98)	\$ (0.87)	\$ (0.78)	\$ 0.66	\$ (0.60)	\$ (0.45)	\$ (0.38)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 12.61	\$ 12.52	\$ 12.41	\$ 13.65	\$ 12.19	\$ 11.94	\$ 11.81
Less Expected Basis	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)
<b>Expected Minimum Cash Price</b>	<b>\$ 11.91</b>	<b>\$ 11.82</b>	<b>\$ 11.71</b>	<b>\$ 12.95</b>	<b>\$ 11.49</b>	<b>\$ 11.24</b>	<b>\$ 11.11</b>

#### Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$595.50	\$591.00	\$585.50	\$647.50	\$574.50	\$562.00	\$555.50
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 14.69	\$ 14.58	\$ 14.49	\$ 13.05	\$ 14.31	\$ 14.16	\$ 14.09
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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	\$17.95	\$16.69	\$16.84	\$16.91
\$17.50	\$15.81	\$15.92	\$16.01	\$17.45	\$16.19	\$16.34	\$16.41
\$17.00	\$15.31	\$15.42	\$15.51	\$16.95	\$15.69	\$15.84	\$15.91
\$16.50	\$14.81	\$14.92	\$15.01	\$16.45	\$15.19	\$15.34	\$15.41
\$16.00	\$14.31	\$14.42	\$14.51	\$15.95	\$14.69	\$14.84	\$14.91
\$15.50	\$13.81	\$13.92	\$14.01	\$15.45	\$14.19	\$14.34	\$14.41
\$15.00	\$13.31	\$13.42	\$13.51	\$14.95	\$13.69	\$13.84	\$13.91
\$14.50	\$12.81	\$12.92	\$13.01	\$14.45	\$13.19	\$13.34	\$13.41
\$14.00	\$12.31	\$12.42	\$12.51	\$13.95	\$12.69	\$12.84	\$12.91
\$13.50	\$11.91	\$11.92	\$12.01	\$13.45	\$12.19	\$12.34	\$12.41
\$13.00	\$11.91	\$11.82	\$11.71	\$12.95	\$11.69	\$11.84	\$11.91
\$12.50	\$11.91	\$11.82	\$11.71	\$12.95	\$11.49	\$11.34	\$11.41
\$12.00	\$11.91	\$11.82	\$11.71	\$12.95	\$11.49	\$11.24	\$11.11
\$11.50	\$11.91	\$11.82	\$11.71	\$12.95	\$11.49	\$11.24	\$11.11
\$11.00	\$11.91	\$11.82	\$11.71	\$12.95	\$11.49	\$11.24	\$11.11
\$10.50	\$11.91	\$11.82	\$11.71	\$12.95	\$11.49	\$11.24	\$11.11
\$10.00	\$11.91	\$11.82	\$11.71	\$12.95	\$11.49	\$11.24	\$11.11
\$9.50	\$11.91	\$11.82	\$11.71	\$12.95	\$11.49	\$11.24	\$11.11

#### 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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