



Forward Contract Compared to Put Option Opportunity

Today's Date **04/28/11**

Forward Contract Opportunity

November Futures Price	\$ 13.62
Today's Basis - fall del.	\$ (0.80)
Today's Forward Contract Price	\$ 12.82

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	\$ (1.00)	\$ (0.90)	\$ (0.79)	\$ (0.70)	\$ (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	\$ 12.59	\$ 12.49	\$ 12.40	\$ 12.29	\$ 12.19	\$ 11.94	\$ 11.81
Less Expected Basis	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)
Expected Minimum Cash Price	\$ 11.89	\$ 11.79	\$ 11.70	\$ 11.59	\$ 11.49	\$ 11.24	\$ 11.11

Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$594.50	\$589.50	\$585.00	\$579.50	\$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

	\$ 14.62	\$ 14.52	\$ 14.41	\$ 14.32	\$ 14.22	\$ 14.07	\$ 14.00
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Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices						
\$18.00	\$16.29	\$16.39	\$16.50	\$16.59	\$16.69	\$16.84	\$16.91
\$17.50	\$15.79	\$15.89	\$16.00	\$16.09	\$16.19	\$16.34	\$16.41
\$17.00	\$15.29	\$15.39	\$15.50	\$15.59	\$15.69	\$15.84	\$15.91
\$16.50	\$14.79	\$14.89	\$15.00	\$15.09	\$15.19	\$15.34	\$15.41
\$16.00	\$14.29	\$14.39	\$14.50	\$14.59	\$14.69	\$14.84	\$14.91
\$15.50	\$13.79	\$13.89	\$14.00	\$14.09	\$14.19	\$14.34	\$14.41
\$15.00	\$13.29	\$13.39	\$13.50	\$13.59	\$13.69	\$13.84	\$13.91
\$14.50	\$12.79	\$12.89	\$13.00	\$13.09	\$13.19	\$13.34	\$13.41
\$14.00	\$12.29	\$12.39	\$12.50	\$12.59	\$12.69	\$12.84	\$12.91
\$13.50	\$11.89	\$11.89	\$12.00	\$12.09	\$12.19	\$12.34	\$12.41
\$13.00	\$11.89	\$11.79	\$11.70	\$11.59	\$11.69	\$11.84	\$11.91
\$12.50	\$11.89	\$11.79	\$11.70	\$11.59	\$11.49	\$11.34	\$11.41
\$12.00	\$11.89	\$11.79	\$11.70	\$11.59	\$11.49	\$11.24	\$11.11
\$11.50	\$11.89	\$11.79	\$11.70	\$11.59	\$11.49	\$11.24	\$11.11
\$11.00	\$11.89	\$11.79	\$11.70	\$11.59	\$11.49	\$11.24	\$11.11
\$10.50	\$11.89	\$11.79	\$11.70	\$11.59	\$11.49	\$11.24	\$11.11
\$10.00	\$11.89	\$11.79	\$11.70	\$11.59	\$11.49	\$11.24	\$11.11
\$9.50	\$11.89	\$11.79	\$11.70	\$11.59	\$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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