



### Forward Contract Compared to Put Option Opportunity

Today's Date **06/03/11**

#### Forward Contract Opportunity

September Minn Wheat	\$ 9.91
Today's Basis - fall del.	\$ (0.85)
Today's Forward Contract Price	\$ 9.06

2011 New Crop Spring Wheat

#### Put Option Opportunity Using

Dec 11 Mpls

Wheat Put Options

	\$9.90	\$9.80	\$9.60	\$9.40	\$9.20	\$9.00	\$8.80
Strike Price	\$9.90	\$9.80	\$9.60	\$9.40	\$9.20	\$9.00	\$8.80
Less Premium Cost	\$ (1.15)	\$ (1.10)	\$ (0.98)	\$ (0.87)	\$ (0.77)	\$ (0.48)	\$ (0.40)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 8.74	\$ 8.69	\$ 8.61	\$ 8.52	\$ 8.42	\$ 8.51	\$ 8.39
Less Expected Basis	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)
<b>Expected Minimum Cash Price</b>	<b>\$ 8.29</b>	<b>\$ 8.24</b>	<b>\$ 8.16</b>	<b>\$ 8.07</b>	<b>\$ 7.97</b>	<b>\$ 8.06</b>	<b>\$ 7.94</b>

#### Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$414.50	\$412.00	\$408.00	\$403.50	\$398.50	\$403.00	\$397.00
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 11.06	\$ 11.01	\$ 10.89	\$ 10.78	\$ 10.68	\$ 10.39	\$ 10.31
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#### Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices						
\$16.00	\$14.39	\$14.44	\$14.56	\$14.67	\$14.77	\$15.06	\$15.14
\$15.50	\$13.89	\$13.94	\$14.06	\$14.17	\$14.27	\$14.56	\$14.64
\$15.00	\$13.39	\$13.44	\$13.56	\$13.67	\$13.77	\$14.06	\$14.14
\$14.50	\$12.89	\$12.94	\$13.06	\$13.17	\$13.27	\$13.56	\$13.64
\$14.00	\$12.39	\$12.44	\$12.56	\$12.67	\$12.77	\$13.06	\$13.14
\$13.50	\$11.89	\$11.94	\$12.06	\$12.17	\$12.27	\$12.56	\$12.64
\$13.00	\$11.39	\$11.44	\$11.56	\$11.67	\$11.77	\$12.06	\$12.14
\$12.50	\$10.89	\$10.94	\$11.06	\$11.17	\$11.27	\$11.56	\$11.64
\$12.00	\$10.39	\$10.44	\$10.56	\$10.67	\$10.77	\$11.06	\$11.14
\$11.50	\$9.89	\$9.94	\$10.06	\$10.17	\$10.27	\$10.56	\$10.64
\$11.00	\$9.39	\$9.44	\$9.56	\$9.67	\$9.77	\$10.06	\$10.14
\$10.50	\$8.89	\$8.94	\$9.06	\$9.17	\$9.27	\$9.56	\$9.64
\$10.00	\$8.39	\$8.44	\$8.56	\$8.67	\$8.77	\$9.06	\$9.14
\$9.50	\$8.29	\$8.24	\$8.16	\$8.17	\$8.27	\$8.56	\$8.64
\$9.00	\$8.29	\$8.24	\$8.16	\$8.07	\$7.97	\$8.06	\$8.14
\$8.50	\$8.29	\$8.24	\$8.16	\$8.07	\$7.97	\$8.06	\$7.94
\$8.00	\$8.29	\$8.24	\$8.16	\$8.07	\$7.97	\$8.06	\$7.94
\$7.50	\$8.29	\$8.24	\$8.16	\$8.07	\$7.97	\$8.06	\$7.94

#### 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	\$ (0.85)	\$ (0.85)	\$ (0.85)	\$ (0.85)	\$ (0.85)
Cash Equivalent	\$ 5.58	\$ 6.07	\$ 6.57	\$ 7.06	\$ 7.56

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

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