



### Forward Contract Compared to Put Option Opportunity

Today's Date 06/03/11

#### Forward Contract Opportunity

November Futures Price	\$ 13.97	2011 New Crop Soybeans
Today's Basis - fall del.	\$ (0.80)	
Today's Forward Contract Price	\$ 13.17	

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

Strike Price	\$14.00	\$13.80	\$13.60	\$13.40	\$13.20	\$13.00	\$12.80
Less Premium Cost	\$ (0.90)	\$ (0.81)	\$ (0.70)	\$ (0.60)	\$ (0.51)	\$ (0.43)	\$ (0.38)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 13.09	\$ 12.98	\$ 12.89	\$ 12.79	\$ 12.68	\$ 12.56	\$ 12.41
Less Expected Basis	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)
<b>Expected Minimum Cash Price</b>	<b>\$ 12.39</b>	<b>\$ 12.28</b>	<b>\$ 12.19</b>	<b>\$ 12.09</b>	<b>\$ 11.98</b>	<b>\$ 11.86</b>	<b>\$ 11.71</b>

#### Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$619.50	\$614.00	\$609.50	\$604.50	\$599.00	\$593.00	\$585.50
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 14.87	\$ 14.78	\$ 14.67	\$ 14.57	\$ 14.48	\$ 14.40	\$ 14.35
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#### Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices						
\$18.00	\$16.39	\$16.48	\$16.59	\$16.69	\$16.78	\$16.86	\$16.91
\$17.50	\$15.89	\$15.98	\$16.09	\$16.19	\$16.28	\$16.36	\$16.41
\$17.00	\$15.39	\$15.48	\$15.59	\$15.69	\$15.78	\$15.86	\$15.91
\$16.50	\$14.89	\$14.98	\$15.09	\$15.19	\$15.28	\$15.36	\$15.41
\$16.00	\$14.39	\$14.48	\$14.59	\$14.69	\$14.78	\$14.86	\$14.91
\$15.50	\$13.89	\$13.98	\$14.09	\$14.19	\$14.28	\$14.36	\$14.41
\$15.00	\$13.39	\$13.48	\$13.59	\$13.69	\$13.78	\$13.86	\$13.91
\$14.50	\$12.89	\$12.98	\$13.09	\$13.19	\$13.28	\$13.36	\$13.41
\$14.00	\$12.39	\$12.48	\$12.59	\$12.69	\$12.78	\$12.86	\$12.91
\$13.50	\$12.39	\$12.28	\$12.19	\$12.19	\$12.28	\$12.36	\$12.41
\$13.00	\$12.39	\$12.28	\$12.19	\$12.09	\$11.98	\$11.86	\$11.91
\$12.50	\$12.39	\$12.28	\$12.19	\$12.09	\$11.98	\$11.86	\$11.71
\$12.00	\$12.39	\$12.28	\$12.19	\$12.09	\$11.98	\$11.86	\$11.71
\$11.50	\$12.39	\$12.28	\$12.19	\$12.09	\$11.98	\$11.86	\$11.71
\$11.00	\$12.39	\$12.28	\$12.19	\$12.09	\$11.98	\$11.86	\$11.71
\$10.50	\$12.39	\$12.28	\$12.19	\$12.09	\$11.98	\$11.86	\$11.71
\$10.00	\$12.39	\$12.28	\$12.19	\$12.09	\$11.98	\$11.86	\$11.71
\$9.50	\$12.39	\$12.28	\$12.19	\$12.09	\$11.98	\$11.86	\$11.71

#### 2011 Soybean Example

Coverage Election	Revenue Insurance floor			\$13.49 base	
	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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