



### Forward Contract Compared to Put Option Opportunity

Today's Date **07/21/11**

#### Forward Contract Opportunity

November Futures Price	\$ 13.86	2011 New Crop Soybeans
Today's Basis - fall del.	\$ (0.75)	
Today's Forward Contract Price	\$ 13.11	

#### 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	\$ (0.70)	\$ (0.62)	\$ (0.51)	\$ (0.40)	\$ (0.34)	\$ (0.25)	\$ (0.22)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 13.29	\$ 13.17	\$ 13.08	\$ 12.99	\$ 12.85	\$ 12.74	\$ 12.57
Less Expected Basis	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)
<b>Expected Minimum Cash Price</b>	<b>\$ 12.59</b>	<b>\$ 12.47</b>	<b>\$ 12.38</b>	<b>\$ 12.29</b>	<b>\$ 12.15</b>	<b>\$ 12.04</b>	<b>\$ 11.87</b>

#### Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$629.50	\$623.50	\$619.00	\$614.50	\$607.50	\$602.00	\$593.50
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 14.56	\$ 14.48	\$ 14.37	\$ 14.26	\$ 14.20	\$ 14.11	\$ 14.08
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#### Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices						
\$18.00	\$16.59	\$16.67	\$16.78	\$16.89	\$16.95	\$17.04	\$17.07
\$17.50	\$16.09	\$16.17	\$16.28	\$16.39	\$16.45	\$16.54	\$16.57
\$17.00	\$15.59	\$15.67	\$15.78	\$15.89	\$15.95	\$16.04	\$16.07
\$16.50	\$15.09	\$15.17	\$15.28	\$15.39	\$15.45	\$15.54	\$15.57
\$16.00	\$14.59	\$14.67	\$14.78	\$14.89	\$14.95	\$15.04	\$15.07
\$15.50	\$14.09	\$14.17	\$14.28	\$14.39	\$14.45	\$14.54	\$14.57
\$15.00	\$13.59	\$13.67	\$13.78	\$13.89	\$13.95	\$14.04	\$14.07
\$14.50	\$13.09	\$13.17	\$13.28	\$13.39	\$13.45	\$13.54	\$13.57
\$14.00	\$12.59	\$12.67	\$12.78	\$12.89	\$12.95	\$13.04	\$13.07
\$13.50	\$12.59	\$12.47	\$12.38	\$12.39	\$12.45	\$12.54	\$12.57
\$13.00	\$12.59	\$12.47	\$12.38	\$12.29	\$12.15	\$12.04	\$12.07
\$12.50	\$12.59	\$12.47	\$12.38	\$12.29	\$12.15	\$12.04	\$11.87
\$12.00	\$12.59	\$12.47	\$12.38	\$12.29	\$12.15	\$12.04	\$11.87
\$11.50	\$12.59	\$12.47	\$12.38	\$12.29	\$12.15	\$12.04	\$11.87
\$11.00	\$12.59	\$12.47	\$12.38	\$12.29	\$12.15	\$12.04	\$11.87
\$10.50	\$12.59	\$12.47	\$12.38	\$12.29	\$12.15	\$12.04	\$11.87
\$10.00	\$12.59	\$12.47	\$12.38	\$12.29	\$12.15	\$12.04	\$11.87
\$9.50	\$12.59	\$12.47	\$12.38	\$12.29	\$12.15	\$12.04	\$11.87

#### 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	\$ (0.75)	\$ (0.75)	\$ (0.75)	\$ (0.75)	\$ (0.75)	
Cash Equivalent	\$ 8.02	\$ 8.69	\$ 9.37	\$ 10.04	\$ 10.72	

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

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