



## Forward Contract Compared to Put Option Opportunity

Today's Date 07/16/10

### Forward Contract Opportunity

September Minn Wheat	\$ 6.28
Today's Basis - fall del.	\$ (0.50)
Today's Forward Contract Price	\$ 5.78

Dec New Crop Spring Wheat

### Put Option Opportunity

Strike Price	\$6.00	\$5.80	\$5.70	\$5.60	\$5.50
Less Premium Cost	\$ (0.33)	\$ (0.29)	\$ (0.22)	\$ (0.18)	\$ (0.16)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 5.66	\$ 5.50	\$ 5.47	\$ 5.41	\$ 5.33
Less Expected Basis	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)
Expected Minimum Cash Price	\$ 5.21	\$ 5.05	\$ 5.02	\$ 4.96	\$ 4.88

### Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$260.50	\$252.50	\$251.00	\$248.00	\$244.00
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

\$ 6.61	\$ 6.57	\$ 6.50	\$ 6.46	\$ 6.44
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### Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices				
\$7.00	\$6.21	\$6.25	\$6.32	\$6.36	\$6.38
\$6.80	\$6.01	\$6.05	\$6.12	\$6.16	\$6.18
\$6.60	\$5.81	\$5.85	\$5.92	\$5.96	\$5.98
\$6.40	\$5.61	\$5.65	\$5.72	\$5.76	\$5.78
\$6.20	\$5.41	\$5.45	\$5.52	\$5.56	\$5.58
\$6.00	\$5.21	\$5.25	\$5.32	\$5.36	\$5.38
\$5.80	\$5.21	\$5.05	\$5.12	\$5.16	\$5.18
\$5.60	\$5.21	\$5.05	\$5.02	\$4.96	\$4.98
\$5.40	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88
\$5.20	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88
\$5.00	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88
\$4.80	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88
\$4.60	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88
\$4.40	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88
\$4.20	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88
\$4.00	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88
\$3.80	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88
\$3.60	\$5.21	\$5.05	\$5.02	\$4.96	\$4.88

### 2010 Hard Red Spring Wheat

Coverage Election	Revenue Insurance floor				
	65%	70%	75%	80%	85%
Futures Price	\$ 3.53	\$ 3.80	\$ 4.07	\$ 4.34	\$ 4.62
Basis	\$ (0.50)	\$ (0.50)	\$ (0.50)	\$ (0.50)	\$ (0.50)
Cash Equivalent	\$ 3.03	\$ 3.30	\$ 3.57	\$ 3.84	\$ 4.12