Hedge to protect future purchase of corn

	Beginning	If Price Rises	If Price Falls
Price of futures	_____(A)	_____ (B)	_____ (B)
Adjustment for Expected Basis	_____	_____	_____
Expected Pennsylvania Price	_____	_____ (C)	_____(C)
Plus Brokerage Fee	_____		
Net Price	_____		
Futures Transaction			
Sale of Futures Contract	DATE _____		
Price (B) _____		_____(D)	_____(D)
Cost of Futures Contract Date	DATE _____		
Price (A) _____		_____(E)	_____ (E)
Net Profit from Futures (D)-(E)		_____(F)	_____ (F)
Brokerage Costs per bushel		$0.01 (G)	$0.01 (G)
Purchase in Cash Market			
Price (C) _____		_____(H)	_____ (H)
Net Cost for Corn (H)+(G)-(F)		_____(I)	_____ (I)

Hedge to protect future sale of corn

	Beginning	If Price Rises	If Price Falls
Price of futures	_____(A)	_____ (B)	_____ (B)
Adjustment for Expected Basis	_____	_____	_____
Expected Pennsylvania Price	_____	_____ (C)	_____(C)
Minus Brokerage Fee	_____		
Net Price	_____		
Futures Transaction			
Sale of Futures Contract	DATE _____		
Price (A) _____		_____(D)	_____(D)
Cost of Futures Contract Date	DATE _____		
Price (B) _____		_____(E)	_____ (E)
Net Profit from Futures (D)-(E)		_____(F)	_____ (F)
Brokerage Costs per bushel		$0.01 (G)	$0.01 (G)
Sale in Cash Market			
Price (C) _____		_____(H)	_____ (H)
Net Price for Corn (H)-(G)+(F)		_____(I)	_____ (I)

Arithmetic of Call Options for Corn

Month = _____ strike price = _____ date = _____ Futures price = _____

Cost of Option per bushel

Premium	_____ (i)	
Commission	$0.01	
Total Cost of Option (Premium + commission)	_ _ _ _ _ _ _ _ _ _	(f)
Strike Price	_____ (h)	
Maximum buying price in Chicago (h)+(f)	_____ (j)	
Expected Basis	_____ (k)	
Maximum Local Buying Price (j) + (k)	_____	

Outcome at end if held until expiration

Futures price (a)	Final Options Value (b)	Net per bushel (c)	Net Price in Chicago (d)	Local cost of corn (e)
$1.90				
$2.00				
$2.10				
$2.20				
$2.30				
$2.40				
$2.50				
$2.60				

Notes:
(b) = 0 ..... if (a) = (h) or lower
(b) = (a) - (h) ..... if (a) > (h)
(c) = (b) - (f)
(d) = (a) - (c)
(e) = (d) + basis

Arithmetic of Put Options for Corn

Month = _____ strike price = _____ date = _____ Futures price = _____

Cost of Option per bushel

Premium		_____ (i)
Commission	$0.01	
Total Cost of Option (Premium + commission)		_____(f)
Strike Price		_____ (h)
Minimum selling price in Chicago (h)-(f)		_____ (j)
Expected Basis		_____ (k)
Minimum Local Selling Price (j) + (k)		_____

Outcome at end if held until expiration

Futures price (a)	Final Options Value (b)	Net per bushel (c)	Net Price in Chicago (d)	Local cost of corn (e)
$1.90				
$2.00				
$2.10				
$2.20				
$2.30				
$2.40				
$2.50				
$2.60				

Notes: (b) = 0 ..... if (a) = (h) or higher
(b) = (h) - (a) ..... if (a)< (h)
(c) = (b) - (f)
(d) = (a) + (c)
(e) = (d) + basis