Options Worksheet

1. Assume that you pay a premium of _____ cents a bushel for a wheat put option with a _____ September strike price, and that the basis when you sell your crop in August is _____ cents under the September futures price. Commissions and interest total 2 cents per bushel.

   Calculate the expected minimum selling price.

   What is the net return from the put option and the net sale price if the September futures price in August is the price shown in the left-hand column?

Sept. Futures Price	Option Net Return	Net Sale Price
$_____	$_____per bu.	$_____per bu.
$_____	$_____per bu.	$_____per bu.
$_____	$_____per bu.	$_____per bu.

2. Assume that you pay a premium of _____ cents a bushel for a wheat put option with a _____ September strike price, and that the basis when you sell your crop in August is _____ cents under the September futures price. Commissions and interest total 2 cents per bushel.

   Calculate the expected minimum selling price.

   What is the net return from the put option and the net sale price if the September futures price in August is the price shown in the left-hand column?

Sept. Futures Price	Option Net Return	Net Sale Price
$_____	$_____per bu.	$_____per bu.
$_____	$_____per bu.	$_____per bu.
$_____	$_____per bu.	$_____per bu.

3. Assume that you sell your wheat for $_____ cash and that you buy a May wheat call option with a strike price of $_____ at a premium cost of _____ cents.

   Calculate the expected minimum selling price.

   What would your net return be if the May futures price in April is the price shown in the left-hand column? Commissions and interest total 2 cents per bushel.

May Futures Price	Option Net Return	Net Sale Price
$_____	$_____per bu.	$_____per bu.
$_____	$_____per bu.	$_____per bu.
$_____	$_____per bu.	$_____per bu.

4. Assume that you sell your wheat for $_____ cash and that you buy a May wheat call option with a strike price of $_____ at a premium cost of _____ cents.

   Calculate the expected minimum selling price.

   What would your net return be if the May futures price in April is the price shown in the left-hand column? Commissions and interest total 2 cents per bushel.

May Futures Price	Option Net Return	Net Sale Price
$_____	$_____per bu.	$_____per bu.
$_____	$_____per bu.	$_____per bu.
$_____	$_____per bu.	$_____per bu.