

Minimum Price Double Obligation

FS HOTLINE 316-609-3966									
2/27/17 8:55 AM		*indicates last traded price; No bid/ask available							
FARMER COST (est)		Minimum Price	Premium Plus		MP+ vs JUL 17 - 430	MP+ vs SEP 17 - 430		Min/Max	
		MIN PRICE	DO/Str	DO/Prem	MIN Price w/DO	MIN Price w/DO		Limited Particip	
MAY 17	369.25 C K7C	370	14.00	410	-1.50	8.25 vs JUL 17	0.75 vs SEP 17	370/410	
MAY 17	369.25 C K7C	380	10.00	420	-2.00	4.50 vs JUL 17	-3.25 vs SEP 17	380/420	
JUL 17	377 C N7C	380	21.50	430	2.50		8.25 vs SEP 17	15.75	380/430
JUL 17	377 C N7C	390	17.75	440	0.75		4.50 vs SEP 17	14.00	390/440
SEP 17	383.25 C U7C	380	32.50	430	10.25			19.25	380/430
SEP 17	383.25 C U7C	390	28.25	440	8.25			17.00	390/440
DEC 17	390 C Z7C	390	35.00	440	13.25			18.75	390/440
DEC 17	390 C Z7C	400	31.25	450	11.00			17.00	400/450

Double Obligation: You haul in bushels on your picked delivery date and if your Double obligation bushels expire at or above the strike price of that call on the first expiration day only, you will owe us more bushels at the price executed.

If we use the previous page's example; we have 5000 bu. delivery in April and bought a July call strike price 3.80.

We add the double obligation of a Sept 4.30 strike and our fee is now only 8.25. Your contract would then read $(\$3.71 \text{ futures}) - (.15 \text{ basis}) = \3.56

$(-) (\$.0825 \text{ cost of the call option}) = \3.4775 . This is your guaranteed minimum price. You can't go any lower than that and any time the July'17 futures go over \$3.80 between now and June 23, 2017 which is the expiration date you can start earning a premium on the contract.

IF on August 25, 2017 the September board closes at 4.30 or higher you will owe us another 5000 bu at the closing price of 4.30 or higher (+-) our current basis number.