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FORWARD PRICING ALTERNATIVES FOR NEW CROP ____

Top Half

Date	Cash Market	Futures	Put Options	Forward Contract and Buy Calls
____	Production Cost $____ Forward Contract Price (1) Basis Contract Relative to ____ (Futures Month) Net Government Loan Rate (2)[a] Expected Harvest Price Optimistic Average Pessimistic	(Futures Month) (Sell) Less: Expected Basis[b] Brokerage Costs[c] Equals Net Price Expected From Hedge	(Futures Month) Strike Price Less: Option Premium (Buy) (Buy) Expected Basis[b] Brokerage Costs[c] Equals Minimum Selling Price Expected	(Futures Month) Strike Price Forward Contract Price Less: Option Premium Brokerage Costs[c] Equals Minimum Selling Price
____	Harvest Price (3) Net Price From Basis Contract = Futures + Basis Contract (4)	(Futures Month) (Buy) Actual Basis[d]	(Futures Month) Optimum Premium[e] (Sell) (Sell)	(Sell)
Net Price Received From Hedge and Options Cash Price at Harvest Plus Net Returns From Futures and Options Sell and Buy (Futures) or Buy and Sell (Options) Less Brokerage Costs[c] Equals Net Returns Equals Net Price Received		(5)	(6) (7)	Forward Contract Price (8)

Bottom Half

[a]Government loan rate less storage costs to maturity.
[b]The expected value, at harvest, of the cash price less the given futures.
[c]Commissions and interest on margins or premiums.
[d]The actual value, at harvest, of the cash price less the given futures.