

Take Home Quiz
15 points possible

Due 4/27/2010

Short answer (2 points each)

1. For a producer, a hedge-to-arrive contract locks _____, but leaves
_____ open.

2. When would you want to use a basis contract?

3. Name two of the three types of new generation contracts.

Long answer (9 points, show your work)

4. Say we are in the following Accelerator Pricing contract

If the Dec. 2010 corn price is:	Then we market:
Below \$3.50	0 bushels per day
\$3.50-3.75	100 bushels per day
\$3.75-4.00	250 bushels per day
Above \$4.00	500 bushels per day

and assume the cash price is 25 cents below futures, how many bushels would we have marketed in March, given the prices below? What is our average price per bushel and how does that compare to the average cash price for the month?

Date	Futures Price	Date	Futures Price
3/1/2010	4.065	3/17/2010	4.04
3/2/2010	4.07	3/18/2010	4.0525
3/3/2010	4.13	3/19/2010	4.035
3/4/2010	4.085	3/22/2010	3.9925
3/5/2010	4.025	3/23/2010	3.9225
3/8/2010	4.03	3/24/2010	3.94
3/9/2010	3.97	3/25/2010	3.8475
3/10/2010	3.9475	3/26/2010	3.855
3/11/2010	3.9525	3/29/2010	3.865
3/12/2010	3.9375	3/30/2010	3.8375
3/15/2010	3.93	3/31/2010	3.7625
3/16/2010	3.9675		