

Master Marketer

Comparison Worksheet

- August 4
 - 100 Steers will weigh 600 lbs in November
 - November Feeder Cattle Contract is trading at \$135
 - Our Local Expected Basis is \$5.00
 - Put Option is \$133 @ \$3.00 premium
 - LRP @ 95.76% coverage rate = 0.02

What is our expected cash price? _____ (Futures + Basis)
 What is our expected minimum? _____ (Option – Premium + Basis)
 What is our LRP exp. Ending Value? _____ (Futures X Weight Adjustment)
 What is our LRP Coverage Price? _____ (EEV X Coverage Level)
 What is our LRP Cost? _____ (Coverage Price X Rate)

- November 2
 - Sell prices \$130 \$135 \$140 \$145
 - Feeder Contract \$125 \$130 \$135 \$140
 - Option Value \$8 \$3 \$0 \$0
 - CME FC Index \$125 \$131 \$140 \$145

Futures Net Price \$ _____ \$ _____ \$ _____ \$ _____
 (Aug 4 Nov FC – Nov 2. Nov. FC + Cash Price)

Option Net Price \$ _____ \$ _____ \$ _____ \$ _____
 (Value – Premium + Cash Price)

LRP Net Price \$ _____ \$ _____ \$ _____ \$ _____
 (No indemnity = Cash Price – Cost)
 (Indemnity = (Cash Price + (Coverage Price – CME FC)) - LRP Cost)



United States Department of Agriculture
Risk Management Agency