



Peter Paperfarmer

**POST-HARVEST  
Spring Wheat**



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*\* BOLD ITALIC figures indicate an estimated value.*

Like Barney, Peter has no on-farm storage - he sells his grain at harvest.

He re-owns his crop on September 1, with the purchase of an at-the-money May wheat call options.

Peter maintains his option position until expiration in mid-April.

He pays 1 cent per bushel in brokerage fees to purchase the options, and another 1 cent to exercise a profitable option at expiration.

<u>crop year</u>	<u>First business day of September</u>	<u>MGEX May Futures Price</u>	<u>May A-T-M Call</u>	<u>Premium</u>	<u>Expire Date</u>	<u>MGEX May Futures at option expiration</u>	<u>Premium at expiration</u>	<u>May Option profit (loss)</u>	<u>brokerage fee</u>	<u>Option profit (loss) after fees</u>	<u>Crookston Cash Price Friday Aug 20-26</u>	<u>Peter's average price</u>
1989	1-Sep-89	\$4.0400	\$4.00	\$0.1600	20-Apr-90	\$3.7175	\$0.0000	(\$0.1600)	\$0.01	(\$0.1700)	\$3.64	\$3.47
1990	4-Sep-90	\$2.9000	\$2.90	\$0.2300	19-Apr-91	\$2.8625	\$0.0000	(\$0.2300)	\$0.01	(\$0.2400)	\$2.52	\$2.28
1991	3-Sep-91	\$3.1550	\$3.20	\$0.1975	16-Apr-92	\$3.8075	\$0.6075	\$0.4100	\$0.02	\$0.3900	\$2.59	\$2.98
1992	1-Sep-92	\$3.4100	\$3.50	\$0.1450	23-Apr-93	\$3.2175	\$0.0000	(\$0.1450)	\$0.01	(\$0.1550)	\$2.97	\$2.82
1993	1-Sep-93	\$3.1700	\$3.20	\$0.1400	22-Apr-94	\$3.5275	\$0.3275	\$0.1875	\$0.02	\$0.1675	\$3.51	\$3.68
1994	1-Sep-94	\$3.8000	\$3.80	\$0.2150	21-Apr-95	\$3.5550	\$0.0000	(\$0.2150)	\$0.01	(\$0.2250)	\$3.63	\$3.41
1995	1-Sep-95	\$4.5600	\$4.50	\$0.1900	19-Apr-96	\$6.0575	\$1.5400	\$1.3500	\$0.02	\$1.3300	\$4.35	\$5.68
1996	3-Sep-96	\$4.3800	\$4.40	\$0.2475	18-Apr-97	\$4.6375	\$0.2375	(\$0.0100)	\$0.02	(\$0.0300)	\$4.37	\$4.34
1997	2-Sep-97	\$4.1400	\$4.00	\$0.3400	17-Apr-98	\$3.6950	\$0.0000	(\$0.3400)	\$0.01	(\$0.3500)	\$3.84	\$3.49
1998	1-Sep-98	\$3.3475	\$3.40	\$0.1500	19-Apr-99	\$3.2650	\$0.0000	(\$0.1500)	\$0.01	(\$0.1600)	\$2.96	\$2.80
1999	1-Sep-99	\$3.6250	\$3.80	\$0.0725	20-Apr-00	\$3.1950	\$0.0000	(\$0.0725)	\$0.01	(\$0.0825)	\$2.91	\$2.83
2000	1-Sep-00	\$3.3925	\$3.40	\$0.1500	20-Apr-01	\$3.2700	\$0.0000	(\$0.1500)	\$0.01	(\$0.1600)	\$2.63	\$2.47
2001	26-Sep-01	\$3.3150	\$3.30	\$0.1600	26-Apr-02	\$2.8700	\$0.0000	(\$0.1600)	\$0.01	(\$0.1700)	\$2.96	\$2.79
2002	3-Sep-02	\$4.2550	\$4.20	\$0.1700	25-Apr-03	\$3.5100	\$0.0000	(\$0.1700)	\$0.01	(\$0.1800)	\$3.95	\$3.77
2003	4-Sep-03	\$3.7900	\$4.00	\$0.1300	23-Apr-04	\$4.1475	\$0.1475	\$0.0175	\$0.02	(\$0.0025)	\$3.43	\$3.43
2004	1-Sep-04	\$3.8350	\$4.00	\$0.1838	22-Apr-05	\$3.3675	\$0.0000	(\$0.1838)	\$0.01	(\$0.1938)	\$3.18	\$2.99
2005	1-Sep-05	\$3.5200	\$3.60	\$0.1600	21-Apr-06	\$4.4800	\$0.8800	\$0.7200	\$0.02	\$0.7000	\$3.50	\$4.20
2006	1-Sep-06	\$4.8500	\$4.90	\$0.2863	20-Apr-07	\$5.2475	\$0.3475	\$0.0613	\$0.02	\$0.0413	\$4.16	\$4.20
2007	1-Sep-07	\$7.3500	\$7.40	\$0.7500	25-Apr-08	\$11.2000	\$3.8000	\$3.0500	\$0.02	\$3.0300	\$6.02	\$9.05
2008	2-Sep-08	\$8.6100	\$8.80	<b>\$0.9100</b>	24-Apr-09	\$6.6500	\$0.0000	(\$0.9100)	\$0.01	(\$0.9200)	\$8.82	\$7.90
2009	1-Sep-09	\$5.5125	\$5.60	\$0.4738	23-Apr-10	\$5.2675	\$0.0000	(\$0.4738)	\$0.01	(\$0.4838)	\$4.96	\$4.48
2010												
<b>1990-2009</b>		<b>\$4.25</b>	<b>\$4.30</b>	<b>\$0.27</b>			<b>\$0.39</b>	<b>\$0.13</b>		<b>\$0.12</b>	<b>\$3.86</b>	<b>\$3.98</b>

\* Spring wheat options are lightly traded, and quotes are scarce. I got as close as I could to ATM and sometimes I estimated premiums based on similar strike prices and premiums in the Chicago markets.