



Peter Paperfarmer
(page 2)

Corn



Edward Usset usset001@umn.edu
Grain Marketing Specialist

Peter copies Terry Timer's approach to pre-harvest sales, BUT...
He re-owns each sale with the purchase of an at-the-money December corn call option.
Some options premiums are estimates.
Peter exits his option position on September 15.
Year by year of results for Peter are on page 1.

Year	# Sales	Futures Average	Average Option Profit (Loss)	Futures Average adjusted for option P&L	percent pre-harvest priced	Pipestone Nearby Corn Basis Friday Oct 12-18	Pre-harvest average price	Pipestone Price Friday Oct 12-18	Peter's weighted** average price
1989	3	\$2.64	(\$0.16)	\$2.48	75%	(\$0.26)	\$2.22	\$2.08	\$2.19
1990	3	\$2.62	(\$0.15)	\$2.47	75%	(\$0.32)	\$2.15	\$1.98	\$2.11
1991	3	\$2.60	(\$0.11)	\$2.49	75%	(\$0.36)	\$2.12	\$2.15	\$2.13
1992	3	\$2.61	(\$0.17)	\$2.44	75%	(\$0.25)	\$2.19	\$1.83	\$2.10
1993	0	#N/A	#N/A		0%	(\$0.29)	#N/A	\$2.20	\$2.20
1994	3	\$2.59	(\$0.15)	\$2.44	75%	(\$0.35)	\$2.10	\$1.83	\$2.03
1995	3	\$2.63	\$0.19	\$2.82	75%	(\$0.47)	\$2.35	\$2.78	\$2.46
1996	3	\$3.29	(\$0.22)	\$3.07	75%	(\$0.34)	\$2.73	\$2.46	\$2.66
1997	3	\$2.81	(\$0.17)	\$2.64	75%	(\$0.44)	\$2.20	\$2.38	\$2.25
1998	3	\$2.75	(\$0.22)	\$2.53	75%	(\$0.62)	\$1.92	\$1.64	\$1.85
1999	0	#N/A	#N/A		0%	(\$0.61)	#N/A	\$1.38	\$1.38
2000	3	\$2.55	(\$0.22)	\$2.33	75%	(\$0.52)	\$1.81	\$1.56	\$1.74
2001	1	\$2.50	(\$0.21)	\$2.29	25%	(\$0.51)	\$1.78	\$1.57	\$1.62
2002	0	#N/A	#N/A		0%	(\$0.31)	#N/A	\$2.23	\$2.23
2003	1	\$2.52	(\$0.17)	\$2.35	25%	(\$0.34)	\$2.01	\$1.80	\$1.85
2004	3	\$3.16	(\$0.31)	\$2.85	75%	(\$0.30)	\$2.55	\$1.77	\$2.36
2005	0	#N/A	#N/A		0%	(\$0.63)	#N/A	\$1.41	\$1.41
2006	3	\$2.62	(\$0.21)	\$2.42	75%	(\$0.46)	\$1.96	\$2.69	\$2.14
2007	3	\$3.89	(\$0.38)	\$3.51	75%	(\$0.45)	\$3.06	\$3.06	\$3.06
2008	3	\$5.98	(\$0.73)	\$5.25	75%	(\$0.45)	\$4.80	\$3.58	\$4.50
2009	3	\$4.27	(\$0.56)	\$3.71	75%	(\$0.30)	\$3.41	\$3.42	\$3.41
2010	1	\$4.05	\$0.56	\$4.61	25%	(\$0.86)	\$3.75	\$4.77	\$4.52
1990-2010			(\$0.24)			(\$0.42)		\$2.19	\$2.27

** Peter is willing to price grain up to his insurance level (75%). His final price will be a weighted average of up to 75% from pre-harvest sales and the balance from harvest sales, at the harvest price.