Commodity Futures: Hedging Exercise

* Required

1. **First Name** *

2. **Last Name** *

3. **Last Four Digits of CWID** *

4. **A hedge can be placed...** *

Mark only one oval.

- ... only at the end of the planning period.
- … at any time during the planning period.
- … only at specific intervals during the planning period.
- … only at the beginning of the planning period.

5. **Hedging decisions of buyers or sellers CAN NOT be adjusted/altered until the end of the period.** *

Mark only one oval.

- True
- False

6. **A producer who makes frequent use of futures, options, or forward contracts should have a _____ realized (net) price than a producer who always sells at harvest.** *

Mark only one oval.

- Lower
- Higher
- None of these

7. **Futures markets can always be used to lock in a profit.** *

Mark only one oval.

- True
- False

Crop Year #1: Planting Decision

Each contract = 5,000 bushels

8. **Year #1 Variable Costs ($/bu)** *

9. **Number of Contracts (negative indicates short position; ONLY SHORT POSITION in Yr #1)** *

10. **Futures Price @ Planting** *

Crop Year #1: Crop Emerging Decision

Each contract = 5,000 bushels

11. **Number of Contracts (negative indicates short position; ONLY SHORT POSITION in Yr #1)** *

12. **Futures Price @ Emergence** *

Crop Year #1: mid-Summer Decision

Each contract = 5,000 bushels

13. **Number of Contracts (negative indicates short position; ONLY SHORT POSITION in Yr #1)** *

14. **Futures Price @ mid-Summer** *

Crop Year #1: Outcomes

15. **Actual Yield** *

16. **Cash Price** *

17. **Futures Price @ Harvest** *

18. **My realized Price was:** *

19. **My Profit was:** *

Crop Year #2: Planting Decision

Each contract = 5,000 bushels

20. **Year #2 Variable Costs ($/bu)** *

21. **Number of Contracts (negative sign indicates short position; for a long position do not include negative sign)** *

22. **Futures Price @ Planting** *

Crop Year #2: Crop Emerging Decision

Each contract = 5,000 bushels

23. **Number of Contracts (negative sign indicates short position; for a long position do not include negative sign)** *

24. **Futures Price @ Emergence** *

Crop Year #2: mid-Summer Decision

Each contract = 5,000 bushels

25. **Number of Contracts (negative sign indicates short position; for a long position do not include negative sign)** *

26. **Futures Price @ mid-Summer** *

Crop Year #2: Outcomes

27. **Actual Yield** *

28. **Cash Price** *

29. **Futures Price @ Harvest** *

Crop Year #3: Planting Decision

Each contract = 5,000 bushels

30. **Year #3 Variable Costs ($/bu)** *

31. **Number of Contracts (negative sign indicates short position; for a long position do not include negative sign)** *

32. **Futures Price @ Planting** *

Crop Year #3: Crop Emerging Decision

Each contract = 5,000 bushels

33. **Number of Contracts (negative sign indicates short position; for a long position do not include negative sign)** *

34. **Futures Price @ Emergence** *

Crop Year #3: mid-Summer Decision

Each contract = 5,000 bushels

35. **Number of Contracts (negative sign indicates short position; for a long position do not include negative sign)** *

36. **Futures Price @ mid-Summer** *

Crop Year #3: Outcomes

37. **Actual Yield** *

38. **Cash Price** *

39. **Futures Price @ Harvest** *

Crop Year #4: Planting Decision

Each contract = 5,000 bushels

40. **Year #4 Variable Costs ($/bu)** *

41. **Number of Contracts (negative sign indicates short position; for a long position do not include negative sign)** *

42. **Futures Price @ Planting** *

Crop Year #4: Crop Emerging Decision

Each contract = 5,000 bushels

43. **Number of Contracts (negative sign indicates short position; for a long position do not include negative sign)** *

44. **Futures Price @ Emergence** *

Crop Year #4: mid-Summer Decision

Each contract = 5,000 bushels

45. **Number of Contracts (negative sign indicates short position; for a long position do not include negative sign)** *

46. **Futures Price @ mid-Summer** *

Crop Year #4: Outcomes

47. **Actual Yield** *

48. **Cash Price** *

49. **Futures Price @ Harvest** *

Post-Question

50. **This exercise increased my understanding of hedging** *
Mark only one oval.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

51. **A hedge can be placed...** *
Mark only one oval.

- … only at specific intervals during the planning period.
- … only at the beginning of the planning period.
- … at any time during the planning period.
- ... only at the end of the planning period.

52. **Hedging decisions of buyers or sellers CAN NOT be adjusted/altered until the end of the period.** *
Mark only one oval.

- True
- False

53. **A producer who makes frequent use of futures, options, or forward contracts should have a _____ expected price than a producer who always sells at harvest.** *
Mark only one oval.

- Lower
- Higher
- None of these

54. **Futures markets can always be used to lock in a profit.** *
Mark only one oval.

- True
- False

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