# <u>**Bonus Premium Examples**</u>

<u>Ex.1</u>

New Crop'23 Corn $ 4.40

Dec'24 Futures $ 5.05

Sell 5.00 Dec'24 call @ .45 c

$ 4.40 + .45 c premium = $ 4.85

$ 4.85 - .10 fee = $ 4.75 New Crop '23 Sale

<u>Ex.2</u>

New Crop'24 Wheat $ 7.00

July'24 Futures $ 7.50

Sell July'24 8.50 call @ .40 c

$ 7.00 + .40 c premium = $ 7.40

$ 7.40 - .5 fee = $ 7.35 New Crop '24 Sale

- Receive a premium to today's cash price or new crop price
- Double up risk on like quantity of bushels is present (If Dec futures settle above 5.00 strike at option expiry in the corn example, additional bushels would be sold at 5.00 Dec'24 futures)
- Would not advise more than 10-15% of production on any product with a double up component
- Is the premium received enough to offset risk of not knowing whether deferred bushels are sold?
- 1000 minimum bushel amount & increment size