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Disclaimer: This web page is designed to aid farmers with their marketing and risk management decisions. The risk of loss in trading futures, options, forward contracts, and hedge-to-arrive can be substantial and no warranty is given or implied by the author or any other party. Each farmer must consider whether such marketing strategies are appropriate for his or her situation. This web page does not represent the views of Kansas State University.

**Estimated Implied Volatility for Revenue Assurance (decimal)**

Note: The estimated implied volatility listed below, is based on current option premiums. The "official" implied volatility used to calculate Revenue Assurance premiums will not be released by RMA until after March 1, 2005. The estimated implied volatility may be useful for farmers and insurance agents in calculating estimated RA premiums. A special thanks to RMA for their help validating the KSU model used to estimate RA volatility.

**No warranty for the implied volatility estimate is given or implied by the author or any other party. The method for calculating volatility is subject to change without notice from RMA.**

	<b>CBOT CORN</b>	<b>CBOT S-BEAN</b>
2003's CRC High/Low Price Factor.....	<b>0.4239</b>	<b>0.8096</b>
2004's CRC High/Low Price Factor.....	<b>0.3400</b>	<b>0.9500</b>
2005's CRC High/Low Price Factor.....	<b>0.2940</b>	<b>0.7200</b>
2006's CRC High/Low Price Factor.....	<b>0.3200</b>	<b>0.8080</b>
2003's RA Volatility.....	<b>0.20</b>	<b>0.18</b>
2004's RA Volatility.....	<b>0.21</b>	<b>0.18</b>
2005's RA Volatility.....	<b>0.19</b>	<b>0.19</b>
2006's RA Volatility.....	<b>0.23</b>	<b>0.21</b>

**Last Updated 1/13/07**

**Estimated CRC High/Low Factors<sup>1</sup> .....**

**Est. 5 Day Current Moving Average Volatility<sup>2</sup>..... 26.6 20.8**

	<b>CBOT CORN</b>	<b>CBOT SBEAN</b>		<b>CBOT CORN</b>	<b>CBOT S-BEAN</b>
12/20/06	27.8494	19.8065	01/02/06	Holiday	
12/21/06	27.5767	20.4912	01/03/07	26.7109	21.2147
12/22/06	27.8396	21.1939	01/04/07	26.4811	20.6328
12/25/06	Holiday		01/05/07	26.7806	20.3934
12/26/06	27.6933	20.6859	01/08/07	25.9025	20.2796
12/27/06	27.4514	20.8225	01/09/07	26.0215	21.1054
12/28/06	27.1764	20.2629	01/10/07	25.9271	21.0491
12/29/06	26.9311	21.4095	01/11/07	26.1845	20.3081
01/01/06	Holiday		01/12/07	28.2712	20.7572

<sup>1</sup>RMA solves for the High/Low price factors that will generate CRC premiums "similar" to RA-HPO. As a result it is useless to try an estimate CRC High/Low price factors because the best estimate for CRC premiums is the estimated RA-HPO premium. However, there will be "small" premium differences between CRC and RA-HPO once RMA announces the official High/Low factors.

<sup>2</sup>Only the volatility for the 5 trading days before February 15 count in the final RA volatility value based on December/November options used to calculate RA volatility for sales closing on February 28. RA does not use the September corn/bean futures for price discovery.