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RISK ASSESSED MARKETING
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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, 2004. 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.

	CBOT CORN	CBOT SOYBEAN	MGE S Wheat
2000's CRC High Price Factor.....	0.2120	0.5000	0.4720
2000's CRC Low Price Factor.....	0.2280	0.5040	0.4480
2001's CRC High Price Factor.....	0.2080	0.4900	0.4580
2001's CRC Low Price Factor.....	0.2280	0.5000	0.4480
2002's CRC High Price Factor.....	0.2110	0.4900	0.2220
2002's CRC Low Price Factor.....	0.2270	0.5000	0.2390
2003's CRC High Price Factor.....	0.3858	0.7292	0.2220
2003's CRC Low Price Factor.....	0.3858	0.7292	0.2390
2000's RA Volatility.....	0.21	0.20	0.16
2001's RA Volatility.....	0.20	0.16	0.13
2002's RA Volatility.....	0.18	0.16	0.11
2003's RA Volatility.....	0.20	0.18	0.15

Updated 2/28/04

Estimated CRC High/Low Factors ¹	?	?	?
Est. 5 Day Current Moving Average Volatility ²	21.4	21.1	16.1
	CBOT CORN	CBOT SOYBEAN	MGE S Wheat
	CBOT CORN	CBOT SOYBEAN	MGE S Wheat ³
02/02/04	N/A	17.9940	17.9799
02/03/04	20.4080	17.8294	16.8403
02/04/04	20.0966	17.7834	16.7659
02/05/04	20.8135	17.7375	16.9031
02/06/04	20.9159	17.7643	17.0022
02/09/04	20.6824	18.0821	16.5606
02/10/04	20.9569	18.5913	16.3716
02/11/04	20.8217	18.7903	16.2045
02/12/04	20.7398	18.8631	15.9870
02/13/04	20.6496	19.2000	15.8925
02/17/04	20.6333	19.2842	15.9132
02/18/04	20.8586	18.9932	15.7941
02/19/04	20.7848	19.6824	15.7280
02/20/04	20.6742	19.9006	15.6542
02/23/04	21.6123	20.3753	15.5260
02/24/04	21.3624	20.2299	16.1540
02/25/04	21.3010	21.2023	16.1217
02/26/04	21.0880	21.6196	15.8077
02/27/04	21.4525	21.8914	17.0734

¹CRC High/Low Price Factors are subject to change without notice. For sales closing before 3/15 RMA set the High/Low CRC price factors at 0.34 for corn, 0.95 for soybeans, and 0.326 for grain sorghum.

²Only the volatility for the 5 trading days before March 1 count in the final RA volatility value.

³The at the money \$4.20 option for 2/25/04 and 2/26/04 had no open interest and did not trade. I used the \$4.10 option that did trade. However, the procedure may require one to use the at the money July option, but that is unclear. As a result the estimate may be off from the official RMA volatility value for spring wheat.