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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

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 September 15, 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.

	CBOT Wheat	KCBOT Wheat	Portland Wheat
2000's CRC High Price Factor… ……. …………	**0.2850**	**0.3040**	**0.4540**
2000's CRC Low Price Factor…. ……. …………	**0.3120**	**0.3140**	**0.4430**
2001's CRC High Price Factor… ……. …………	**0.2800**	**0.2980**	**0.4070**
2001's CRC Low Price Factor…. ……. …………	**0.3150**	**0.3110**	**0.4490**
2002's CRC High Price Factor… ……. …………	**0.2750**	**0.2920**	**0.4000**
2002's CRC Low Price Factor…. ……. …………	**0.3100**	**0.3060**	**0.4400**
2003's CRC High Price Factor… ……. …………	**0.2750**	**0.2920**	**0.4000**
2003's CRC Low Price Factor…. ……. …………	**0.3100**	**0.3060**	**0.4400**
2004's CRC High/Low Price Factor..… …………	**0.3100**	**0.3100**	**0.3500**
2005's CRC High/Low Price Factor..… …………	**0.3730**	**0.3770**	**0.4400**
2001's RA Volatility.. …………….. ……. …………	**0.20**	**0.20**	**N/A**
2002's RA Volatility.. …………….. ……. …………	**0.18**	**0.18**	**N/A**
2003's RA Volatility.. …………….. ……. …………	**0.22**	**0.22**	**N/A**
2004's RA Volatility.. …………….. ……. …………	**0.19**	**0.19**	**N/A**
2005's RA Volatility.. …………….. ……. …………	**0.21**	**0.19**	**N/A**

Updated 9/13/05

	CBOT	KCBOT	Portland
Estimated CRC High/Low Factors[1]……………	**?**	**?**	**?**
Est. 5 Day Current Moving Average Volatility[2]	**18.8**	**18.4**	

	CBOT WHEAT	KCBOT WHEAT		CBOT WHEAT	KCBOT WHEAT
08/17/05	19.2260	19.6118	08/31/05	17.9410	18.1743
08/18/05	19.3053	19.6125	09/01/05	19.2984	18.6355
08/19/05	19.5581	19.5627	09/02/05	19.0066	18.5504
08/22/05	19.4702	19.4929	09/06/05	18.9288	18.2004
08/23/05	19.5749	19.4840	09/07/05	18.1515	18.3998
08/24/05	18.7529	19.3795	09/08/05	19.2888	18.5983
08/25/05	19.5913	19.3194	09/09/05	19.2808	18.5032
08/26/05	19.3057	19.3962	09/12/05	18.9507	18.2739
08/29/05	19.4880	19.2809	09/13/05	18.5315	18.2990
08/30/05	18.3396	18.4385	09/14/05		

[1] CRC High/Low Price Factors are subject to change without notice. H\L Factors are released after the RA premiums are set because CRC rates are set to duplicate RA premium rates.

[2] Only the volatility for the 5 trading days before September 15 count in the final RA volatility value.