

- 1) Which of the following made new all time high prices in 2008?
a) corn b) wheat c) soybeans d) crude oil e) all of the above
- 2) In 2008, on a typical business day, if the dollar was higher, crude oil was generally:
a) lower b) higher c) no relationship
- 3) In 2008, on a typical business day, if crude oil was higher, corn & beans were generally:
a) lower b) higher c) no relationship
- 4) Basis levels for the 2008 corn crop compared to the 2007 corn crop were generally:
a) weaker b) firmer c) about the same
- 5) Which of the following had historically weak basis throughout 2008?
a) corn b) wheat c) beans d) all of the above e) all of the above

VeraSun Energy, which claimed to be the nation's largest corn ethanol producer early last year, had no hedging program to forward price corn purchases until June 2008 when they initiated an aggressive hedging program.

- 6) The net price VeraSun Energy paid for corn the first five months of 2008 was progressively:
a) higher b) lower c) near steady
- 7) VeraSun Energy hedged corn purchases for the balance of 2008 in June 2008. VeraSun Energy in June 2008:
a) sold corn futures b) bought corn futures c) bought crude oil futures

VeraSun Energy filed for bankruptcy on 31 October 2008 when it ran out of cash which was bled dry by their corn hedging program. They made some grain marketing mistakes.

- 8) Based upon the above information, VeraSun Energy's grain marketing mistake(s) was:
a) hedged its ethanol sales price, but not their corn costs
b) hedged its corn costs, but not their interest rate on borrowed money to fund their hedges
c) hedged its corn input cost, but not their ethanol sales price at the same time
d) hedged their ethanol sales price before they hedged their corn costs
e) all of the above
- 9) In February 2009, Valero Oil bid \$280 million for VeraSun Energy's assets. Valero Oil is:
a) owned by Standard Oil of Ohio and Exxon-Mobile
b) is a crude oil refiner who wants to buy up ethanol producers to shut them down to reduce competition
c) has ownership roots back to Venezuela where an anti-American regime is in control
d) the largest ethanol producer in South America
e) none of the above
- 10) Corn, wheat and soybean price trends the past 18 months have generally followed:
a) the expectations of what rate the government will subsidize biofuel production
b) the expectations of what the rate of inflation will be
c) the changes in daily OPEC crude oil production quotas
d) the rate of corn, wheat and bean exports
e) none of the above

- 11) The average price for the month of February 2009 for December 2009 corn was \$4.0370 and the November 2009 beans average price was \$8.7951. For corn and bean producers, these numbers:
- a) assures profitable production in 2009
 - b) assures profitable production only for those producers who locked-in those prices for 2009 crops
 - c) are the prices grain merchandisers will pay for fall delivery plus or minus the basis
 - d) are the base prices for Crop Revenue Coverage
 - e) none of the above
- 12) Basic, optional, and enterprise are:
- a) marketing tools for marketing grain offered by many grain elevators
 - b) insurance units available to participants in the Crop Revenue Coverage program
 - c) the three types of record systems necessary for farmers to calculate income taxes, get operating loans from banks and to determine profitability on each crop and/or livestock enterprises on the farm
 - d) styles of customized grain marketing programs offered by Cargill
 - e) none of the above
- 13) The best time to discard a grain marketing plan and replace it with another is:
- a) between the end of marketing one crop year's production and the beginning of another
 - b) when CBOT prices are making new all time highs
 - c) when CBOT prices are making new all time lows
 - d) January first
 - e) when your banker cancels your hedge line of credit
- 14) One of the differences between CRC and Revenue Assurance with a Harvest Price option (RA-HP) is:
- a) CRC is offered by the USDA and RA-HP is offered by private underwriters
 - b) CRC can be part of an overall grain marketing program, but RA-HP cannot
 - c) CRC is a CCC program and RA-HP is a GSM 102 program
 - d) Under CRC, there are price increase limits when updating the revenue guarantee. Limits are \$1.50 for corn and \$3.00 for soybeans. RA-HP does not have these limits
 - e) none of the above
- 15) President Obama campaigned that he would renegotiate or withdraw from the NAFTA. Now that he has been president for more than four months, he has:
- a) done nothing regarding NAFTA
 - b) withdrew the USA from the NAFTA
 - c) rescinded the agreement with Mexico, but not Canada
 - d) rescinded the agreement from Canada, but not Mexico
 - e) proposed the USA withdraw from NAFTA, but Congress rejected the proposal
- 16) On March 9th, 2009, there were no deliveries on the March 2009 soybean futures contract and there had been none for the entire delivery period to that date. Regarding the impact on price of beans, this delivery information was:
- a) neutral to the price of beans
 - b) friendly for the price of beans
 - c) negative for the price of beans
 - d) had nothing to do with the price of beans
 - e) none of the above

On March 5, 2009, the USDA released its weekly export sales report. The numbers were:

	Range of Expectations	Actual	Last week
Wheat	350,000 – 450,000 mt	307,700 mt	577,900 mt
Corn	450,000 – 750,000	791,900	457,000
Soybeans	400,000 – 700,000	155,800	347,700
Soybean Meal	75,000 – 125,000	117,100	145,700
Soybean Oil	5,000 – 10,000	13,600	8,500

17) The impact of this report for the price of wheat was:

- a) neutral to the price of wheat
- b) friendly for the price of wheat
- c) negative for the price of wheat
- d) had nothing to do with the price of wheat
- e) none of the above

18) The impact of this report for the price of bean oil was:

- a) neutral to the price of bean oil
- b) friendly for the price of bean oil
- c) negative for the price of bean oil
- d) had nothing to do with the price of bean oil
- e) none of the above

19) This export sales report was issued on what day of the week?

- a) Monday
- b) Tuesday
- c) Wednesday
- d) Thursday
- e) Friday

20) In recent months, there has been some talk about nationalizing the grain business in a major grain producing country. That country was:

- a) Argentina
- b) Brazil
- c) China
- d) United States
- e) none of the above

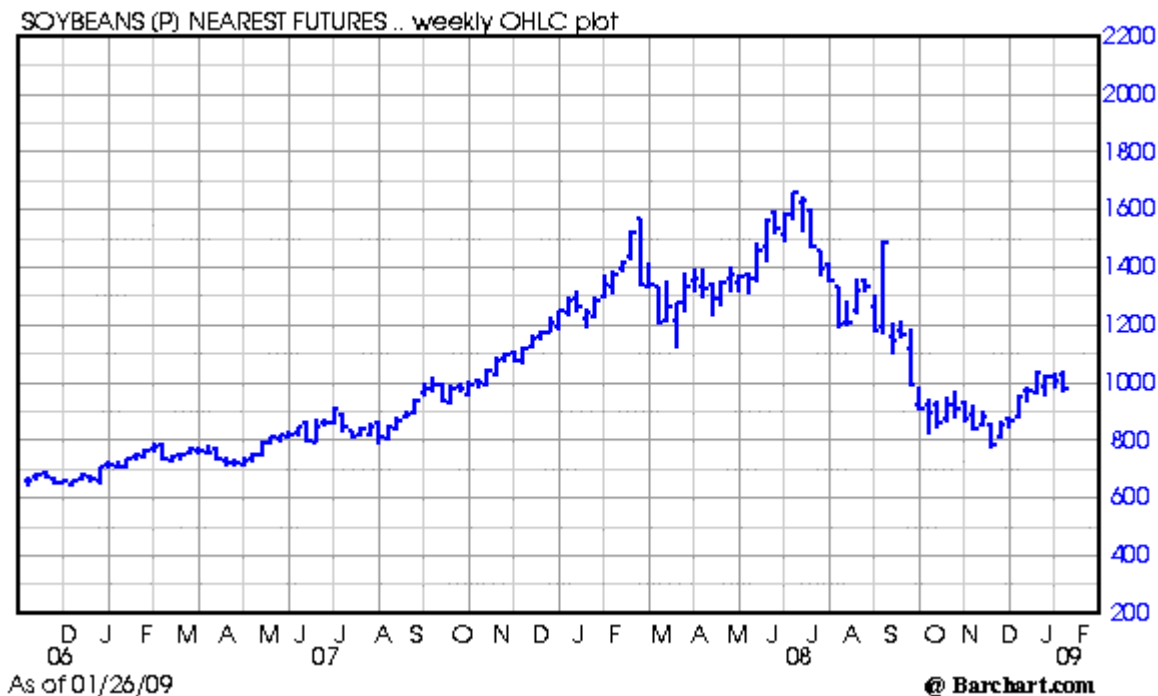
A farmer had 20,000+ bushels of old crop beans in the bin as of the first of February 2009. He was closing on the purchase of a farm the 10th of March 2009 and he needed the money from the beans by March 9th to put on the cost of the farm purchase. His goal was to price the beans close to the top of the market no later than March 8th. He considered the following facts:

The high cost of inputs had reduced the planted acres in Brazil and Argentina. Rainfall in Argentina's bean growing area had been less than normal since before planting and had also contributed to reduced plantings there. January rainfall was 50% of normal in the Argentina's bean growing area. Normal February rainfall was 4 ½ to 5 inches, but the 10 day forecast was for no rain and very hot temperatures. He knew the soil in Argentina was quite sandy as he had been there in 1982. Harvest of beans had started in northern bean growing area of Brazil, but persistent rains had been a nagging deterrent to harvest progress and even as the beans are harvested, it would take a month to get them to an ocean port for export.

China's wheat growing area and the Southern High Plains had a continuing drought with no rain in the forecast for either. Crude oil had been trading sideways since making its low on December 24th, but the over all economy had many market analysts predicting a progressive loss of demand for commodities in 2009 and the stronger dollar would also US exports would be further retarded.

The CFTC Commitment of Traders (COT) report issued on 24 October 2008 showed the big speculative funds had liquidated the last of their net long bean positions which they had had held for more than two years, but had begun to rebuild a net long bean position the very next week. By January 30th, the big spec funds were net long 24,520 contracts of CBOT beans. The index funds had been net long beans ever since index funds were segregated on the COT report and net long 96,568 contracts on 30 January 2008 and adding lightly to their long position every week. The farmer noted the old crop/new crop spread was inverted 50 cents.

The dollar had been in an uptrend since the summer 2008 & bean export sales had been quite strong before the week-long Chinese Lunar New Year Festival which would end on February 1st. Corn exports exceeded a million mt per week the past three weeks. The Congress was on the verge of passing the second economic stimulus package and a fund to buy non-performing home mortgage loans from mortgage lenders, which were expected to make the banking system more liquid. The farmer studied the following chart:



- 21) Which of the following factors the farmer considered were fundamental factors?
- big spec funds had gone from net long to short and back to net long
 - Congress on the verge of passing an economic stimulus package
 - dry weather in Argentina & China with harvest delays in Brazil
 - none of the above
 - "b" and "c"
- 22) Which of the following factors the farmer considered were technical factors?
- big spec funds had gone from net long to short and back to net long
 - Congress on the verge of passing an economic stimulus package
 - dry weather in Argentina & China with harvest delays in Brazil
 - none of the above
 - "a" and "b"

- 23) Most of the information the farmer considered:
- a) technical
 - b) theoretical
 - c) imaginary
 - d) political
 - e) fundamental
- 24) The beans the farmer was going to sell were:
- a) probably grown in 2008
 - b) would be grown in 2009
 - c) could have been grown in 2007 or even 2006
 - d) no way to know
 - e) "a" and "c"
- 25) After Thanksgiving, bean prices the next five weeks were:
- a) were higher every day
 - b) were higher every week
 - c) were lower every day
 - d) were lower every week
 - e) traded sideways
- 26) A million tons of corn exports sales per week is:
- a) more than average
 - b) less than average
 - c) about average
- 27) The index funds were net:
- a) long 96,568 bushels
 - b) short 96,568 bushels
 - c) short 482,840,000 bushels
 - d) long 482,840,000 bushels
 - e) none of the above
- 28) When the contract high was made in 2008, the spot futures month would have been the:
- a) November contract
 - b) June contract
 - c) July contract
 - d) August contract
 - e) none of the above
- 29) Compared to past years, the futures price volatility in 2008 was:
- a) about normal
 - b) much less than normal
 - c) much more than normal
- 30) As far as this Ohio farmer is concerned, the primary crop grown in the Southern High Plains is:
- a) beans
 - b) wheat
 - c) beans
 - d) cotton

- 31) On January 30th, the November 2009 bean price was:
- a) about \$1.00, maybe a little less
 - b) about \$10.00, maybe a little less
 - c) below March beans
 - d) above March beans
 - e) cannot determine from the information presented
- 32) In a dry growing season, it is best to have a:
- a) sandy soil low in organic matter
 - b) loam soil high in organic matter
 - c) clay soil low in organic matter
 - d) no tile to drain water from the soil
- 33) The fact Argentina has a sandy soil is a:
- a) technical market factor
 - b) fundamental market factor
 - c) none of the above
- 34) Commitment of Traders Reports are issued on Friday afternoons and report open interest as of the close of business:
- a) that Friday
 - b) the previous day
 - c) the previous Wednesday
 - d) the previous Tuesday
 - e) the previous Friday
- 35) The February USDA S&D showed bean exports up 50 million bushels and soybean crush down 35 million bushels. The impact on the carryover was:
- a) a decrease of 15 million bushels
 - b) an increase of 15 million bushels
 - c) no change to the carryover

On February 23rd, March beans settled at \$8.72 $\frac{3}{4}$ and May beans at \$8.76. On March 2nd, March beans settled at \$8.48 $\frac{1}{2}$ & May beans settled at \$8.44.

- 36) between the above dates, the bean basis probably:
- a) weakened
 - b) steady
 - c) firmed
 - d) the futures spreads and basis have no correlation
- 37) Given spread action between March and May beans, the number of contracts delivered on the March bean contract was:
- a) probably very light
 - b) probably very heavy
 - c) about normal
 - d) there is no correlation between futures spread and probability of deliveries against a futures contract

- 38) On March 2nd, a May \$8.50 bean call was:
- a) in-the-money
 - b) at-the-money
 - c) out-of-the-money
- 39) Between February 23rd and March 2nd, the premium of a May \$8.50 put:
- a) increased
 - b) lost some time value
 - c) gained intrinsic value
 - d) all of the above
 - e) none of the above
- 40) The strike price of a May \$8.50 put trading at a premium of 33 cents on March 2nd is:
- a) \$8.50
 - b) 6 cents
 - c) 33 cents
 - d) 27 cents
 - e) none of the above
- 41) The initial margin requirement for a futures contract is generally:
- a) more than the maintenance margin
 - b) less than maintenance margin
 - c) greater for the higher value contracts than the lower value contracts
 - d) none of the above
 - e) "a" and "c"
- 42) If a farmer has 300 acres of corn growing in the field and has not contracted the corn, he is:
- a) short new crop corn
 - b) long new crop corn
 - c) neither long nor short new crop corn because he does not have a futures position
 - d) none of the above
- 43) The regulatory authority for grain elevators in Ohio is:
- a) State Department of Agriculture
 - b) Commodity Futures Trading Commission
 - c) Farm Bureau Federation
 - d) USDA
 - e) none of the above
- 44) The manager and trustee for the Ohio Grain Indemnity Fund is the:
- a) State Department of Agriculture
 - b) Commodity Futures Trading Commission
 - c) Farm Bureau Federation
 - d) USDA
 - e) none of the above
- 45) Agriculture Secretary Tom Vilsack is the former governor of:
- a) California
 - b) Nebraska
 - c) Illinois
 - d) Iowa
 - e) Alaska

- 46) The Direct Payment paid producers by FSA for soybeans is:
- a) 52 cents per bushel
 - b) \$44 per acre
 - c) up to 52 cents if the average farm price is 52 or more cents under the target price
 - d) 44 cents per bushel
 - e) none of the above
- 47) Which of the following is considered by the FSA to be a "safety net"?
- a) direct payments
 - b) loan rate principle payments
 - c) counter-cyclical payments
 - d) cost-sharing for cover crops & soil drainage improvements
 - e) none of the above
- 48) If a farmer enrolls in the Direct and Counter-cyclical Payment Program (DCP) for 2009...
- a) he is automatically enrolled in the DCP through 2012 crop year
 - b) cannot plant more than the base acres for each crop on a given farm
 - c) must also enroll in the ACRE program
 - d) is not automatically enrolled for the 2010 crop year
 - e) none of the above
- 49) If a farmer enrolls in the Average Crop Revenue Election (ACRE) Program for 2009...
- a) he is automatically enrolled in the ACRE through 2012 crop year
 - b) cannot plant more than the base acres for each crop on a given farm
 - c) must also enroll in the DCP program
 - d) is not automatically enrolled for the 2010 crop year
 - e) none of the above
- 50) Producers who elect to forgo counter-cyclical payments and receive a 20% reduction in direct payments and 30% reduction in loan rates is enrolled in the:
- a) ACRE program
 - b) DCP
 - c) FSA program
 - d) CCC program
 - e) none of the above
- 51) A farmer can enroll in the ACRE program:
- a) any crop year from 2009 to 2012
 - b) only once from crop year 2009 to 2012
 - c) both of the above
 - d) none of the above
- 52) If a farmer is enrolled in the ACRE Program and sells her crops at the very top of the year's price range, the ACRE payment, if any, will be:
- a) reduced by the difference between the ACRE trigger price and the actual selling price
 - b) increased by the difference between the ACRE trigger price and the actual selling price
 - c) the same as if she had sold her crops at the bottom of the year's price range
 - d) none of the above

The Federal Reserve announced on March 18th, 2009 it will buy \$300 billion worth of US government bonds and \$750 billion worth of mortgage backed securities guaranteed by Fannie Mae and Freddie Mac in order to make the banking system more liquid.

53) The announcement's impact on the value of the dollar was:

- a) bearish
- b) bullish
- c) neutral

54) The announcement's impact on the price of crude oil, corn, wheat and beans was:

- a) bearish
- b) bullish
- c) neutral

55) The reason the markets reacted the way they did to the Fed's announcement was because the market thought the Fed spending more than a trillion dollars to make the banking system more liquid would be:

- a) deflationary
- b) illegal
- c) impossible
- d) vetoed by the president
- e) inflationary

On the afternoon of September 19th, 2008, Dayton Cargill was paying \$5.27 for corn, 15 cents under the December futures. That basis was steady with a week ago. Their new crop bid is \$5.07, 35 under the December futures. That basis was 5 cents firmer than a week ago.

56) What price did December 2008 corn settle at on September 19th, 2008?

- a) \$5.27
- b) \$5.07
- c) \$5.20
- d) \$5.12
- e) \$5.42

57) What basis was Dayton Cargill paying for new crop corn the previous week?

- a) \$5.27
- b) -30 cents
- c) \$5.02
- d) \$5.12
- e) -40 cents

58) If a farmer had corn on DP at Dayton Cargill and held it into the new crop marketing year, he would:

- a) probably lose 20 cents per bushel in basis
- b) probably gain 20 cents per bushel in basis
- c) earn additional interest on the value of the corn
- d) most certainly see the flat price of corn decline
- e) none of the above

On October 10th, 2008, Dayton Cargill was paying \$3.93 for corn, 15 under the December, but was taking 10 cents protection due to the limit down close at the CBOT on Friday.

- 59) What price was Dayton Cargill paying for corn from Friday afternoon until the CBOT reopened?
- a) \$3.93
 - b) \$4.03
 - c) \$4.08
 - d) \$4.28
 - e) \$3.83

In mid-March, 2009, a bill was introduced in Congress to discontinue funding of the Mexican Truck "Pilot Program" which allowed some Mexican truck companies to deliver freight to any point in the USA. If passed, the program will be discontinued and Mexican trucks will not be allowed more than 30 miles from the Mexican/USA border. NAFTA included the provision for the "Pilot Program" to begin in 1996, but it was delayed 10 years by the Clinton Administration.

- 60) Mexico's reaction was:
- a) place or increase tariffs on some US products exported to Mexico
 - b) encourage the drug cartels to make violent attacks on Americans in border towns
 - c) placed an embargo on US corn sweeteners and soybean meal
 - d) break diplomatic relations with the USA
 - e) none of the above

It was announced on October 17th, 2008 that a person driving on Interstate 65 from Gary, Indiana to Mobile, Alabama could buy B20 the entire route.

- 61) B20 is:
- a) an ethanol based biofuel
 - b) a 20% blend of gasoline and 80% ethanol
 - c) 80% diesel fuel
 - d) a new version of "Billy Beer", initially promoted by former President Jimmy Carter's brother Billy
 - e) none of the above

- 62) During the past winter, USDA economists were predicting corn acres in 2009 would be:
- a) much more than private forecasters
 - b) much less than private forecasters
 - c) about the same as private forecasters
 - d) there are no private forecasters
 - e) none of the above

- 63) The bean crop harvested in 2009 in South America was, for the first time in history:
- a) Argentine & Brazilian bean production together were more than the USA bean production
 - b) Argentine & Brazilian bean production both saw increased bean production over the previous year
 - c) Argentine & Brazilian bean production both saw decreased bean production from the previous year
 - d) Paraguay and Uruguay produced more beans than Brazil
 - e) Paraguay and Uruguay produced more beans than Argentina

Given: The number of heifers and steers on feed is equal.

64) The short term (next 6 months) cattle feed demand will be:

- a) more than normal
- b) less than normal
- c) about normal

65) The long term (2 to 5 years) cattle feed demand will be:

- a) more than normal
- b) less than normal
- c) about normal

66) Grain Bank corn is:

- a) expected to be sold
- b) expected to be used as feed
- c) must be stored for a minimum of a year
- d) a new program authorized by the FDIC to help banks make more money by storing corn

67) Who has title (owns) to soybeans on a basis contract already delivered to an elevator?

- a) farmer
- b) elevator
- c) FSA
- d) Commodity Credit Corporation

68) Who has title to soybeans on DP?

- a) farmer
- b) elevator
- c) FSA
- d) Commodity Credit Corporation

69) Who has title to corn on warehouse receipt?

- a) farmer
- b) elevator
- c) FSA
- d) Commodity Credit Corporation

70) There is a corn LDP available if:

- a) the corn is not under government loan
- b) the posted county price is less than the loan rate
- c) the corn has been harvested
- d) only if all of the above conditions are met
- e) any of the above conditions are met

71) Most elevators pay on dry bushels and charge drying costs, if any, on:

- a) dry bushels
- b) wet bushels
- c) basis bushels
- d) DP bushels
- e) dry matter basis

- 72) Most grain marketing instructors stress the importance of knowing one's cost of production as the first step in developing a marketing plan. A farmer who is an excellent manager knows his actual cost production:
- a) a year before he plants the crop
 - b) as soon as he has locked-in his input costs
 - c) as soon as the crop is planted
 - d) as soon as the crop is harvested
 - e) after the last bushel is delivered, which may be nine to ten months after harvest
- 73) Who knows what the markets are going to do?
- a) nobody
 - b) top Cargill managers because Cargill is by far the biggest grain merchandising company in the world
 - c) local elevator grain merchandiser because his job requires him to know world & local fundamentals
 - d) Cooperative Extension Grain Marketing Specialist because their only job is to research grain markets
 - e) "b", "c" and "d"
- 74) If a farmer expects the basis to weaken and the futures to go higher when he will deliver grain, he should:
- a) forward contract
 - b) hedge to arrive contract
 - c) nothing
 - d) minimum price contract
 - e) basis contract
- 75) If a farmer expects the basis to firm and the futures to weaken when he will deliver grain, he should:
- a) forward contract
 - b) hedge to arrive contract
 - c) nothing
 - d) minimum price contract
 - e) basis contract
- 76) If a farmer expects the basis to firm and the futures to rally when he will deliver grain, he should:
- a) forward contract
 - b) hedge to arrive contract
 - c) nothing
 - d) minimum price contract
 - e) basis contract
- 77) If a farmer expects the basis to weaken and the futures to decline when he will deliver grain, he should:
- a) forward contract
 - b) hedge to arrive contract
 - c) nothing
 - d) minimum price contract
 - e) basis contract
- 78) A grain elevator is required by law to have on-hand the physical bushels of which of the following:
- a) grain on commercial storage
 - b) DP grain
 - c) basis contract grain already delivered by farmers
 - d) grain forward contracted to a grain terminal
 - e) all of the above

- 79) A farmer knows if he prices the soybeans now, he will be able to meet all his cash flow requirements for the coming year, but he is very confident soybean prices will be rally. He also knows that if he does not price his crop and the market goes down, he will loose his farm. He should:
- a) forward contract
 - b) hedge to arrive contract
 - c) nothing
 - d) minimum price contract or buy puts
 - e) basis contract

Corn exports set the record number of bushels at 2433 million bushels in 1979 when the US dollar was rallying very sharply. That record held for the next 29 years until 2436 million bushels of US corn were exported in 2008, also a year that saw the dollar rally to 3 year highs after years and years of decline.

- 80) Why does the market think a weak dollar increases exports and a strong dollar weakens export demand?
- a) a weaker dollar does, in fact, make US products cheaper to buy for foreign buyers
 - b) it is a myth created by the grain industry to get farmers to sell grain & beans in a down market
 - c) it is a myth created by the US government to keep the cost of food for Americans lower
 - d) because politicians know a lie repeated often enough will eventually be construed as the truth
 - e) none of the above

In 1996, corn made new all-time highs. The July 1996 contract was the spot month when it peaked at \$5.54 ½. Some respected grain marketing professionals predicted corn would never be below \$3.00 again. However, spot month corn was below \$2.50 from late July 1998 until early July 2002.

- 81) The high for spot month corn futures in 2008 was:
- a) was just a few cents above the 1996 high
 - b) about a dollar above the 1996 high
 - c) about \$2 above the 1996 high
 - d) about \$4 above the 1996 high
 - e) peaked at \$25 per bushel

- 82) In 1996 and 2008, there were short periods of time when farmers wanted to price new crop corn, wheat and beans and many elevators refused to allow the farmers to price their grain and beans even though prices were higher than ever before. Various excuses were given, but the real reason was:
- a) the grain merchandisers did not want the farmers making so much money
 - b) the elevators were afraid they would or they already had run out money to meet hedge margin calls
 - c) budget cuts by the state required the Ohio Department of Agriculture to lay-off half their elevator grain inspectors and the ODA could not keep up with required-by-law elevator audits, so the ODA made elevators stop hedging grain & soybeans
 - d) the Bernie Madoff scandal on Wall Street in which \$64 billion was lost before the Securities & Exchange Commission was aware of the scandal caused the CFTC to halt hedging while it reviewed elevator records to make sure they were not engaging in speculation & loosing traders money
 - e) none of the above

- 83) Deliveries on March bean futures start on the last business day of February.
- a) true
 - b) false

- 84) A farmer has beans on a March basis contract at 10 under the March. He is considering rolling it to May. The elevator will charge him a penny to roll the basis contract. If March beans were trading at \$8.56 and May beans were at \$8.52 at the time the roll was done, the farmer's basis contract net price would be:
- a) 9 under the May
 - b) 6 under the May
 - c) 14 under the May
 - d) 15 under the May
 - e) 7 under the May
- 85) The USA bean exports are about:
- a) a fourth of its annual bean production
 - b) a third of its annual bean production
 - c) half of its annual bean production
 - d) three-fourths of its annual production
- 86) For grain sales, the amount of discounts, if any, for moisture, foreign matter or damaged kernels would be listed on:
- a) balance sheet
 - b) financial statement
 - c) monthly consolidation report
 - d) settlement sheet
- 87) The last day a corn producer can take the corn LDP or put 2008 corn under government loan is:
- a) the last business day of December 2008
 - b) the last business day of February 2009
 - c) the last business day of May 2009
 - d) the last business day of August 2009
 - e) as long as the farmer still has title to the corn, there is no time limit to take LDP or put under loan
- 88) When is the most logical situation for a farmer to buy a put option on unpriced grain?
- a) when he thinks the price of the futures will go up and already he has all his crops priced
 - b) when the prices for new crop corn, wheat or beans are near or below the loan rate
 - c) when the prices for new crop corn, wheat and beans are several dollars above the loan rate
 - d) when prices for new crop corn, wheat and beans are more than dollar below the loan rate
 - e) the day before the end of the old crop marketing year
- 89) The last day for May 2009 wheat deliveries on the CBOT contract is:
- a) the last business day of April 2009
 - b) the first business day of May 2009
 - c) the second Friday of May 2009
 - d) the next to the last Friday of May 2009
 - e) the last business day of May 2009
- 90) Which of the following positions have the possibility of receiving a margin call?
- a) write a call or write a put
 - b) buy a call
 - c) buy a put
 - d) "b" and "c"
 - e) none of the above

Most elevators establish a minimum price contract by placing a net short futures hedge and buying a call option.

- 91) What protects the elevator from a declining futures price?
- a) buying the call
 - b) shorting the futures
 - c) a combination of buying the call and shorting the futures
- 92) What protects the elevator from rising futures price?
- a) buying the call
 - b) shorting the futures
 - c) a combination of buying the call and shorting the futures
- 93) The benefit to the farmer of using a minimum price contracts is:
- a) provides downside risk protection and up side potential
 - b) no margin calls under normal circumstances
 - c) no cash flow outlay for futures or option commissions
 - d) all of the above
 - e) none of the above
- 94) By issuing a minimum price contract as described at the top of this page, the elevator has:
- a) an initial margin requirement on short futures position
 - b) the possibility of a maintenance margin call on the short futures position
 - c) the cost of call option
 - d) to pay commissions on the short futures position and purchase of the put option
 - e) all of the above
- 95) A minimum price contract could also be hedged with only the purchase of a put option. The benefit(s) to the elevator is (are):
- a) no initial margin requirement on short futures position & no chance of maintenance margin calls
 - b) one commission instead of two
 - c) the elevator still has the risk protection of futures moving lower & benefit from upside movement
 - d) all of the above
 - e) none of the above

In December 1989, a cooperative elevator general manager received a recommendation and explanation how to hedge grain purchase contracts with put options instead of futures as well as to use only puts to hedge minimum price contracts instead short futures and long calls. He refused to switch to puts. In 1996, his elevator ran out of margin money and filed bankruptcy. Forty people lost their jobs, dozens of suppliers never got paid for products delivered to the elevator and hundreds of farmers did not get paid for their grain. One supplier lost over a half million dollars.

Elevators continue to sell futures & buy calls for minimum price contracts instead of buying only a put option. They also continue to short futures instead of buying puts to hedge down side risk even though some elevators went bankrupt in 1996 and 2008 and all elevators felt the cash flow pinch in 2008 with many turning away, at times, business farmers offered them in the form of forward pricing of grain.

- 96) Why do elevators still use short futures with the risk of unlimited margin calls instead of puts to hedge downside market risk?
- a) the same reason teenagers think they won't be killed in a car accident
 - b) the cost of puts would be more than the initial margin for a short futures position
 - c) both of the above
- 97) If an option is purchased and, over a period time, increases in value by dollar a bushel, that dollar a bushel can be:
- a) removed from the option account before the option is sold
 - b) used to meet margin calls in the same customer's futures account before the option is sold
 - c) used to purchase more options before the original option is sold
 - d) all of the above
 - e) none of the above
- 98) If a farmer buys puts to hedge his expected 50,000 bushels of corn he is growing, he should want the puts:
- a) expire worthless
 - b) make at least a \$1 per bushel more than he paid in premium
 - c) breakeven at the least so he does not lose his investment in the premium
 - d) make enough to cover the cost of commission over and above his premium cost
 - e) none of the above
- 99) A farmer has a July wheat HTA, but a late harvest requires him to roll it to September. The roll is done when the September wheat was 13 cents over the July. The elevator charged one cent a bushel to do the roll. The farmer:
- a) loses 12 cents a bushel on his net HTA price
 - b) loses 14 cents a bushel on his net HTA price
 - c) gains 12 cents a bushel on his net HTA price
 - d) loses 14 cents a bushel on his net HTA price
 - e) cannot determine net gain or loss because the July and September futures prices are not known

Former candidate and now President Obama has stated many times over the past year we are in the midst of the worst economic recession since the Great Depression.

In the 1980 to 1982 recession, the prime rate reached 21½%; it is now 3¼ %. Inflation rate the past 12 months was 1.1%. In 1980, the inflation rate was 13.5%. Mortgage rates were as high as 18% for a 30 year fixed rate mortgage for a person with a good credit rating. Even by late 1985, the 30 year mortgage fixed interest rate was 11%. Now, the same qualifications can get a person a 30 year fixed mortgage for 4.8%. Unemployment peaked at 10.7% in the 1980-'82 recessions.

- 100) Is this current recession the worst since the Great Depression?
- a) well yeah! The Great Depression was in 1980 -'82!
 - b) of course, it is... our president would not lie to us
 - c) no, not even close
 - d) "a" and "b"

KEY

1) e	26) a	51) c	76) c
2) a	27) d	52) c	77) a
3) b	28) c	53) a	78) a
4) b	29) c	54) b	79) d
5) b	30) b	55) e	80) a
6) a	31) c	56) e	81) c
7) b	32) b	57) e	82) b
8) c	33) b	58) a	83) a
9) c	34) d	59) e	84) e
10) b	35) a	60) a	85) b
11) d	36) c	61) c	86) d
12) b	37) a	62) a	87) c
13) a	38) c	63) c	88) c
14) d	39) d	64) a	89) e
15) a	40) a	65) b	90) a
16) b	41) e	66) b	91) b
17) c	42) b	67) b	92) a
18) b	43) a	68) b	93) d
19) d	44) a	69) a	94) e
20) a	45) d	70) d	95) d
21) e	46) d	71) b	96) c
22) a	47) c	72) e	97) e
23) e	48) d	73) a	98) a
24) e	49) a	74) e	99) c
25) b	50) a	75) b	100) c

2008 Ohio FFA State Grain Merchandising Written Test Answer with the BEST answer!

- **PLACE ANSWERS ON BACK OF MULTI PURPOSE FORM "A". THERE ARE 100 QUESTIONS (201-300) ON THIS EXAM, MAKE SURE YOUR EXAM HAS 201-300 NUMBERED QUESTIONS ON IT!!!!**

- 201) Which of the following have made a new all-time high price during the last 12 months?
a) corn b) wheat c) soybeans d) all of the above e) none of the above
- 202) Which of the following have made a new all-time high price during the last 12 months despite a record large carryin going into the current marketing year?
a) corn b) wheat c) soybeans d) all of the above e) none of the above
- 203) Which of the following had the largest acreage planted in 2007 since WWII?
a) corn b) wheat c) soybeans d) all of the above e) none of the above
- 204) According to the USDA Planting Intentions Report, which of the following will have less acres planted in 2008 than in 2007?
a) corn b) wheat c) soybeans d) all of the above e) none of the above
- 205) Which of the following traded above \$20 per bushel at a commodity futures exchange in the past year?
a) corn b) wheat c) soybeans d) all of the above e) none of the above
- 206) Which of the following is used the least as a source of biofuel?
a) corn b) wheat c) soybeans
- 207) China is the world's largest importer of which of the following?
a) corn b) wheat c) soybeans d) all of the above e) none of the above
- 208) Both Australia & Ukraine had poor crop years in 2006 and 2007 which primarily impacted the price of:
a) corn b) wheat c) soybeans d) all of the above e) none of the above
- 209) In the long run, which of the following will probably have the greatest demand as a source for biofuel?
a) corn b) wheat c) soybeans
- 210) Brazil and Argentina together produce more than the USA produces of which of the following?
a) corn b) wheat c) soybeans d) all of the above e) none of the above
- 211) A "flex fuel" automobile engine can burn straight gasoline and which of the following:
a) B20 b) B80 c) E85 d) all of the above e) B80 & E85
- 212) Oils that can be used for biodiesel are:
a) soybean oil b) palm oil c) peanut oil d) refined animal fat e) all of the above

- 213) Hillary Clinton says NAFTA should be re-negotiated or canceled. The President who signed the NAFTA treaty was:
 a) Bush 43 b) Bill Clinton c) Bush 41 d) Ronald Reagan e) Jimmy Carter
- 214) The World Trade Organization (WTO) ruled in Brazil's favor that the USA was in violation of WTO production subsidy regulations for cotton. Since that ruling, Brazil has filed a complaint with the WTO that the USA is doing the same with:
 a) corn b) wheat c) soybeans d) all of the above e) none of the above
- 215) If a grain farmer expects the basis to firm and the futures to go higher, he should:
 a) do nothing b) lock-in the basis c) lock-in the futures d) lock-in basis and futures
- 216) If a grain farmer expects the basis to weaken and the futures to go higher, he should:
 a) do nothing b) lock-in the basis c) lock-in the futures d) lock-in basis and futures
- 217) If a grain farmer expects the basis to firm and the futures to go lower, he should:
 a) do nothing b) lock-in the basis c) lock-in the futures d) lock-in basis and futures
- 218) If a grain farmer expects the basis to weaken and the futures to go lower, he should:
 a) do nothing b) lock-in the basis c) lock-in the futures d) lock-in basis and futures
- 219) A grain farmer can lock-in the futures by using a:
 a) a futures hedge b) HTA c) forward contract d) all of the above e) none of the above
- 220) A grain farmer can lock-in the basis:
 a) before delivery b) at delivery c) after delivery if grain was on DP or storage
 d) all of the above e) none of the above
- 221) In recent months, some elevators have put restrictions on:
 a) how much grain a farmer can price for delivery b) what marketing tools are available
 c) how far into the future delivery can be contracted d) all of the above
- 222) The reason many elevators have recently put restrictions on grain contract marketing tools is because:
 a) they are running out of money to meet margin calls b) their storage space is full
 c) they expect a grain export embargo because of high prices d) USDA issued contract limits
- 223) Ethanol is presently most efficiently produced from:
 a) sugar b) corn c) cellulose d) soybeans e) barley
- 224) Ethanol production in the USA in 2015 will probably be made primarily from:
 a) sugar b) corn c) cellulose d) soybeans e) barley
- 225) The world leader in ethanol production is:
 a) Argentina b) Brazil c) China d) USA e) none of the above
- 226) High food prices around the world are being blamed on high energy prices and:
 a) biofuel production b) declining grain and bean production in South America
 c) declining grain and bean production in the US d) Use of GMO seed e) none of the above

- 227) In order of most to least miles per gallon, which of the following is correct if used 100% as a fuel?
 a) ethanol, gasoline, biodiesel b) gasoline, ethanol, biodiesel
 c) biodiesel, gasoline, ethanol d) gasoline, biodiesel, ethanol
- 228) A problem or problems with the ethanol industry in the USA is (are):
 a) most of it is produced in the Corn Belt and it is needed mostly on the East and West Coast
 b) ethanol cannot be shipped through pipelines
 c) it yields less energy per unit of energy used to produce it than gasoline, diesel, and biodiesel
 d) ethanol production from corn requires a huge amount of water
 e) all of the above
- 229) The premium of a call option increases in value if the underlying futures contract:
 a) goes down b) goes up c) trades sideways d) none of the above
- 230) The writer of put wants the put to:
 a) see the underlying futures contract go down b) expire worthless
 c) have its premium increase in value d) "a" & "c" e) none of the above
- 231) Which of the following will never be subject to a maintenance margin call?
 a) the buyer of a long option b) trader who shorts a futures contract
 c) owner of a short option position d) trader long a futures contract e) "a" & "c"
- 232) Basis equals:
 a) futures price minus cash price b) cash price minus DP price c) futures price
 d) cash price minus futures price e) none of the above

For questions 233 through 238, answer "a" if it is a fundamental factor or "b" if it is a technical factor.

- 233) acres planted
- 234) weakening dollar
- 235) relative strength
- 236) government requirement to use more ethanol
- 237) bullish consensus
- 238) new GMO varieties introduced to producers
- 239) The biggest problem with hedging before a crop is planted is:
 a) paying commission to a brokerage firm b) unknown yields due to weather variability
 c) potential of unlimited margin calls d) declining value of cash crop if weather is good
- 240) A hedger goes net long 4 CBOT contracts of corn. Within a few days, the price has increased 11 cents. The hedger:
 a) is a user of corn b) lost \$2200 in the futures c) made \$2200 in the cash market
 d) has to meet a maintenance margin call e) "b" & "d"

- 241) Over the past 10 years, Mexico's tariff on US corn and corn syrup were progressively reduced until being completely eliminated recently. This was a result of:
 a) NAFTA b) WTO c) GATT d) CFTC e) none of the above
- 242) The country which has maintained high tariffs on sugar and ethanol is:
 a) Brazil b) USA c) Russia d) China e) none of the above
- 243) Excluding harvest time, basis generally weakens when:
 a) futures goes up b) futures go down c) futures change has no impact on basis d) "a" & "b"
- 244) Local supply and demand is best represented by:
 a) future price b) basis c) percent of storage empty storage d) total storage
- 245) World supply and demand is best represented by:
 a) future price b) basis c) percent of empty storage d) total storage
- 246) The calculations of the amount paid by an elevator for grain or beans is a document called a:
 a) settlement sheet b) check stub c) check d) statement e) balance sheet
- 247) During July, the market action of corn will be most impacted by:
 a) weekly export sales report b) weekly export inspections c) weather in Brazil
 d) weather in Europe e) weather in Iowa and Illinois
- 248) Which crop consistently has the highest percent of planted acres harvested for grain?
 a) wheat b) soybeans c) corn d) all are about the same
- 249) The marketing year for wheat begins:
 a) January 1st b) March 1st c) June 1st d) September 1st e) December 1st
- 250) The marketing year for soybeans begins:
 a) January 1st b) March 1st c) June 1st d) September 1st e) December 1st
- 251) Sources in the US House of Representatives said in April that ethanol tax incentives for refiners & related crop subsidies paid to farmers could be cut in the new farm bill. If so, it will likely cause:
 a) corn prices to increase b) corn prices to decline c) land rent to increase
 d) US exports to decrease e) soybean acreage to decrease
- 252) Which country currently has farmers strongly protesting export taxes on commodities?
 a) Argentina b) Brazil c) China d) USA e) Russia
- 253) For the week ending April 15th, 2008, the big spec funds increased their net long bean position by 8,337 contracts to 80,258 contracts. The index funds increased their net long bean position by 7,489 contracts to 172,492 contracts. Based on this information alone, the price of beans during that week probably:
 a) increased b) decreased c) traded sideways
- 254) Bullish consensus on April 15th, 2008 for soybeans was probably:
 a) below 50% b) above 50% c) above 90% d) below 10%

- 255) If the index funds decided to liquidate their soybean positions as of April 15th, 2008, the impact on soybean prices:
 a) would be more than if the spec funds liquidated their positions b) bullish c) both "a" & "b"
- 256) Catapillar's recent quarterly report showed much better profit than expected due to very strong non-USA sales. US corn exports this marketing year will be a record high, breaking the 1979 record. These two facts are related because of:
 a) US export subsidies b) a weak US dollar c) a strong US dollar d) high fuel prices
- 257) When a given commodity futures contract months have the front month trading at a premium to the next month and the second month trading at a premium to the third month, etc., this is:
 a) typical of a bear market b) very bullish market c) somewhat bullish market
 d) very bearish market e) somewhat bearish market

Use the following summary of market action for CBOT soybeans on 22 April 2008 to answer questions 258 through 264 if you wish:

May_	1384'0	1334'0	1374'6s	59'2
July	1400'0	1348'0	1389'4s	59'0
Aug	1385'0	1351'0	1379'0s	58'4
Sept	1332'0	1298'0	1329'4s	49'0
Nov	1280'0	1243'0	1277'0s	41'4
Jan	1290'0	1257'0	1290'2s	41'2
Mar_	1300'0	1280'0	1299'6s	40'2
May	1300'0	1287'0	1303'4s	39'0
Jul	1312'0	1290'0	1309'4s	39'0

- 258) The spot month is:
 a) May 2008 b) July 2008 c) November 2008 d) May 2009
- 259) The first new crop month is:
 a) May 2008 b) July 2008 c) November 2008 d) May 2009
- 260) One the features of the day's market action was:
 a) bull spreading b) bear spreading c) long liquidation d) none of the above
- 261) On this date, a trader short one contract of CBOT November beans:
 a) made \$414 b) lost \$414 c) made \$41.50 d) lost \$41.50 e) lost \$2075
- 262) Which of the following is a "red" month?
 a) May 2008 b) July 2008 c) November 2008 d) May 2009
- 263) What is the return to storage per bushel offered by the market for beans from July to August?
 a) 5 cents b) 10.5 cents c) -10.5 cents d) half cent e) 58.5 cents
- 264) In 1996, the old crop/new crop corn spread was inverted. Given the huge amount of corn contracted for multiple years' worth of production in the old crop months, farmers and elevators suffered losses when rolling from old to new crop. On April 22, 2008, the old crop/new crop beans were:
 a) inverted b) normal carry (not inverted) c) reflecting the bearish old crop carryin
 d) reflecting poor spring planting weather e) reflecting the bullish S&D released that morning

265) Ohio's Grain Indemnity Fund is:

- a) initially funded by farmers by a check-off deduction & also when the balance is low
- b) is available to help pay the margin calls for elevators hedging farmer grain contracts
- c) is available to help pay the margin calls for farmers hedging their grain production
- d) is available to banks to finance hedge a line-of-credit for farmers
- e) all of the above

266) When grain elevators buy wet grain, they apply a shrink factor because:

- a) wet grain shrinks when dried
- b) it covers the cost of drying
- c) both of the above

The first year the US grew an 8 billion bushel corn crop was 1982. Prices were low at harvest time and storage was short. The loan rate that year was \$2.55, but farmer participation in the government program was less than 30%, so most corn was not eligible for the government loan. A farmer, who thought the price would recover after harvest, used a basis contract because he could not put his corn under loan and did not have enough farm storage for his excess corn. He also needed some money out of the corn to help pay the 16% interest on his farm real estate loan and 18% interest on his operating loan. The situation:

A West Liberty elevator was paying \$1.61 for corn that October day in 1982. December corn was at \$1.94 and March corn was at \$2.07. The farmer signed a basis contract for 60 cents under the March for 20,000 bushels of corn (4 CBOT contracts). Use this information, if you wish, to answer questions 267 through 271.

267) When did title of the corn transfer from the farmer to the elevator?

- a) when the grain rolled off the farmer's truck at the elevator.
- b) when the farmer signed the basis contract
- c) when the elevator paid the farmer the 80% cash advance
- d) when the elevator made the final payment of 20% plus or minus the gain/loss in March futures
- e) when the farmer and elevator verbally agreed to do the deal and shook hands

268) The moment after the basis contract was set, the farmer could have final priced the basis contract and netted what price for the corn?

- a) \$1.61
- b) \$1.94
- c) \$2.07
- d) \$1.47
- e) his choice of any of the above

269) Most elevators would tell this farmer he needed to price or roll this basis contract by:

- a) the end of February
- b) before March futures quits trading
- c) the end of March

270) If the farmer rolled this basis contract from March to May with normal carry in the market, the basis would have been:

- a) a larger negative number than 60 under the May (like -66)
- b) 60 under the May
- c) a smaller negative number than 60 under the May (like -54)

271) Who got cheated on this basis contract?

- a) nobody
- b) farmer
- c) elevator
- d) farmer & elevator
- e) the trader who sold HC futures

The first year the US grew a 10 billion bushel corn crop was 1994. HTA contracts had become quite common by 1994. A Marysville farmer contracted in January 1994 with his local elevator 40,000 bushels of corn for fall 1994 delivery at \$3.02 in the July 1994 futures contract. On the same day, December 1994 corn was trading at \$2.60. The contract issued by the elevator stated he could roll the HTA to another futures month for a 1 cent per bushel fee and he could set the basis in 5,000 bushel increments. In late June, he rolled from the July 1994 to the December 1994 at even money; the roll price happened to be \$2.77. Being a Union County farm with slow drainage, this farmer usually started corn harvest when the rest of Ohio is about half done with harvest. He filled his on farm storage first and needed to start delivering on the HTA contracts in late October. He expected most Ohio farmers would complete harvest within the next ten days, but his harvest and delivery to the elevator on his HTA contract would not be complete until mid-November. Thus, he expected the basis to improve from late October into mid-November. He called the elevator on 27 October to set the basis on the first 5,000 bushels. The basis that day was -34 the Dec. Four days later, he called to set the basis on the next 5,000 bushels with the basis at -28 the Dec. The grain merchandiser said he had set the basis on entire HTA contract at -34. By mid-November, when the farmer delivered the last 5,000 bushels the basis was -16 the Dec, but he was paid -34 the CZ.

Use the above information, if you wish, to answer questions 272 through 278.

272) What was the net December HTA price?

- a) \$2.77 b) \$3.01 c) \$3.02 d) \$2.60 e) \$2.76

273) By selling the July and then waiting five months to roll to the December, the HTA contract:

- a) gained nothing, but lost the 1 cent roll fee b) gained 42 cents less the 1 cent roll fee
c) lost 42 cents less the 1 cent roll fee d) none of the above

274) The net cash price the farmer received on the contract was:

- a) \$2.73 b) \$3.01 c) \$2.76 d) \$2.85 e) \$2.67

275) Had the farmer sold the corn in the December contract back in January instead of the July contract, what would have been his net cash price on the first 5,000 bushels?

- a) \$2.25 a) \$2.43 c) \$2.60 d) \$2.68 e) \$2.26

276) Had the basis on the last 5,000 bushels been set in mid-November, the farmer's cash price would have been:

- a) \$3.02 b) \$3.01 c) \$2.76 d) \$2.85 e) \$2.67

277) Given that the basis firmed progressively as the farmer expected, but the grain merchandiser set all 40,000 bushels at -34 CZ, the financial impact on the farmer was about:

- a) lost \$7,200 b) gained \$900 c) none d) lost \$3,600 e) none of the above

278) Who got cheated on this contract?

- a) nobody b) farmer c) elevator d) farmer & elevator e) the trader who bought CN futures

279) Grain elevators are regulated by:

- a) CFTC b) CBOT c) State Department of Agriculture d) USDA e) none of the above

280) Futures exchanges are regulated by:

- a) CFTC b) CBOT c) State Department of Agriculture d) USDA e) none of the above

- 281) Commodity futures open interest is reported weekly by:
 a) CFTC b) CBOT c) State Department of Agriculture d) USDA e) none of the above
- 282) National Crop Condition and Progress reports are issued by:
 a) CFTC b) CBOT c) State Department of Agriculture d) USDA e) none of the above
- 283) Grain elevators prefer to fill-up their storage space during harvest because:
 a) it is their purpose to serve the community b) utilize investment they have in the storage
 c) they make money on basis appreciation d) they make money on futures appreciation
- 284) A grain or oil seed has a LDP value when:
 a) the PCP is below the target price b) LDP is above the loan rate
 c) the PCP is below the loan rate d) the loan rate is below the PCP
- 285) The last day to lock-in the LDP or put a 2008 spring planted commodity under government loan is:
 a) last business day of 2008 b) last business day in March 2009
 c) last business day in May 2009 d) last business day of 2009
- 286) The USDA expects about 20% of the 2008 corn crop to be used for ethanol production. That is production from about how many acres? :
 a) 800 thousand b) 28 million c) 8 billion d) 1 billion e) 17 million
- 287) Elevators are required by law to have the physical grain in their inventory if the grain is:
 a) delayed price b) basis contract c) commercial storage d) hedged e) sold

CBOT Commentary for end of day 24 April 2008:

"The soybean complex traded sharply lower today. Traders indicate that this was based on a strong dollar and sharply lower crude oil. Locals were the best sellers during much of the session followed by funds according to floor traders. Funds were said to be sellers of about 2000 contracts by late in the session. Volume was moderate early, but picked up during late morning/early afternoon when large scale commission house selling entered the mix." Questions 288 through 291 apply.

- 288) The soybean "complex" consists of:
 a) corn, wheat and beans b) Soybean meal & soy oil c) all factors affecting price of beans
 d) soybeans, soybean meal & soy oil e) soy, sun, peanut, canola, olive, palm, and cotton oil
- 289) "Locals" are:
 a) People who trade their own account on the CBOT floor living in the Chicago area.
 b) Commodity futures brokers in offices in the Chicago area.
 c) People who farm the land within driving distance of Chicago.
 d) When the CBOT was founded in 1848, transportation was so slow only local residents had access to the CBOT. Ever since then, all traders are referred to as "locals".
 e) none of the above
- 290) The group who sold most of the contracts during the day were:
 a) funds b) hedgers c) crude oil hedgers d) large commission houses e) locals

- 291) "Volume" refers to:
- a) number of soy contracts traded
 - b) number of people trading soy contracts
 - c) value of the soy complex contracts
 - d) none of the above

CBOT morning commentary for 25 April 2008:

"Outside markets were generally weaker overnight due in large part to the recovery in the dollar."

- 292) "Outside markets" include:
- a) commodities grown outside as opposed to green house crops
 - b) gold, silver, stocks, bonds, crude oil, treasury instruments, etc.
 - c) palm oil, canola, cotton, sugar, rice, sunflower seed & sunflower oil
 - d) commodities grown outside the USA
 - e) non-regulated market commodities which impact CBOT commodities

- 293) Over the past several years, the value of the dollar has been:
- a) increasing
 - b) declining
 - c) trading sideways

- 294) The value of the dollar is measured by the:
- a) number of units of another country's currency required to exchange for a dollar
 - b) number of dollars it takes to buy an ounce of gold, also known as the "gold standard"
 - c) number of dollars it takes to buy an ounce of silver, also known as the "silver standard"
 - d) Federal Reserve Bank's discount rate
 - e) Federal Reserve Bank's fed fund rate

The US Census soybean crush for March 2008 was 152.6 million bushels versus 155.7 million a year ago and 145.2 million bushels the 5-year average for March.

- 295) For soybeans, this was a:
- a) bearish number because it was less than the previous month
 - b) bullish number because it was more than the five year average
 - c) a price neutral number because it is between the five year average and the previous month
 - d) it is a bogus number because the Census Bureau only counts population; only the National Oilseed Processors Association (NOPA) reports soybean crush volume
 - e) one needs to know what the market expected to know whether this report was bullish or bearish

- 296) In order to have a reasonable chance to do a good job marketing his production, a grain farmer needs to fully understand how two markets function. They are:
- a) ethanol and biodiesel
 - b) cash grain and grain futures
 - c) vegetable oils and meal

- 297) The link that keeps the futures market connected to the physical market is:
- a) basis
 - b) delivery of the physical commodity can be required on a futures contract
 - c) the CFTC regulations and monitoring of transactions
 - d) State Department of Agriculture's regulations and monitoring of transactions
 - e) market forces embodied by the free enterprise system, which has made America the great economic powerhouse it is

In 1996, the cash price of corn in July exceeded \$5 per bushel and July futures peaked at \$5.54 ½, yet the new crop corn price was a little more than half of the old crop price. Many farmers with old corn were not selling because the price kept going higher. Some feed elevators had livestock feeders with corn on Grain Bank which they would not need before the fall harvest, yet the elevators could not buy corn to meet their needs for other livestock feeders who needed corn for feed.

An elevator offered farmers with excess corn on Grain Bank to trade two bushels of new crop corn for one bushel of old crop corn. Many farmers made the deal. Thus, the feed elevator was able to buy one bushel of old crop corn with two bushels of new crop corn. No cash was transferred. The elevator was able to meet the feed needs of its livestock feeder customers who had no corn and could not buy corn otherwise. Consider this information to answer the next two questions, if you wish.

298) This transaction was:

- a) illegal because there was no physical inventory of new crop corn in July
- b) illegal because the feed elevator had no new crop corn to put in Grain Bank to replace the old crop corn sold out of Grain Bank
- c) illegal because Grain Bank corn cannot be legally sold out of Grain Bank; it has to be used as feed
- d) illegal because there was no cash paid by the elevators to the farmers with the Grain Bank corn
- e) perfectly legal

299) Who got cheated on this two bushels of new crop corn for one bushel of old crop corn?

- a) the farmers with Grain Bank corn
- b) the farmers who used the former Grain Bank corn
- c) feed elevator
- d) no one

300) During April 2008, there were riots in the Philippines, Haiti, Indonesia and Egypt over the high price or non-availability of rice. Sam's Club initiated a limit of how much rice a customer can buy. This situation:

- a) is bullish for wheat because wheat is substitute commodity for rice
- b) is bullish for wheat, corn and beans because it is probable the high price of rice will mean more acres are planted to wheat and less to corn and beans
- c) is bullish for world trade because it demonstrates the need for more grain trade
- d) will contribute to political instability in some countries
- e) all of the above

Key for 2008 State FFA Grain Merchandising Contest

- | | |
|-------|-------|
| 1. D | 51. B |
| 2. C | 52. A |
| 3. A | 53. A |
| 4. A | 54. B |
| 5. B | 55. A |
| 6. B | 56. B |
| 7. C | 57. B |
| 8. B | 58. A |
| 9. C | 59. C |
| 10. C | 60. A |
| 11. C | 61. E |
| 12. E | 62. D |
| 13. B | 63. C |
| 14. A | 64. A |
| 15. A | 65. A |
| 16. B | 66. A |
| 17. C | 67. A |
| 18. D | 68. D |
| 19. D | 69. A |
| 20. D | 70. A |
| 21. D | 71. B |
| 22. A | 72. B |
| 23. A | 73. B |
| 24. C | 74. E |
| 25. B | 75. E |
| 26. A | 76. D |
| 27. C | 77. D |
| 28. E | 78. B |
| 29. B | 79. C |
| 30. B | 80. A |
| 31. A | 81. A |
| 32. D | 82. D |
| 33. A | 83. C |
| 34. A | 84. C |
| 35. B | 85. C |
| 36. A | 86. E |
| 37. B | 87. C |
| 38. A | 88. D |
| 39. C | 89. A |
| 40. A | 90. E |
| 41. A | 91. A |
| 42. B | 92. B |
| 43. A | 93. B |
| 44. B | 94. A |
| 45. A | 95. E |
| 46. A | 96. B |
| 47. E | 97. B |
| 48. B | 98. E |

49. C
50. D

99. D
100. E

2007 STATE GRAIN MERCHADISING EXAM

(100 questions worth 1 point per question) ***DO NOT USE INK- IT IS YOUR RESPONSIBILITY TO MAKE SURE THAT THERE ARE 100 QUESTIONS ON THIS EXAM AND THAT YOU USE MULTI PURPOSE "C" TO RECORD YOUR ANSWERS ON THE BACK SECTION C***

Choose the correct answer and bubble in the corresponding answer on the computer score sheet.

True/False

1. A market can be defined as a time and place with the necessary conditions for trading between a seller and buyer.
 - A. True
 - B. False
2. The goal of grain producers is to receive the highest price for their commodity.
 - A. True
 - B. False
3. Marketing implies an organized well-planned system of disposing of the product, not just selling the crop.
 - A. True
 - B. False
4. The term marketing functions is used to describe decisions made by the producer as what crop and how many acres to plant.
 - A. True
 - B. False
5. The primary uses of grain in the U.S. are human consumption, industrial production and fuel production.
 - A. True
 - B. False
6. An example of substitution would occur when corn prices rise above wheat prices and a farmer uses wheat for feeding hogs.
 - A. True
 - B. False
7. Large quantities of grain at harvest, storage cost, interest charges and government policies are a few factors that affect the price of a commodity.
 - A. True
 - B. False
8. Processing is the marketing function that enables grain to move to consumers in the desired quantities at the required time.
 - A. True
 - B. False
9. When considering storage costs, depreciation, property taxes and insurance on grain are all fixed costs.
 - A. True
 - B. False
10. Electricity or fuel for drying and aeration are examples of operating costs for storing grain.
 - A. True
 - B. False
11. An advantage of on-farm storage for producers is that grain can be stored all year at the same overhead cost.
 - A. True
 - B. False
12. The price quoted for a bushel of grain will be the price for a bushel of standard grade of that grain.
 - A. True
 - B. False
13. Gross weight, net weight and crop are the three requirements found on a scale ticket.
 - A. True
 - B. False

14. A commodity sold for immediate delivery is usually a cash sale.
- A. True
 - B. False
15. Most grain futures transactions occur in the United States on the Chicago Board of Trade.
- A. True
 - B. False
16. One wheat contract on the Chicago Board of Trade has a volume of 10,000 bushels.
- A. True
 - B. False
17. A trader in the futures expecting lower prices due to excess supply is referred to as a bull.
- A. True
 - B. False
18. On the futures market, one will receive a margin call from a broker when price exceeds expectations and the contract value increases.
- A. True
 - B. False
19. Cash basis is the difference between the cash price and price of the nearest futures month.
- A. True
 - B. False
20. Commodity options occur as put options, call options and strike options.
- A. True
 - B. False
21. Marketing functions describe changes a product goes through from production to consumption and include:
- A. Selling
 - B. Buying
 - C. Grading and standardizing
 - D. Transportation
 - E. All the above
22. A term used to describe the refusal to ship grain to a specific country for political reasons is called:
- A. Denial of support
 - B. Embargo
 - C. Humanitarian efforts
 - D. Political tool
 - E. Both B and C
23. Factors that affect the supply of grain include:
- A. Acres of crop planted
 - B. Yield per acre
 - C. Carryover
 - D. World production
 - E. All the above
24. U.S. #2 corn has a minimum test weight of _____ pounds per bushel.
- A. 60
 - B. 58
 - C. 56
 - D. 54
 - E. 52

25. The official weight of a bushel of wheat is _____ pounds per bushel.
- 60
 - 58
 - 56
 - 48
 - 32
26. The current Secretary of Agriculture is the former governor of:
- Kansas
 - California
 - Nebraska
 - Texas
 - None of the above
27. Legislation to authorize the expenditure of US government money for agriculture must originate from:
- The White House
 - House of Representatives
 - USDA
 - Senate
 - Any of the above
28. The political party with the majority in the House of Representatives is:
- the same as in the White House
 - Republicans
 - Libertarians
 - Democrats
 - "a" & "d"
29. A farmer would go to what agency to participate in US government farm program:
- SCS
 - FSA
 - Farm Service Agency
 - ASCSa) "b" and "c"
30. LDP stands for:
- lost deficiency payment
 - leader development program
 - loan debit payment
 - lead don't pause
 - loan deficiency payment
31. A farmer has marketing loan gain when the:
- PCP is above the loan rate
 - when the PCP is below the loan rate
 - when he can collect a LDP
 - when the grain is under loan and the PCP is below the loan rate
32. Of the following, which is (are) feed grain(s)?
- corn
 - wheat
 - soybeans
 - sunflowers
 - "c" and "d"
33. The current government farm program expires after crop year:
- 2007
 - 2008
 - 2009
 - 2010
 - none of the above
34. Corn acreage in 2007 is expected by the market to be:
- about 90 million acres
 - more than any since 1944
 - more than soybeans
 - all of the above
35. LDP can be collected on corn, wheat and beans when:
- sold
 - in the bin
 - stored at the elevator
 - all of the above
 - none of the above
35. PCP stands for:
- pop corn planted
 - posted corn price
 - posted county price
 - none of the above
36. The Brazilian bean crop just harvested is expected to be:
- a record large crop
 - a little less than last year
 - very close to last year's size
 - Brazil quit growing beans due to Asian leaf rust
 - none of the above
37. About what percentage of the corn in the US used for feed is fed to poultry?
- 22%
 - 32%
 - 42%
 - 52%
 - 62%

38. World wide wheat production the past year was:
 a) down sharply b) up sharply c) about the same as normal
39. This past winter, there were expectations the 2007 US bean acres would be reduced due to:
 a) high phosphate costs b) high potash costs c) high nitrogen cost d) high corn prices
40. Futures contracts of beans have rallied substantially since last September primarily because of:
 a) short supplies b) record large supplies c) strong corn & wheat prices d) poor Brazilian crop
41. The CBOT was recently:
 a) founded b) sold to the owners of the CME c) closed d) went bankrupt e) none of the above
42. Quantity wise, the contracts traded at the Mid American Exchange are generally:
 a) the same as the CBOT & CME b) larger than the CBOT & CME
 c) smaller than the CBOT & CME d) none of the above
43. Corn futures at the CBOT trades in ticks of:
 a) 1 cent b) ½ cent c) ¼ cent d) 1/8 cent e) none of the above
44. Soybean options at the CBOT trade in ticks of:
 a) 1 cent b) ½ cent c) ¼ cent d) 1/8 cent e) none of the above
45. A person with a “short” position benefits when the market moves:
 a) higher b) sideways c) down d) expires e) none of the above
46. A person long the market could have a position such as:
 a) grain stored in the bin unpriced b) short a put option c) long a call option
 d) basis contract at the elevator e) all of the above
47. A spread position would be:
 a) long May corn, short July corn b) long a call, short a put c) long a call, long a put
 d) “a” and “b” e) “a” and “c”

Answer the following “a” if it is fundamental market factor or “b” if a technical market factor or “c” if neither fundamental or technical:

48. Open interest at the CBOT
49. Area of support on daily chart
50. Number of sows
51. Exchange rate of the US Dollar
52. Number of acres wheat planted in Ukraine
53. Relative Strength Index

Answer 54 through 60 “a” if the answer is Argentina; “b” if the answer is Brazil; “c” if the answer is China; “d” if the answer is Japan; “e” if the answer is none of the above

- 54. Largest exporter of beans other than the US
- 55. Country with most people in the world
- 56. Largest buyer of US beans
- 57. Was the largest importer of US beef, but banned US beef imports due to Mad Cow Disease infection
- 58. Corn exports were expected to decline after joining the World Trade Organization in 2001
- 59. Has an economy growing 10 to 11% annually the past three years
- 60. Wants to export more ethanol to US

A farmer is considering buying or selling a July 2007 \$6.00 soybean call priced at \$1.43 cents with July beans trading at \$7.33. Use this information to answer questions 61 through 67.

- 61. The \$1.43 cents is the:
 - a) strike price
 - b) intrinsic value
 - c) time value
 - d) premium
 - e) none of the above
- 62. The \$7.33 is the:
 - a) strike price
 - b) intrinsic value
 - c) time value
 - d) premium
 - e) none of the above
- 63. The \$6.00 is the:
 - a) strike price
 - b) intrinsic value
 - c) time value
 - d) premium
 - e) none of the above
- 64. This option has no:
 - a) strike price
 - b) intrinsic value
 - c) time value
 - d) premium
 - e) none of the above
- 65. This option expires in:
 - a) July
 - b) June
 - c) August
 - d) call options do not expire
 - e) none of the above
- 66. If the farmer decides to sell this option before purchasing it, technically speaking, she will be a:
 - a) seller
 - b) buyer
 - c) writer
 - d) broker
 - e) none of the above, she can't do that!
- 67. If she takes a short option position, she will:
 - a) never have to worry about multiple margin calls
 - b) will have only limited loss potential
 - c) will have unlimited loss potential
 - d) "a" & "b"
 - e) none of the above
- 68. Grain shrink charts:
 - a) are the same at all elevators
 - b) regulated by the CFTC
 - c) regulated by the USDA
 - d) regulated by the Ohio Department of Agriculture
 - e) none of the above
- 69. Over the past couple years, what was the most significant disease problem in the world's livestock industry?
 - a) Foot and Mouth
 - b) Hoof and Mouth
 - c) Avian Bird Flu
 - d) Tuberculosis

70. If a farmer receives less than the elevator's posted price for 14.5% moisture corn, it typically is because of:
- a) drying charges
 - b) excessive moisture
 - c) too much foreign matter
 - d) all of the above
 - e) "a" & "b"
71. Any discounts a farmer is charged for quality problems on cash grain will be reported on a:
- a) transaction sheet
 - b) monthly statement
 - c) settlement sheet
 - d) all of the above
 - e) none of the above
72. The test weight for No. 1 corn in pounds per bushel is:
- a) 60
 - b) 58
 - c) 56
 - d) 54
 - e) 52
73. The USDA issues Supply and Demand Reports on or about:
- a) the last day of every month
 - b) the tenth of the of every month
 - c) the last day of the quarter
 - d) as it deems necessary to control prices
 - e) as directed by the Secretary of Agriculture
74. The USDA will release the Planted Acres Report the last business day in June. Its impact on the prices of corn and beans will be primarily because of what planted acres are compared to:
- a) planted acres a year ago
 - b) the March Planting Intentions
 - c) the most recent S&D
 - d) the price the day the report is released
 - e) what the market expected
75. Generally speaking, which of the following produced in the US is most likely to require drying:
- a) corn
 - b) wheat
 - c) beans
 - d) oats
 - e) all about the same probability
76. "Fast track" authorization for agricultural trade agreements negotiated by the US will expire in:
- a) May
 - b) June
 - c) June
 - d) July
 - e) August
77. What unusual events happened during the last eight months?
- a) corn rallied to over \$4.00
 - b) beans rallied sharply despite record large US and world supplies
 - c) wheat rallied to over \$5.00
 - d) all of the above
 - e) none of the above
78. Bio-fuels have recently:
- a) made corn and beans prices more closely tied to crude oil prices
 - b) have sharply increased demand for corn and beans
 - c) made livestock production more expensive
 - d) all of the above
 - e) none of the above
79. The US trade negotiators always talk about seeking "free trade", meaning no tariffs. None-the-less, the US has high tariffs on imported sugar and ethanol, which are primarily aimed at stopping free trade with:
- a) China
 - b) Mexico
 - c) Argentina
 - d) Canada
 - e) Brazil
- In January, the CFTC added index funds positions to their weekly Commitment of Traders (COT) Report.
80. When does the CFTC release the weekly COT report?
- a) every other week
 - b) once a month
 - c) every Friday after the markets close
 - d) every Monday before the market opens
 - e) Thursday's after the market closes
81. The US corn marketing year is:
- a) January through December
 - b) December through November
 - c) September through August
 - d) the same as soybeans
 - e) "c" and "d"

82. The first new crop wheat futures contract month is:

- a) January b) July c) November d) December e) none of the above

83. The first new crop corn futures contract month is:

- a) January b) July c) November d) December e) none of the above

84. Which of the following are oilseeds?

- a) hi oil corn b) soybeans c) sunflowers d) all of the above e) "b" & "c"

85. The largest grain import/export company is:

- a) Cargill b) Dreyfes c) Bunge d) Monfort e) ADM

Use the following information to answer questions 86 through 89:

On April 20th, Cargill in Dayton and Sidney was bidding the following for corn and beans:

	Corn	Soybeans
Nearby Delivery (April)	3.60	7.03
May	3.60	7.08
June	3.58	7.10
July	3.60	7.14
October	3.45	7.40
November	3.50	7.45
December	3.60	7.56
January 2008	3.73	7.60

86. A farmer needs to move (sell) some stored unpriced grain to generate cash flow in April. He has both corn and beans in the bin on the farm. He asks his wife for her opinion as to which he should sell. What should she tell him?

- a) corn b) beans c) makes no difference d) some of both

87. He will not have enough space to store all his 2007 harvest on the farm and he will have to sell some of the production to generate cash flow for the fall season. He is ready to contract for October delivery now, but does not know which to contract, so he tells his wife to make the decision and do it to make sure they have \$92,000 for the farm payment in November. Which should she contract for fall delivery?

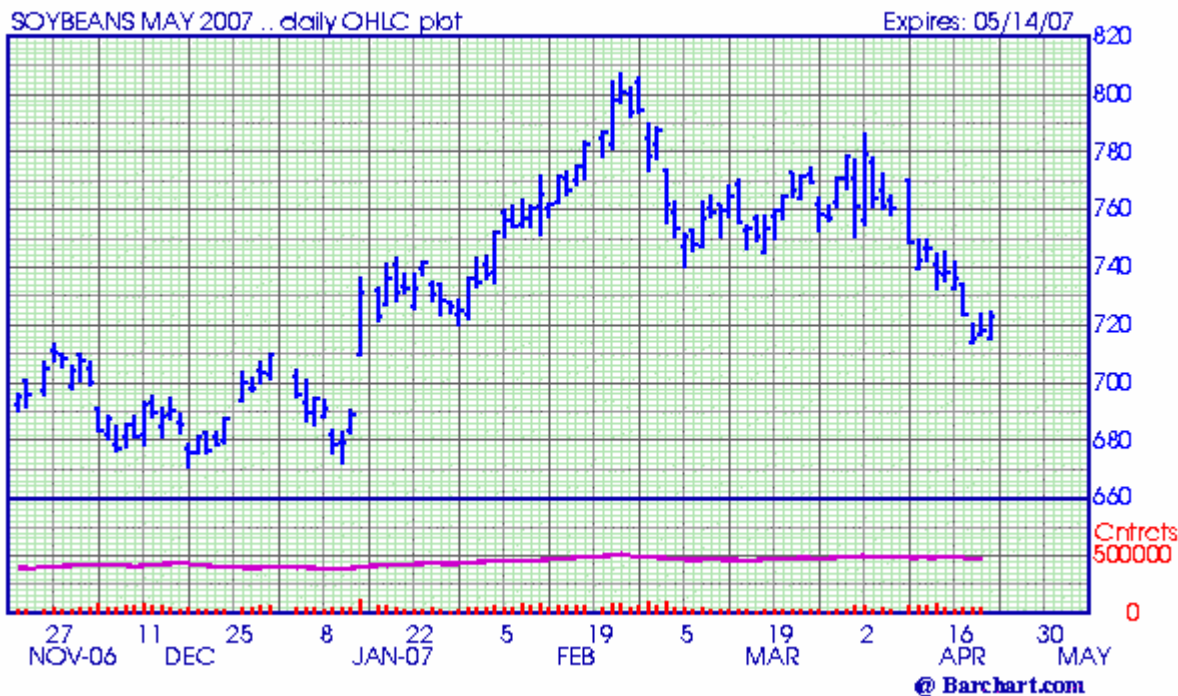
- a) corn b) beans c) makes no difference d) some of both

88. Five weeks later, the farmer is at the elevator and he finds out his wife contracted for fall delivery using a minimum price contract. The grain merchant says, "I think your wife made a real good move there with that minimum price contract. She is one smart lady!" The farmer is too embarrassed to ask the grain merchant what a minimum price contract is, so he goes home and asks his wife. She could tell him:

- a) The grain price has floor, but the top price we can receive is unlimited if the market rallies.
b) The grain is contracted at a set price, plus a call option was purchased which will increase in value if the futures rally.
c) Don't worry, Honey. I got everything under control. No matter what the price does, we will have enough to make the farm payment because the bushels contracted times the guaranteed price is more than \$92,000.
d) If the price goes to the moon this fall, we will net the value of the moon minus the cost of the call option.
e) All of the above.

89. Which commodity has negative carry into the fall?

- a) corn b) beans c) neither d) both



Refer to the information on the above chart, if necessary, to answer the questions 90 through 95. Use a straight edge if you wish to draw lines.

90. On the day this chart was printed, the price of beans was near the:
- top end of the down trend channel
 - near the bottom of the down trend channel
 - near the middle of the down trend channel
 - it was not in a down trend
 - the price was within a few cents of \$6.90
91. The strongest level of resistance is near the price of:
- \$6.70
 - \$8.20
 - \$8.10
 - \$7.90
 - \$7.40
92. A trader bought 4 CBOT contracts of this futures on the close January 11th and still has the position. Which of the following are true:
- there has been a net profit every day since January 12th
 - there has been a net loss every day since January 12th
 - there have been days when the closing price was net profit and days when there was a net loss
 - none of the above
93. The current net is a:
- profit of about \$6800
 - loss of about \$6800
 - profit of about \$1700
 - loss of about \$1700
94. The bottom of the current down trend channel is at a level with extra technical support because:
- the price will certainly have a high relative strength index when it get to the bottom of the channel
 - the price will certainly have a low bullish consensus when it gets to the bottom of the channel
 - the price will be too low compared to corn when it gets to the bottom of the channel
 - the bottom of the channel is also in a gap area
 - none of the above

95. Open interest in April was:
- a) less than it was in November
 - b) more than it was at its peak in February
 - c) peaked when the price peaked
 - d) all of the above
 - e) none of the above
96. Delivery against a futures contract is assigned to:
- a) most recent long
 - b) at random
 - c) the oldest short
 - d) most recent short
 - e) oldest long
97. The daily trading limit for a CBOT contract during the delivery period is:
- a) same as always
 - b) unlimited
 - c) double normal limits
 - d) triple normal limits
98. The term "liquidity" of a contract refers to:
- a) percent moisture of the commodity
 - b) daily trading volume
 - c) open interest
 - d) amount of margin money required to trade the contract
 - e) fluid milk futures
99. The piles of sand adjacent to grain export loading facilities on the Mississippi River are used:
- a) add enough sand to grain to maximize the foreign matter content to the contract limit
 - b) to gain traction for grain moving equipment during ice and snow storms
 - c) shield ship loading equipment from hurricane winds
 - d) a place for employee's children to play while their parents work
 - e) none of the above
100. From least to most tonnage of US grain loaded for export are at the ports of:
- a) Baltimore, Great Lakes, Pacific Northwest (PNW), Gulf Coast
 - b) Baltimore, PNW, Gulf Coast, Great Lakes
 - c) Gulf Coast, PNW, Baltimore, Great Lakes
 - d) Gulf Coast, Great Lakes, PNW, Baltimore
 - e) Wilmington, New York, San Diego, San Francisco

END OF EXAM-DID YOU JUST FINISH 100 QUESTIONS AND RECORD THEM ON MULTI PURPOSE "C" SCANSHEET ON THE BACK SECTION "C" 1-100? IF NOT, FIND OUT WHAT IS WRONG, IT IS YOUR RESPONSIBILTYY TO MAKE SURE YOU HAVE DONE THESE THINGS!!!!!!!!!!!!

2007 ACTUAL GRAIN MERCHANDISING EXAM KEY

- 1. A 51. A
- 2. B 52. A
- 3. A 53. B
- 4. B 54. B
- 5. B 55. C
- 6. A 56. C
- 7. A 57. D
- 8. B 58. C
- 9. B 59. C
- 10. A 60. B
- 11. A 61. D
- 12. A 62. E
- 13. B 63. A
- 14. A 64. E
- 15. A 65. B
- 16. B 66. C
- 17. B 67. C
- 18. B 68. E
- 19. A 69. C
- 20. B 70. C
- 21. E 71. C
- 22. B 72. C
- 23. E 73. B
- 24. D 74. E
- 25. A 75. A
- 26. C 76. D
- 27. B 77. D
- 28. D 78. D
- 29. E 79. E
- 30. E 80. C
- 31. D 81. E
- 32. A 82. B
- 33. A 83. D
- 34. D 84. E
- 35. C 85. A
- 36. A 86. A
- 37. D 87. B
- 38. A 88. E
- 39. D 89. A
- 40. C 90. A
- 41. B 91. C
- 42. C 92. A
- 43. C 93. A
- 44. D 94. D
- 45. C 95. C
- 46. E 96. E
- 47. E 97. B
- 48. B 98. B
- 49. B 99. A
- 50. A 100. A

Answer with the BEST answer!

- 1) Which of the following is true for US corn over the last five years?
 - a) domestic consumption is growing faster than exports
 - b) exports are growing faster than domestic consumption
 - c) both foreign and domestic consumption are growing at the same rate
 - d) neither is growing, but production is and that is why corn is dirt cheap
- 2) The first notice day for deliveries against a given CBOT contract is the afternoon of the:
 - a) last business day of the preceding month
 - b) first business day of the contract month
 - c) first calendar day of the contract month
 - d) last trading day of the contract month
 - e) next to last trading of the preceding month
- 3) The CBOT deliveries are applied to:
 - a) the oldest long positions
 - b) the oldest short positions
 - c) only hedgers
 - d) only grain elevators
 - e) none of the above
- 4) LDP stands for:
 - a) loan deficiency payment
 - b) leader development program
 - c) none of the above
- 5) A farmer has marketing loan gain when the:
 - a) PCP is above the loan rate
 - b) when the PCP is below the loan rate
 - c) when he can collect a LDP
 - d) when the grain is under loan and the PCP is below the loan rate
- 6) A grain farmer may receive payments from the government for:
 - a) LDP
 - b) counter-cyclical payment
 - c) nine month loan
 - d) storage for FOR
 - e) all of the above
- 7) When can the LDP can be locked-in on corn harvested & taken directly to the elevator & put on DP?
 - a) in the field
 - b) when DP is priced
 - c) when delivered
 - d) anytime
 - e) none of the above
- 8) A marketing loan gain is possible on the same bushels used for LDP if:
 - a) the PCP is less than the loan rate
 - b) the PCP is above the loan rate
 - c) the grain is under loan
 - d) always
 - e) none of the above
- 9) Studies have shown the money paid by the USDA to grain farmers who rent land end up with the:
 - a) land owner
 - b) farmer
 - c) USDA
 - d) IRS
 - e) none of the above
- 10) PCP stands for:
 - a) pop corn planted
 - b) posted corn price
 - c) posted county price
 - d) none of the above
- 11) The last year soybean prices were over \$10 was:
 - a) 1972
 - b) 1988
 - c) 1996
 - d) 2003
 - e) 2004

- 12) Over the past couple years, what disease has been a problem in livestock in Asia and contributed to decline in soybean demand?
- a) Foot & Mouth b) Hoof and Mouth c) Mad Cow Disease d) Bird Flu e) none of the above
- 13) The most cases of cattle infected with Mad Cow Disease have been in:
- a) USA b) Canada c) Western Europe d) Eastern Europe e) Brazil
- 14) The 2004 and 2005 soybean crops in Brazil have been:
- a) record large but still less than expected b) very poor c) record large and larger than expected
d) Brazil does not grow any significant amount of soybeans e) none of the above
- 15) This past winter, there were expectations the 2005 US corn acres would be increased due to:
- a) low nitrogen costs b) low potash costs c) soybean Asian leaf rust d) high corn prices
- 16) The corn currently in the bin is considered:
- a) new crop b) current crop c) old crop d) ethanol e) none of the above
- 17) The CBOT was founded about:
- a) 50 years ago b) 100 years ago c) 150 years ago d) 200 years ago e) 250 years ago
- 18) "Mini" corn, bean and wheat contracts are how many bushels:
- a) 1000 b) 2000 c) 3000 d) 4000 e) 5000
- 19) Corn at the CBOT trades in ticks of:
- a) 1 cent b) half cent c) quarter cent d) eighth cent e) none of the above
- 20) Soybean options at the CBOT trade in ticks of:
- a) 1 cent b) half cent c) quarter cent d) eighth cent e) none of the above
- 21) A person with a "short" position benefits when the market moves:
- a) higher b) sideways c) down d) expires e) none of the above
- 22) A person "long" the market could have a position such as:
- a) grain stored in the bin unpriced b) short a put option c) long a call option
d) basis contract at the elevator e) all of the above
- 23) A spread position would be:
- a) long May corn, short July corn b) long a call, short a put c) long a call, long a put
d) "a" and "b" e) "a" and "c"

Answer the following "a" if it is fundamental market factor or "b" if a technical market factor or "c" if neither fundamental or technical:

24) Price Pivot Point

- 25) Area of resistance on a daily chart
- 26) Number of sows kept for breeding
- 27) Exchange rate of the US Dollar
- 28) Number of acres beans planted in Argentina
- 29) Bullish Consensus

Answer 31 through 35 “a” if the answer is Argentina; “b” if the answer is Brazil; “c” if the answer is China; “d” if the answer is Japan; “e” if the answer is USA

- 30) World's largest exporter of corn
- 31) Country with most people in the world
- 32) Largest buyer of US commodities
- 33) Had confirmed infection of Mad Cow Disease December 2003
- 34) Corn exports have declined annually since it joined the WTO
- 35) Was the largest buyer of US beef prior to December 2003
- 36) Initial margin is the amount of money that is:

- a) paid into a brokerage account to maintain a futures position
- b) paid to a grain elevator to establish a DP contract
- c) paid into a brokerage to open the trading account
- d) paid into a brokerage account to establish a futures position
- e) none of the above

Use the following information to answer questions 37 through 43: A farmer is considering buying or selling a July 2005 \$6.60 soybean call priced at 13 cents with July beans trading at \$6.36.

- 37) 13 cents is the:
 - a) strike price b) intrinsic value c) time value d) premium e) none of the above
- 38) \$6.36 is the:
 - a) strike price b) intrinsic value c) time value d) premium e) none of the above
- 39) The \$6.60 is the:
 - a) strike price b) intrinsic value c) time value d) premium e) none of the above
- 40) This option has no:
 - a) strike price b) intrinsic value c) time value d) premium e) none of the above
- 41) This option expires in:
 - a) July b) June c) August d) call options do not expire e) none of the above

- 42) If the farmer decides to sell this option before purchasing it, technically speaking, she will be a:
a) seller b) buyer c) writer d) broker e) none of the above, she can't do that!
- 43) If she takes a short position with this option, she will:
a) never have to worry about multiple margin calls b) will have only limited loss potential
c) will have unlimited loss potential d) none of the above
- 44) Grain shrink and foreign matter discount charts:
a) are the same at all elevators b) regulated by the CFTC c) regulated by the USDA
d) regulated by the Ohio Department of Agriculture e) none of the above
- 45) If the price a farmer delivers 14.6% moisture corn to an elevator for immediate sale and the price received by the farmer is less than the elevator's posted price, it is probably because of:
a) drying charges b) shrink c) too much foreign matter or damage
d) all of the above e) none of the above
- 46) Any discounts a farmer is charged for quality problems on cash grain will be reported on a:
a) transaction sheet b) monthly statement c) settlement sheet
d) all of the above e) none of the above
- 47) The test weight for No. 2 corn in pounds per bushel is:
a) 60 b) 58 c) 56 d) 54 e) 52
- 48) The test weight for No. 2 soft red winter wheat in pounds per bushel is:
a) 60 b) 58 c) 56 d) 54 e) 52
- 49) The test weight for No. 2 beans in pounds per bushel is:
a) 60 b) 58 c) 56 d) 54 e) 52
- 50) Grain elevators are regulated by the:
a) CFTC b) CBOT c) State Department of Agriculture d) USDA e) none of the above
- 51) If the price of soybean oil declines, and bean prices & meal prices stay the same, the crush spread margin:
a) decreases b) increases c) stays the same d) it depends on energy costs e) none of the above
- 52) The USDA reports export grain inspections:
a) every Monday b) every Thursday c) at the end of the month d) never
- 53) The USDA reports export grain sales:
a) every Monday b) every Thursday c) at the end of the month d) never
- 54) The USDA issues Supply and Demand Reports on or about:
a) the last day of every month b) the tenth of the of every month c) the last day of the quarter
d) as it deems necessary to control prices e) as directed by the Secretary of Agriculture

- 55) The first USDA Supply and Demand Report (S&D) that will include US 2005 harvested crops is:
a) January 2005 b) February 2005 c) May 2004 d) May 2005 e) September 2005
- 56) Most soybeans planted in the US are:
a) GMO b) non-GMO c) neither d) "a" and "b" e) none of the above
- 57) The US annually produces about how many bushels of corn the last couple years?
a) 2 billion b) 3 billion c) 8 billion d) 11 billion e) none of the above
- 58) The US annually produces about how many bushels of wheat the last few years?
a) 2 billion b) 3 billion c) 8 billion d) 11 billion e) none of the above
- 59) The US annually produces about how many bushels of soybeans the last few years?
a) 2 billion b) 3 billion c) 8 billion d) 11 billion e) none of the above
- 60) The economics of production in Brazil favor the US growing more _____ & less _____.
a) soybeans, corn b) corn, soybeans c) Brazil has nothing to do with US corn & beans
- 61) The highest average yield of corn grown in the US:
a) was in 2004
b) was over 160 bushels per acre
c) was about 18 bushels more than ever before
d) resulted in the first 11+ billion bushel corn crop
e) all of the above
- 62) What Brazilian state suffered the most severe drought the past growing season?
a) Rio Gran do Sul b) Parana c) Mato Grosso d) Mato Grosso do Sul e) Peru
- 63) The US grows about how many acres of corn each year?
a) 79 to 83 million b) 79 to 83 thousand c) 760 to 800 d) 79 to 83 billion
- 64) The US typically grows:
a) less acres of beans than corn b) more acres of beans than corn c) same acres of corn & beans
d) more wheat acres than beans or corn e) "a" and "d"
- 65) The US bean marketing year is:
a) January through December b) December through November c) September through August
d) the same as corn e) "c" and "d"
- 66) The first new crop bean futures contract month is:
a) January b) July c) November d) December e) none of the above
- 67) The USDA issues crop progress reports during the growing season every:
a) Monday morning b) Friday afternoon c) Monday afternoon d) none of the above

- 68) The exchange rate of the US dollar the past year has:
a) declined b) stayed about the same c) increased d) all of the above e) “b” & “c”
- 69) The largest international grain exporting company is:
a) Cargill b) Dreyfus c) Bunge d) Continental Grain e) ADM
- 70) In March and April, the seasonal trend for old crop soybeans is:
a) down b) sideways c) up d) there is no such thing as a seasonal trend e) none of the above
- 71) Which of the following are the most important in determining the price of corn, beans, and wheat?
a) exchange rate of the dollar b) yields c) demand d) acres planted e) carryover
- 72) Basis is primarily a function of:
a) transportation costs b) futures price c) cash price d) futures margin e) weather
- 73) The CFTC issues a COT every:
a) Friday morning b) Friday afternoon c) Monday morning d) Monday afternoon e) never
- 74) The current soybean world carryover is:
a) record large b) record small c) about average
- 75) A grain buyer’s posted cash price is a function of:
a) futures and basis b) basis only c) futures only d) government regulations
- 76) A basis contract can be:
a) in place before delivery b) in place after delivery c) there is no such thing
d) when the government authorizes it e) “a” and “b”
- 77) A forward cash contract:
a) is in place before the grain is delivered
b) requires the farmer to have a futures position
c) is the same as a Hedge to Arrive Contract (HTA)
d) is illegal
e) none of the above
- 78) When a farmer delivers grain to an elevator and puts the grain on a Delayed Price Contract (DP):
a) she has turned title of the grain over to the elevator b) receives no money at delivery
c) has futures market risk d) has basis market risk e) all of the above
- 79) If a bean farmer expects the soybean world market price to go up and the local basis to firm; she should use which of the following marketing tools?
a) basis contract b) forward contract c) HTA d) she should do nothing

- 80) A person who thinks the market price will decline is often referred to as a:
- a) rat fink b) cat c) mouse d) bull e) bear
- 81) The US exports about how much of its annual bean production?
- a) 10% b) 30% c) 50% d) 70% e) 90%
- 82) The term "locals" refers to:
- a) floor traders at the commodity futures exchanges trading their own account
 - b) people who smoke "local" weed at the commodity futures exchanges
 - c) farmers who talk too much at the coffee shop about the markets, keeping them from their work
 - d) people who have farm market information broadcast to their farm office
 - e) small rural communities hosting market outlook seminars in the winter
- 83) An elevator's "flat" price for beans is \$6.10; new beans are bid at \$5.95. Spot bean futures are \$6.22; November bean futures are at \$6.25. What is the basis for beans delivered today?
- a) -20 cents b) -12 cents c) +12 cents d) +15 cents e) -30 cents
- 84) Which of the following are true?
- a) basis is more predictable than the net cash price
 - b) basis is more predictable than the futures price
 - c) basis is a measure of local supply and demand
 - d) basis is determined mathematically: $\text{basis} = \text{cash price} - \text{futures price}$
 - e) all of the above
- 85) The term "May beans" today (as you read this) refers to:
- a) beans delivered to the elevator in May 2005
 - b) May 2005 futures contract
 - c) Maybe beans will rally, Maybe they won't
 - d) none of the above
 - e) it depends upon if she is talking about the CBOT or KCBOT
- 86) On December 19th, 1980, the prime lending rate was increased from 20 to 21.5%. The carrying charge for stored grain and beans:
- a) increased
 - b) decreased
 - c) cannot answer from the information provided
 - d) stayed the same
 - e) there is no carrying charge for stored grain and beans, only when being transported
- 87) The CBOT is currently trading July 2005 and July 2006 corn contracts. Which one is probably the highest price?
- a) July 2006 because of the uncertainty of the growing season in 2005 given the adequate stocks
 - b) July 2005 because of the uncertainty of the growing season in 2005 given the adequate stocks
 - c) July 2006 because of the certainty of the growing season in 2005 given the adequate stocks
 - d) July 2005 because of the certainty of the growing season in 2005 given the adequate stocks

88) About how many pounds of soybean oil typically come from one bushel of crushed soybeans?

- a) 11 b) 28 c) 38 d) 48 e) 60

Answer 89 through 100 based upon the following information:

CBOT Soybean Complex Market Recap for Friday 22 April 2005

July soybeans finished down 4 3/4 at 640 1/2, 6 1/2 off the high and 2 up from the low. November soybeans closed down 3 1/2 at 628. This was 3 up from the low and 4 1/4 off the high. July soy meal closed down 0.4 at 196.3. This was 0.5 up from the low and 2.2 off the high. July soybean oil finished down 0.25 at 22.93, 0.25 off the high and 0.08 up from the low.

The short-term news is slow at this time of the year as the US crop outlook is slow to develop with corn planting progress the key and demand news is generally shifting to South America. Late selling from speculators drove the market lower on the session, but July soybeans managed to gain 19 cents on the week. Cumulative soybean sales have reached 94.1% of the USDA forecast for the year, compared with an average of 92.8% for the past 5 years. China demand is shifting to South America and there is talk that China buyers are spreading out and deferring deliveries due to near-term surge in supply in China after active buying in March. Wet and cold weather is expected to slow the southern Brazil and Argentina harvest and some light frost fears for double crop Argentina beans has helped provide some support. However, traders believe most of the crop has already reached maturity. Farmer selling of beans across the Corn Belt remained light, which firmed the basis. Tight meal supplies supported the meal basis and July meal managed to gain \$8.30 on the week. July soybean support comes in at 637 with 653 1/4 as next resistance.

89) Bean prices on 22 April closed:

- a) higher b) unchanged c) lower d) cannot determine from information provided

90) November beans closed at what price per bushel?

- a) \$640.50 b) \$628.00 c) \$6.405 d) \$6.280 e) none of the above

91) Accumulative US soybean export sales are being reported:

- a) friendly b) negative c) cannot determine from information provided

92) The "support" came from:

- a) double crop beans in Argentina b) predicted frost in Argentina
c) harvest in Argentina d) wet & cold weather in Brazil e) "b" and "d"

93) July meal, 48% protein, closed at:

- a) \$196.30 per bu. b) \$196.30 per metric ton c) \$196.30 per short ton d) none of the above

94) What is China shifting to South America?

- a) gears b) its purchases of soybeans c) its sales of soybeans d) none of the above

95) On April 22, a trader long 2 contracts of November beans from 20 April 2005:

- a) made \$3500 b) lost \$3500 c) made \$350 d) lost \$350 e) none of the above

96) Technical buying on the July beans would surface at:

- a) \$637.00 b) \$6.37 c) \$653.25 d) \$6.5325 e) none of the above

97) Cash bean prices, in general, were:

- a) down less than $4 \frac{3}{4}$ b) down $4 \frac{3}{4}$ c) cannot determine from information provided

98) The recent surge in the supply of beans in China is because:

- a) domestic harvest b) Chinese imports of beans c) Chinese exports of beans

99) On April 22nd, the soybean crush spread margin:

- a) improved substantially b) weakened substantially c) stayed about the same

100) On the 22nd, a trader with a July/November bean spread:

- a) made money b) lost money c) stayed even d) none of the above

Make sure your name is on the answer sheet!

Key for 2005 State FFA Grain Merchandising Contest

1. A	51. A
2. E	52. A
3. A	53. B
4. A	54. B
5. D	55. D
6. E	56. A
7. C	57. D
8. E	58. A
9. A	59. B
10. C	60. B
11. E	61. E
12. D	62. A
13. C	63. A
14. A	64. A
15. C	65. C
16. C	66. C
17. C	67. C
18. A	68. A
19. C	69. A
20. D	70. C
21. C	71. E
22. E	72. A
23. E	73. B
24. B	74. A
25. B	75. A
26. A	76. E
27. A	77. A
28. A	78. E
29. B	79. D
30. E	80. E
31. C	81. B
32. D	82. A
33. E	83. B
34. C	84. E
35. D	85. B
36. D	86. A
37. D	87. A
38. E	88. A
39. A	89. C
40. B	90. B
41. B	91. A
42. C	92. E
43. C	93. C
44. E	94. B
45. C	95. D
46. C	96. B
47. D	97. A
48. B	98. B
49. D	99. C
50. C	100. B

2003 FFA State Grain Merchandising Written Test

Be sure to put your name and chapter on the answer sheet!

**YOU WILL BUBBLE IN YOUR BEST ANSWER ON THE BACK OF THE SCAN SHEET
MARKED "WRITTEN EXAM I"**

- 1) The minimum test weight (in pounds per bushel) of No. 2 corn is:
a) 56 pounds b) 54 pounds c) 52 pounds d) 50 pounds e) 60 pounds
- 2) Which state grows the most wheat?
a) Kansas b) California c) Ohio d) Texas e) None of the above
- 3) The state that usually grows the most corn is:
a) Kansas b) California c) Ohio d) Texas e) Iowa
- 4) A farmer would go to what agency to participate in US government programs:
a) FAS b) FSA c) Farm Service Agency d) ASCS e) "b" and "c"
- 5) LDP stands for:
a) loan deficiency payment b) leader development program c) none of the above
- 6) A farmer has marketing loan gain when the:
a) PCP is above the loan rate b) when the PCP is below the loan rate
c) when he can collect a LDP d) when the grain is under loan and the PCP is below the loan rate
- 7) The commodity first donated by Australia and the US this spring to Iraq in large quantities as part of the rebuilding effort was:
a) corn b) wheat c) soybeans d) sunflowers e) "c" and "d"
- 8) Over the winter, rainfall in the Western Corn Belt was:
a) normal b) very heavy in most areas c) less than normal d) record or near record low amount
- 9) The current loan rate for corn is _____ than it was under the previous farm bill.
a) higher b) lower c) same
- 10) The current loan rate for soybeans is _____ than it was under the previous farm bill.
a) higher b) lower c) same
- 11) LDP can be collected on corn, wheat and beans when:
a) sold b) in the bin c) stored at the elevator d) all of the above e) none of the above

- 12) PCP stands for:
- a) pop corn planted
 - b) posted corn price
 - c) posted county price
 - d) none of the above
- 13) Corn exports this marketing year to date compared to a year ago are:
- a) much less
 - b) about the same
 - c) much larger
 - d) the government keeps that information secret
- 14) The South American soybean crop harvested this year is:
- a) larger than ever before
 - b) larger than the US bean crop for the first time ever
 - c) was planted last year
 - d) all of the above
 - e) none of the above
- 15) Over the past several years, what livestock disease has indirectly supported soybean prices?
- a) Foot and Mouth
 - b) Mad Cow Disease
 - c) Johne's
 - d) none of the above
- 16) What disease in Hong Kong this spring caused Indonesia to cancel corn imports from China?
- a) Foot and Mouth
 - b) Mad Cow
 - c) Cholera
 - d) SARS
 - e) none of the above
- 17) The US has a comparative advantage over South American countries in the production of :
- a) soybeans
 - b) wheat
 - c) sunflowers
 - d) corn
 - e) none of the above
- 18) The biggest surprise (compared to expectations) in the Planting Intentions Report this spring was:
- a) much less corn acres
 - b) much more corn acres
 - c) much less bean acres
 - d) much more bean acres
 - e) none of the above
- 19) Corn prices the past year have generally been what compared to the previous four years:
- a) higher
 - b) lower
 - c) about the same
 - d) much lower
 - e) none of the above
- 20) In April this year, the CBOT started trading in:
- a) 1000 bushel contracts
 - b) 100 bushel contracts
 - c) soybeans
 - d) none of the above
- 21) Quantity wise, the option contracts at the CBOT are:
- a) the same as the futures contracts
 - b) half as large as futures contracts
 - c) 1000 bushel contracts whereas futures are 5000 bushels
 - d) twice as large as futures
- 22) Corn futures at the CBOT trades in ticks of:
- a) 1 cent
 - b) ½ cent
 - c) ¼ cent
 - d) 1/8 cent
 - e) none of the above
- 23) Soybean options at the CBOT trade in ticks of:
- a) 1 cent
 - b) ½ cent
 - c) ¼ cent
 - d) 1/8 cent
 - e) none of the above

24) A person with a “short” position benefits when the market moves:

- a) higher b) sideways c) down d) expires e) none of the above

25) A person long the market could have a position such as:

- a) grain stored in the bin unpriced b) short a put option c) long a call option
d) basis contract at the elevator e) all of the above

26) A spread position would be:

- a) long May corn, short July corn b) long a call, short a put c) long a call, long a put
d) “a” and “b” e) “a” and “c”

Answer the following “a” if it is fundamental market factor or “b” if a technical market factor or “c” if neither fundamental or technical:

27) Open interest at the CBOT

28) Area of support on daily chart

29) Number of cattle on feed

30) Exchange rate of the US Dollar

31) Number of acres corn planted in Brazil

32) Relative Strength Index

Answer 33 through 42 “a” if the answer is **“higher”**; “b” if the answer is **“lower”**; “c” if the answer is **“no impact”**; “d” if the answer is **“both higher and lower”**; “e” if the answer is **“all of the above”**

If everything else remains the same, the price of soybeans will move _____ if:

33) Broiler egg set increases

34) The President places an embargo on grain and oilseed sales to China

35) Rain delays the soybean harvest in Brazil

36) Transportation costs increase 22%

37) Hog prices increase more than expected in the summer

38) Palm oil prices increase

39) The US government reports Tofu causes brain cancer

40) China captures a US spy plane and holds its crew as POW’s

41) Monsanto reduces the cost of Round-up by 50%

42) The European Union decides to accept GMO products

A farmer is considering buying or selling a July 2003 \$5.70 soybean call priced at 13 cents with July beans trading at \$5.66. Use this information to answer questions 40 through 49.

43) The 13 cents is the:

- a) strike price b) intrinsic value c) time value d) premium e) none of the above

44) The \$5.66 is the:

- a) strike price b) intrinsic value c) time value d) premium e) none of the above

45) The \$5.70 is the:

- a) strike price b) intrinsic value c) time value d) premium e) none of the above

46) This option has no:

- a) strike price b) intrinsic value c) time value d) premium e) none of the above

47) This option expires in:

- a) July b) June c) August d) call options do not expire e) none of the above

48) If the farmer decides to sell this option before purchasing it, technically speaking, she will be a:

- a) seller b) buyer c) writer d) broker e) none of the above, she can't do that!

49) If she takes a short position with this option, she will:

- a) never have to worry about multiple margin calls b) will have only limited loss potential
c) will have unlimited loss potential d) none of the above

50) Grain shrink charts:

- a) are the same at all elevators b) regulated by the CFTC c) regulated by the USDA
d) regulated by the Ohio Department of Agriculture e) none of the above

51) Generally speaking, the net cost to the farmer of having corn dried at the elevator versus on the farm is about:

- a) twice as much b) half as much c) about the same
d) farmers seldom have to dry corn so drying charges are not an issue e) none of the above

52) Any discounts a farmer is charged for quality problems on cash grain will be reported on a:

- a) transaction sheet b) monthly statement c) settlement sheet
d) all of the above e) none of the above

53) A metric ton is _____ than a short (2000 pounds) ton.

- a) lighter b) same c) heavier d) none of the above

Use the following information to answer the questions 54 through 63:

Big Ed's Grain, Inc.

Grain Policies 2002

Effective September 16, 2002

CORN (Discount Scale, Per Bushel)

Test Weight

\$0.01 per lb. from 53.9 to 52.0

\$0.03 per lb. from 51.9 to 50.0

\$0.05 per lb. from 49.9 and below

Total Damage

\$0.01 per point from 5.1 to 7.0

\$0.02 per point over 7.0 to 10.0

\$0.03 per point over 10.0

Over 25.0 subject to market scale

Heat Damage

\$0.02 from 0.3% to 0.5%

\$0.03 for each 0.5% above 0.5%

Foreign Material (FM)

\$0.02 per point from 3.1% to 4.0%

\$0.03 per point from 4.1% to 8.0%

\$0.04 per point over 8.0%

Musty or Sour

\$0.10 per bushel

Infested or Rodent Pellets

\$0.10 per bushel

The following will be averaged on a settlement sheet basis: TW, Moisture, and Damage. Damage—All loads 10.0 and below will be averaged together. Loads 10.1 and above will be averaged together. Odor or Infested loads will not be averaged with other loads. FM loads will not be averaged together. Corn testing positive for Aflatoxin is Subject to Rejection. Treated Grain or smoke odor grains are Subject to Immediate Rejection.

Grain Bank

The first 180 days are free. A fee of \$0.00083 per bushel per day or any portion thereof is charged for the balance of time remaining in grain bank. If grain is sold out of grain bank, storage rates revert to warehouse storage tariff. Hauled out charges will include a \$0.10 receiving charge, a \$0.10 loadout charge and warehouse storage tariff fees. Only delivered corn is eligible for Grain Bank.

Drying Charges For Corn

\$0.028 per bushel each 1 point of moisture removed.

Loads 16.0% moisture and below will be averaged together and drying charges will be applied if there is excess moisture. Loads 16.1% and above will be averaged together and drying charges will apply. Loads below 14.0% will be called 14.0% when averaging.

Averaging will exist within each settlement sheet, two or more settlement sheets cannot be averaged together.

Settlement sheets at two or more of our elevator locations can not be averaged together.

Shrink Factor:

Corn Shrink Factor will be 1.4% per point of moisture removed.

Warehouse corn will be shrunk and dried to 14%

Grain Bank, Price Later, and contracted corn will be shrunk and dried to 15%.

Contract Cancellation

A service charge of \$0.10 per bushel for corn or \$0.15 for beans plus the market difference will be charged for the cancellation of contracts.

Weighing & Delivery Information

Before beginning delivery, customers are asked to provide scale and probe operators with the following information:

Customer Identification/Name(s)

Split between owners

Commodity (Beans or Corn)

It is helpful to our accounting personnel if tenants keep their landlords advised on the status of their joint grain deliveries. Please advise the scale operator upon completion of a delivery.

Disposition

Customers will have 15 days from the first day of unload of delivery to specify the positioning of grain (sell, storage, grain bank, price later). If disposition has not been specified after the 15th day priced contracts will be filled first, and the balance of grain will automatically be placed in storage. Priced contracts will have checks issued unless customer has specified that a deferred payment is to be issued. Once a deferred payment is issued it cannot be changed.

GMO POLICY: We will only accept the following unapproved European Union corn variety hybrids containing the following 6 events at our Lone Rock, Armstrong, Halfa and Buffalo Center locations:

Roundup Ready Corn-Monsanto event GA21, Bt Xtra-Dekalb event DBT 418, Dekalb GR-Dekalb event DLL 25(B16), (Yield Guard/Roundup Ready)-Dekalb stacked variety of Mon 810 & Mon GA21, Pioneer 38B22/34T14/ 33G29-Pioneer stacked variety of Monsanto 810 & AgrEvo T25, Liberty Link T14-AgrEvo event-T-14.

- 54) In the spring of 2002, a farmer forward contracted 4000 bushels of soybeans for March 2003 delivery at \$5.10 per bushel. When the farmer delivered the beans, he was 200 bushels short of the contracted amount of 4000 bushels. Big Ed's Grain, Inc. spot bean price the last day of March was \$5.60 per bushel. What cancellation fee did the farmer have to pay to Big Ed's Grain, Inc.?
- a) 50 cents per bu. b) 60 cents per bu. c) 65 cents per bu. d) none of the above
- 55) In the spring of 2002, a farmer forward contracted 10,000 bushels of corn for February 2003 delivery at \$2.60 per bushel. When the farmer delivered the corn, he was 800 bushels short of the contracted amount of 10000 bushels. Big Ed's Grain, Inc. cash corn price the last day of February was \$2.20 per bushel. What cancellation fee did the farmer have to pay to Big Ed's grain, Inc.?
- a) 40 cents per bu. b) 50 cents per bu. c) none because there was a net gain on the pricing
d) the elevator paid the farmer 30 cents per bushel e) none of the above
- 56) A farmer delivers 20,000 bushels of 20% moisture corn to the elevator on a HTA contract. How many bushels does the farmer receive payment?
- a) 20,000 b) 21,400 c) 18,600 d) 1400 e) none of the above
- 57) Big Ed's Grain, Inc. is regulated by the:
- a) CFTC b) CBOT c) State Department of Agriculture d) USDA e) none of the above
- 58) A farmer delivers 22 loads of corn to Big Ed's Wheelersburg Branch. One load was 16% moisture. Twenty-one loads were 13.6% to 15% moisture. What were the drying charges?
- a) none b) \$0.28 times the total bushels delivered c) \$0.28 times the shrunk bushels
d) \$0.28 times the bushels in the one load of 16% moisture corn d) none of the above
- 59) You deliver a load of corn to Big Ed's. The moisture is 14.9%, test weight is 53.1 pounds, FM is 2.6%, the total damage is 3%, heat damage is .4%. What is the total dockage per bushel?
- a) none b) 1 cent c) 2 cents d) 3 cents e) 5 cents
- 60) A farmer, with no cash contracts at Big Ed's, delivered a load of corn on 10 October and did not tell Big Ed's what to do with the corn until October 27th, when the farmer told Big Ed's to put it on "grain bank". What did Big Ed's do with the corn?
- a) Applied the bushels to the farmer's HTA contract b) put the corn on "grain bank"
c) spotted the corn out d) put it on price later e) put on storage

- 61) By its scale tickets, Big Ed's took in 2,234,516 bushels of wet corn in October and November 2002 that averaged 19% moisture. All these bushels were sold to Big Ed's and dried. It was stored in a separate storage system until January when it was loaded out. The total number of bushels loaded out was 2,134,516 bushels. Compared to the number of bushels Big Ed's paid for, the Big Ed had a net:
- a) loss of 100,000 bushels b) gain of 100,000 bushels c) loss of 25,133 bushels
d) gain of 25,133 bushels e) their scales were wrong
- 62) How much storage charge per bushel has been accrued on corn in grain bank for 167 days?
- a) none b) \$0.00083 c) 1.1 cents d) \$0.011 e) "c" & "d"
- 63) Price Later contracts are also known as:
- a) Basis b) HTA c) Forward d) DP e) none of the above
- 64) Last year's US corn crop yields were:
- a) reduced as the growing season progressed b) increased as the growing season progressed
c) an all time record high d) an all time record low e) none of the above
- 65) Last year's total US wheat crop yield was:
- a) was poor b) was good c) average d) all time low e) all time high
- 66) Large speculative traders at the CBOT in April had what position in soybean futures?
- a) none b) heavily long c) heavily short d) average e) that information is secret
- 67) The marketing year for wheat begins on what date?
- a) 1 January b) 1 March c) 1 June d) 1 September e) none of the above
- 68) The number of beans projected to be crushed the marketing year on the past three S&D's has:
- a) decreased b) increased c) stayed the same d) all of the above e) none of the above
- 69) The US grows about how many acres of corn each year?
- a) 76 to 80 billion b) 76 to 80 thousand c) 760 to 800 d) 76 to 80 million
- 70) The US typically grows:
- a) less acres of beans than wheat b) more acres of wheat than corn
c) same acres of corn & wheat d) less bushels of beans than corn e) "a" and "e"
- 71) The US corn marketing year is:
- a) January through December b) December through November c) September through August

- d) the same as soybeans e) “c” and “d”
- 72) The first new crop wheat futures contract month is:
- a) January b) July c) November d) December e) none of the above
- 73) The first new crop soybean futures contract month is:
- a) January b) July c) November d) December e) none of the above
- 74) Which of the following are not oilseeds?
- a) corn b) soybeans c) sunflowers d) canola e) “b” & “c”
- 75) Which of the following are international grain exporting company?
- a) Cargill b) ADM c) Bunge d) Dryfuss e) all of the above
- 76) In the spring, the seasonal price trend for corn and soybeans is:
- a) down b) sideways c) up d) there is no such thing as a seasonal trend e) none of the above
- 77) The corn and bean market frequently makes a major high or major low:
- a) first half of July b) March c) January d) December e) none of the above
- 78) Since early March, wheat futures have made:
- a) contract lows b) contract highs c) has traded sideways d) none of the above
- 79) The last USDA Cattle on Feed (COF) Report reported that US numbers, compared to a year ago, were:
- a) down b) unchanged c) up d) much higher e) the USDA does not issue COF Reports
- 80) According to the March USDA Pig Report, compared to a year ago, there are how market hogs in the US?
- a) less b) unchanged c) more d) none of the above
- 81) A grain buyer’s posted price is a function of:
- a) futures and basis b) basis only c) futures only d) government regulations
- 82) A basis contract can be:
- a) in place before delivery b) in place after delivery c) there is no such thing
d) when the government authorizes it e) “a” and “b”
- 83) A forward cash contract:
- a) is in place before the grain is delivered b) requires the farmer to have a futures position

- c) is the same as a Hedge to Arrive Contract (HTA) d) is illegal e) none of the above
- 84) When a farmer delivers grain to an elevator and puts the grain on a Delayed Price Contract (DP):
- a) she has turned title of the grain over to the elevator b) receives no money at delivery
c) has futures market risk d) has basis market risk e) all of the above
- 85) If a farmer expects the soybean world market price to go up and the local market to weaken, she should use which of the following marketing tools?
- a) basis contract b) forward contract c) DP d) HTA e) she should do nothing
- 86) A person who thinks the market price will decline is often referred to as a:
- a) rat b) cat c) mouse d) bull e) bear
- 87) Since early March, soybean futures have made:
- a) declined sharply b) made new contract highs c) small decline d) small increase
- 88) The National Weather Service issues six to ten day forecast how frequently?
- a) every day b) every business day c) Monday, Wednesday, and Friday d) every Monday
- 89) An elevator's "flat" price for corn is \$2.60; new corn is bid at \$2.22. Spot corn futures is \$2.52; Dec. corn futures are at \$2.45. What is the basis for corn delivered today?
- a) 8 cents b) - 8 cents c) -22 d) +22 e) -35
- 90) Which of the following are true?
- a) basis is more predictable than the net cash price
b) basis is more predictable than the futures price
c) basis is a measure of local supply and demand
d) basis is determined mathematically: $\text{basis} = \text{cash price} - \text{futures price}$
e) all of the above
- 91) A soybean disease that Brazil has spreading across its soybean producing states that is not present in the US is:
- a) Photosynthesis
b) Leaf Rust
c) Anthrax
d) Foot and Mouth
e) HTA
- 92) What country has been selling corn in the world market that has significantly reduced the market share of the US the past two years?
- a) China
b) Brazil
c) Argentina
d) South Africa
e) USA

93) Corn stocks reported by the USDA on 31 March were:

- a) less than expected b) more than expected c) about as expected

94) Soybean stocks reported by the USDA on 31 March were:

- a) less than expected b) more than expected c) about as expected

95) How many pounds of soybean oil typically come from one bushel of crushed soybeans?

- a) 11 b) 28 c) 38 d) 48 e) 60

96) CFTC stands for:

- a) Commodity Futures Trading Commission
b) Commodities From or To Cargill
c) Corn Fructose Type "C"
d) None of the above

97) Soybean export sales from the US have been _____ on recent S&D's.

- a) increasing b) decreasing c) staying about the same d) none of the above

98) During January through March, the El Nino episode :

- a) weakened b) strengthened c) stayed the same d) there was no El Nino this year

99) When does the USDA hold its annual Agricultural Outlook Forum in Washington ?

- a) December b) quarterly c) February d) on or around the 10th of each month

100) A major problem for soybeans farmers in Brazil is:

- a) high land costs
b) shortage of labor
c) lack of water
d) transportation
e) none of the above

Key for 2003 State FFA Grain Merchandising Contest

1. B	51. A
2. A	52. C
3. E	53. C
4. B	54. C
5. A	55. B
6. D	56. C
7. B	57. C
8. D	58. A
9. A	59. D
10. B	60. E
11. D	61. D
12. C	62. A
13. A	63. D
14. D	64. A
15. B	65. A
16. D	66. B
17. D	67. C
18. A	68. A
19. A	69. D
20. A	70. D
21. A	71. C
22. C	72. B
23. D	73. C
24. C	74. A
25. E	75. E
26. E	76. C
27. B	77. A
28. B	78. A
29. A	79. A
30. A	80. A
31. A	81. A
32. B	82. E
33. A	83. A
34. B	84. E
35. A	85. A
36. B	86. E
37. A	87. B
38. A	88. A
39. B	89. A
40. B	90. E
41. B	91. B
42. A	92. A
43. D	93. A
44. E	94. C
45. A	95. A
46. B	96. A
47. B	97. A
48. C	98. A
49. C	99. C
50. E	100. D