



AGRISOMPO

NORTH AMERICA

Marketing Terminology

Basis – Difference between the cash price and the corresponding futures contract.

Call Option – The right, but not the obligation, to buy the underlying futures contract.

Cash Price – Price being paid for grain delivered to a specific location during a specific period.

Futures – Contract obligating the buyer to purchase a commodity and the seller to sell a commodity at a predetermined future date, price, quality, and quantity.

Hedging – Taking equal but opposite positions in the cash and futures markets.

In-the-Money – Situation in which an option's strike price is below the current futures price (call option) or above the current futures price (put option).

Margin – Borrowed money that is used to buy/sell commodities.

Option Premium – Income received by an investor who sells an option contract to another party.

Out-of-the-Money – Situation in which an option's strike price is above the current futures price (call option) or below the current futures price (put option).

Over-the-Counter (OTC) – Instruments traded via a dealer network as opposed to a centralized exchange.

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Put Option – The right, but not the obligation, to sell the underlying futures contract.

Strike Price – The price at which a specific futures contract can be exercised.

Volatility – Variable in option pricing formulas showing the extent to which the return of the underlying asset will fluctuate between now and the option's expiration.



AgriSompo North America's team of marketing experts and revenue analysts provide easy-to-understand market insights and commentary. The goal of **ASNA Edge** is to empower producers with the confidence to enhance every crop insurance policy with a quality revenue management plan.

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