# Long Put

PAPER CONTRACT

“buy a put” | “set a floor”

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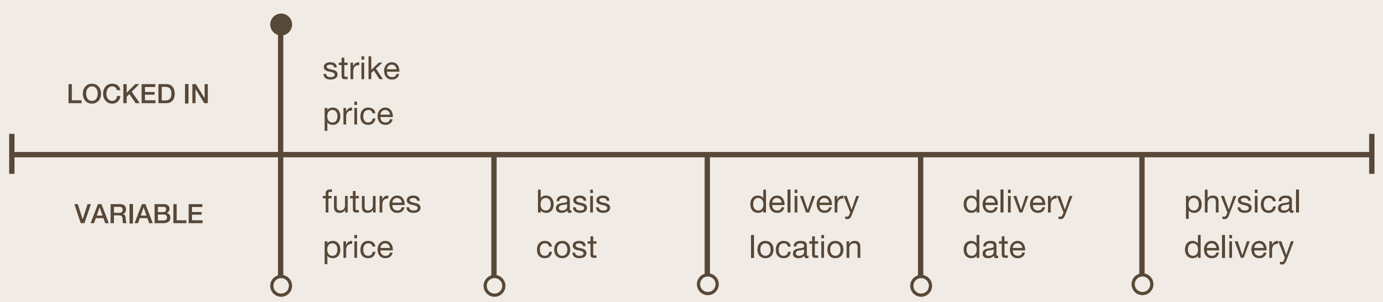
- brokerage fee per contract
- no margin required
- premium paid to buy the option


If the market is bullish and goes above your strike price of $4, you are “out of the money” and your put will expire, worthless. You are free to market your crop at the current (higher) price and your loss is limited to the premium you paid for the put.

If the market is bearish and goes below your strike price of $4, you are “in the money” and will profit from the difference between the current futures price and the strike price, minus the premium paid.




**USE CASE**

- You think the market is going to go down, and you are willing to pay a premium to lock in a price floor.
- You are free to let the contract expire and participate in upside if the market rallies.
- You keep the flexibility of delivery date and location on your hedged bushels.

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