

- 5) A call option provides the owner the right to:
- buy a futures contract at the strike price.
 - sell a futures contract at the strike price.
 - buy a futures contract at the current futures price.
 - sell a futures contract at the current futures price.
- 6) A put option has intrinsic value when:
- the strike price is below the futures price.
 - the strike price is above the futures price.
 - the premium is greater than zero.
 - call options never have intrinsic value.
- 7) An option's strike price is the same as the current futures price.
- True
 - False
- 8) The expected minimum price from a put option is always higher than the expected price from hedging.
- True
 - False
- 9) If the futures price for corn is \$2.70, and a put option with a \$2.60 strike price is selling for 4 cents:
- The time value of the option is 4 cents.
 - The intrinsic value of the option is 4 cents.
 - The option is in the money.
 - This option could not sell for 4 cents.
- 10) You have the following information for soybean options on the November contract:

Calls		Puts	
strike	premium	strike	premium
\$6.50	74 cents	\$6.50	9 cents
\$6.75	55 cents	\$6.75	19 cents
\$7.00	31 cents	\$7.00	30 cents
\$7.25	21 cents	\$7.25	51 cents
\$7.50	11 cents	\$7.50	72 cents

The November future price for soybeans is currently \$7.01. Put an x by every option strike price that has intrinsic value.