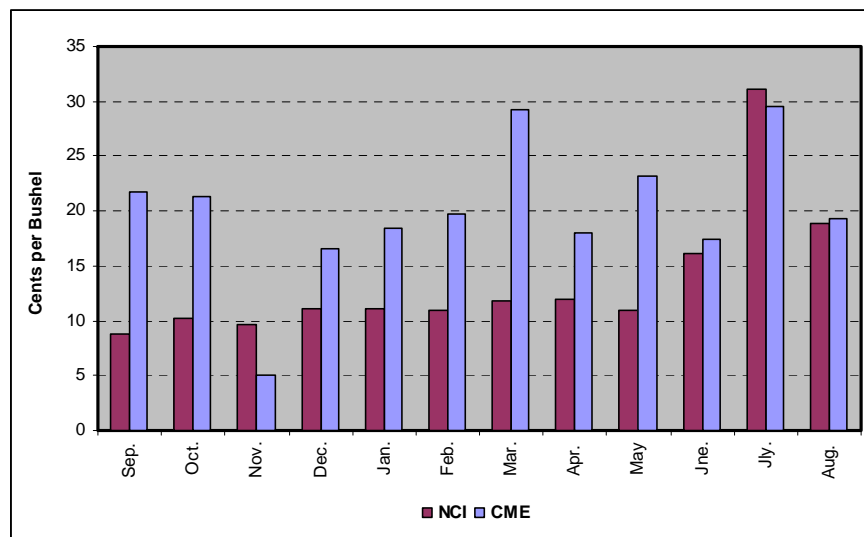


## NATIONAL CORN INDEX BASIS VOLATILITY

As we near the start of a new marketing year, it is important to remember the advantages provided by a stable basis. To effectively manage price risk, keep in mind the superior basis risk protection afforded by the MGEX National Corn Index. The reduction in basis risk leads to better predictability in your hedging, and avoids unpleasant surprises that can occur when your hedges do not behave like your local cash prices.

As illustrated in the charts below, the National Corn Index basis generally varies far less than the CME corn contract basis for any local market. For example, over the past five September's, the NCI - Central Illinois basis has fluctuated by roughly 9 cents, while the CBOT Corn basis has fluctuated over a 21 cent range.

**Figure 1. Central Illinois Basis, 2002-2008 Crop Years**



**Figure 2. North Central Iowa Basis, 2002-2008 Crop Years**

