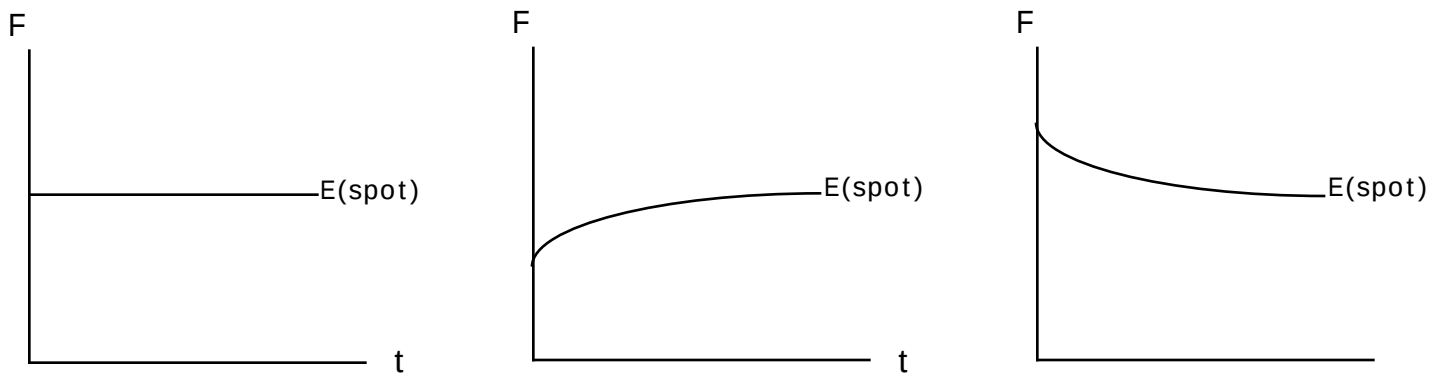
Figure 34.3:Futures on Perishable Commodities

$F = E(S_t)$ + Risk premium

	Expectations Hypothesis	Normal Backwardation	Normal Contango
Assumptions	1. Investors are risk-neutral	1. Hedgers are net short 2. Speculators are net long	1. Hedgers are net long 2. Speculators are net short
Futures price	$F = E(S_t)$	$F < E(S_t)$	$F > E(S_t)$

F vs S