



October 18, 2004

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Corn: 2005 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2005 production: 85,000 bushels (600 acres @ 142 bushels per)

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated corn crop (based on APH) priced by late May.

- Price 10,000 bushels at \$2.10 cash price (\$2.50 Dec. futures) using forward contract/futures hedge/futures fixed contract.
- Price 10,000 bushels at \$2.22c/\$2.62f, or by January 25, using some form of fixed-price contract.
- Price 10,000 bushels at \$2.34c/\$2.74f, or by March 25, using some form of fixed-price contract.
- Price 15,000 bushels at \$2.46c/\$2.86f, or by April 7, consider options or a trend system.
- Price 10,000 bushels at \$2.58c/\$3.08f, or by April 22, consider options or a trend system.
- Price the last 10,000 bushels at \$2.70c/\$3.10f, or by May 23, consider options or a trend system.

Plan starts on November 1, 2004. Earlier sales will be made at a 15 cent premium to price targets noted above.

Ignore decision dates and make no sale if prices are lower than \$2.10 local cash price/\$2.50 December futures.

Exit all options positions by mid-September.



July 28, 2005

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Corn: Execution of the 2005 Pre-Harvest Marketing Plan

by Ed Usset

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated corn crop (based on APH) priced by late May.

- Price 10,000 bushels at \$2.10 cash price (\$2.50 Dec. futures) using forward contract/futures hedge/futures fixed contract.
Futures fixed on June 20 @ \$2.55³/₄ Dec futures
- Price 10,000 bushels at \$2.22c/\$2.62f, or by January 25, using some form of fixed-price contract.
Futures fixed on June 20 @ \$2.55³/₄ Dec futures
- Price 10,000 bushels at \$2.34c/\$2.74f, or by March 25, using some form of fixed-price contract.
Futures fixed on June 20 @ \$2.55³/₄ Dec futures
- Price 15,000 bushels at \$2.46c/\$2.86f, or by April 7, consider options or a trend system.
Futures fixed on July 18 @ \$2.70 Dec futures
- Price 10,000 bushels at \$2.58c/\$3.08f, or by April 22, consider options or a trend system.
Futures fixed on July 19 @ \$2.59 Dec futures
- Price the last 10,000 bushels at \$2.70c/\$3.10f, or by May 23, consider options or a trend system.
Futures fixed on July 19 @ \$2.59 Dec futures



June 20, 2005

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Corn: Execution of the 2005 Pre-Harvest Marketing Plan

by Ed Usset

June 20, 2005: The last time December'05 corn saw the \$2.50 mark was September 15, 2004. Over nine months have passed and I finally get a chance to sell something above my minimum. I priced 30,000 bushels of my 2005 crop (about 33% of expected production based on my APH yields) with an HTA contract at \$2.55¾ in the Dec'05 contract. This represents the first three steps in my 2005 pre-harvest marketing plan.

July 18, 2005: Since June 20, the uptrend in prices was broken, then re-established. I'm now watching a trailing stop of 10 cents below the most recent high close, but I'm also willing to price some corn using my own discretion. With the market closing this evening at \$2.70, I think it's time to exercise some of that discretion. I priced 15,000 bushels (the fourth step in my pre-harvest plan) at \$2.70 per bushel in the December contract, using an HTA contract.

July 19, 2005: It took just one day for the market to bust through my 10 cent moving average when it closed at \$2.59 this day. I priced my last 20,000 bushels (the fifth and sixth steps in my pre-harvest plan) at \$2.59 per bushel in the December contract, using HTA contracts.

As of July 19, I am 75% sold on my 2005 crop at an average December futures price of \$2.60, or a cash price of \$2.10-2.15 per bushel.



October 18, 2004

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Corn: Comments on 2005 changes from 2004 Marketing Plan

by Ed Usset

The 2005 pre-harvest plan looks very similar to previous years' plans. Modifications include....

1. My cash price objectives are all 10 cents higher than in previous years, while the futures price objectives have stayed the same. This change formally recognizes a change that has occurred starting with the 2002 harvest – basis levels are higher. The implied harvest basis at my farm is now 40 under the December contract and not the 50 cents under that was all too typical in 1999 through 2001.
2. The minimum pricing objective has also been raised 10 cents, to \$2.10 cash. My minimum pricing objective in futures remains at \$2.50.
3. Start dates and decision dates are slightly different. Note that the first decision date is the end of January, earlier than previous plans. In general, I like the idea of stretching my decisions out over a longer period.

4. Expected production has been nudged up to 85,000 bushels.