



October 17, 2008

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Corn: 2008 Post-Harvest Marketing Plan

by Ed Usset

Expected 2008 production: 89,000 bushels (600 acres @ 148 bushels per)

Objective: Seek strategies that balance risk and reward in the current market environment. Hold no unpriced corn beyond July 1, 2009.

9,000 bushels: Price and deliver at the harvest price of \$3.58.

65,000 bushels priced @ \$4.79¼ (average of 6 pre-harvest sales) with futures sales of the December contract (October 17 close @ 4.03): Place in storage and sell the carry by rolling the December hedges forward to the July contract (closed at \$4.43 on October 17). The harvest basis is 85 under the July (\$3.58 cash price at harvest - \$4.43 futures), but I expect it to reach 25 cents under July by next spring. Exit plan: Unwind my storage hedge when the cash basis narrows to 25 under July futures, or by the first week of June. If I reach 25 under the July on these bushels, I will end up with a cash price of **\$4.94¼** per bushel (\$4.43 July futures - \$0.25 basis + \$0.76¼ gain on the early sales of December futures).

15,000 bushels: Place in storage and sell the carry with a sale of July futures. Exit plan: Unwind my storage hedge when the cash basis narrows to 25 under July futures, or by the first week of June. If the basis reaches 25 under the July, I will end up with a cash price of **\$4.18** per bushel (\$4.43 July futures - \$0.25 basis).



Mid-October, 2008

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Corn: **Execution** of the 2008 Post-Harvest Marketing Plan

by Ed Usset

October 17, 2008: I sold 9,000 bushels off the combine @ \$3.58, due to a lack of storage.

Summary of the 2008 Corn Crop, thru mid-October, 2008:

9,000 bushels sold for....	\$3.58
65,000 bushels sold for....	\$
15,000 bushels sold for....	\$
Final average price for 2008 corn	????