



October 8, 2007

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

[www.cffm.umn.edu/grain](http://www.cffm.umn.edu/grain)

## Soybeans: 2007 Post-Harvest Marketing Plan

by Ed Usset

2007 production: 23,000 bushels (530 acres @ 43 bushels per)

**Objective:** Seek strategies that offer a price higher than the loan rate. Hold no unpriced beans beyond July 1, 2008.

17,500 bushels were priced before harvest @ \$7.41 per bushel. This based on an average of 3 HTA sales at \$6.44 per bushel, and 4 futures sales at \$8.14, all using the November contract (October 8 close of \$9.25½). These bushels will be placed in storage and I will roll the hedges forward to the March contract, trading at \$9.55¾ per bushel. The elevator will rewrite my HTAs using an adjusted March futures base of \$7.71¼ per bushel (\$9.55¾ - \$1.84½ loss on the November contract). I am hoping that the current basis of 115 cents under the November contract can narrow to 75 cents under the March contract by late February. Exit plan: I will unwind my storage hedge when the cash basis reaches 75 under the March futures contract or by the last week of February.

5,500 bushels remaining: Place in storage and use a futures contract to sell the carry using the July contract. The harvest basis is 115 under the November and 145 under the March (\$8.10 cash - \$9.55¾ futures). Exit plan: Unwind my storage hedge when the cash basis narrows to 75 under March futures, or by the last week of February.



March, 2008

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## Soybeans: Execution of the 2007 Post-Harvest Marketing Plan

by Ed Usset

October 8, 2007: Soybeans have a 30 cent carry from November to March. This is a reasonably good incentive to sell the carry but, more important, this approach buys me time for the basis to recover towards something resembling a decent level.

February 22, 2008: Except for a few brief rallies, the soybean basis has been a disappointment since harvest. I delivered bushels and set my basis at 105 cents under the March contract (March futures @ \$14.20, cash price @ \$13.15).

Final price on 17,500 bushels pre-harvest priced: \$7.71 March futures less \$1.05 basis = \$6.66.

Final price on remaining 5,500 bushels: \$9.56 March futures less \$1.05 basis = \$8.51.

### Summary of the 2007 Soybean Crop:

17,500 bushels sold for....	\$6.66
5,500 bushels sold for....	<u>\$8.51</u>
Final average price for 2007 soybeans	<b>\$7.10</b>