



October 10, 2008

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

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

## Soybeans: 2008 Post-Harvest Marketing Plan

by Ed Usset

2008 production: 24,000 bushels (530 acres @ 45 bushels per)

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

2,500 bushels: Lock the basis on my HTA and deliver for a price of \$12.43<sup>3</sup>/<sub>4</sub> (\$13.53<sup>3</sup>/<sub>4</sub> HTA and a \$1.10 harvest basis).

1,500 bushels: Price and deliver at the harvest price of \$8.00.

15,000 bushels priced at an average of \$9.33<sup>1</sup>/<sub>2</sub> with November futures sales (October 10 close @ 9.10): Place in storage and sell the carry by rolling the November hedges forward to the July contract (closed at \$9.57<sup>1</sup>/<sub>2</sub> on October 10). The harvest basis is very wide - 158 cents under the July (\$8.00 cash price at harvest - \$9.58 futures) - but I expect it to reach 60 cents under July by next spring. Exit plan: I will unwind my storage hedge when the cash basis reaches 60 under the July futures contract or by the first week of June. If I reach 60 under the July on these bushels, I will end up with a cash price of \$9.21 per bushel (\$9.57<sup>1</sup>/<sub>2</sub> July futures - \$0.60 basis + \$0.23<sup>1</sup>/<sub>2</sub> gain on the early sales of November futures).

5,000 bushels remaining: Place in storage and sell the carry with a sale of the July contract. The harvest basis is 158 under the July contract. Exit plan: Unwind my storage hedge when the cash basis narrows to 60 under July futures, or by the first week of June.



Late March, 2009

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## Soybeans: Execution of the 2008 Post-Harvest Marketing Plan

by Ed Usset

October 10, 2008: I delivered 4,000 bushels off the combine, due to a lack of storage. A portion of this (2,500 bushels) was priced earlier with an HTA contract and the balance (1,500 bushels) was sold at the harvest price.

March 27, 2009: Narrowing carrying charges and a stronger basis are welcome trends in the soybeans market. I can lock-in a basis of 48 under the July contract to set a price on all remaining 2008 production. My final price on 15,000 bushels is \$9.33 per bushel (\$9.57½ July futures - \$0.48 basis + \$0.23½ gain on the early sales of November futures). My final price on 5,000 bushels is \$9.33 per bushel (\$9.57½ July futures - \$0.48 basis).

### Summary of the 2008 Soybean Crop:

2,500 bushels sold for....	\$12.43¾
1,500 bushels sold for....	\$8.00
15,000 bushels sold for....	\$9.33
5,000 bushels sold for....	<u>\$9.09½</u>
Final average price for 2008 soybeans	\$9.52