



January 3, 2012

Grain Marketing

Center for Farm Financial Management

University of Minnesota

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Soybeans: 2012 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2012 production: 24,000 bushels (530 acres @ 45 bushels per)

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated soybean crop priced by early June.

- Price 2,500 bushels at \$9.70 cash price (\$10.50 Nov futures) using some form of fixed-price contract: forward contract, HTA, sell futures.
- Price 2,500 bushels at \$10.10c/\$10.90f, or by March 8, pricing tool to be determined (“tbd”).
- Price 2,500 bushels at \$10.50c/\$11.30f, or by April 6, pricing tool tbd.
- Price 2,500 bushels at \$10.90c/\$11.70f, or by April 20, pricing tool tbd.
- Price 2,500 bushels at ~~\$11.30c/\$12.10f~~, or **by May 4**, pricing tool tbd.
- Price 2,500 bushels at \$11.70c/\$12.50f, or by May 18, pricing tool tbd.
- Price my last 2,500 bushels at \$12.10c/\$12.90f, or by June 4, pricing tool tbd.

Plan starts on January 1, 2012. Earlier sales will be made at a 35 cent premium to price targets noted above and will be limited to 10,000 bushels.

Ignore decision dates and make no sale if prices are lower than \$9.70 local cash price/\$10.50 November futures.

Exit all options positions by mid-September, 2012.



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Soybeans: Execution of the 2012 Pre-Harvest Marketing Plan

by Ed Usset

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- Price 2,500 bushels at \$9.70 cash price (\$10.50 Nov futures) using some form of fixed-price contract. **Futures sale on January 3, 2012 @ \$12.19 Nov'12 futures**
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Soybeans: **Execution** of the 2012 Pre-Harvest Marketing Plan

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January 3, 2012: I am still miffed with myself for passing on the opportunity to price 2012 soybeans at nearly \$14/bushel in early September. There are only two appealing things about \$12.19 Nov'12 futures; (1) it's a profitable sale and, (2) it's \$1 higher than recent lows seen in mid-December. I hope this rally continues, but I need to get started pricing 2012 soybeans. Note that I altered my plan to use the decision date on the fifth step in my plan. Pricing 40% of a crop in one day is very aggressive, and I'm happy to defer that decision to spring.

I am about 40% sold on my 2012 crop at an average Nov'12 futures price of \$12.19 or a cash price of about \$11.40 per bushel.