



October 20, 2006

Grain Marketing

Center for Farm Financial Management

University of Minnesota

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Corn: 2006 Post-Harvest Marketing Plan

by Ed Usset

Expected 2006 production: 85,000 bushels (600 acres @ 140 bushels per)

Objective: Seek strategies that offer a price higher than the loan rate. Hold no unpriced corn beyond July 1, 2007.

65,000 bushels priced @ \$2.69 (average of 6 pre-harvest sales) with futures fixed in the December contract (October 20 close @ 3.13): Place in storage and sell the carry by rolling the December hedges forward to the July contract (closed at \$3.37 on October 20). The 44 cent loss in the December contracts (\$2.69 sales vs. \$3.13 market) is taken out of the July contract base in the new HTA – instead of July @ \$3.37, it will be written into my HTA contract at \$2.93 (\$3.37 - \$0.44). The harvest basis is 72 under the July (\$2.65 cash price at harvest - \$3.37 futures). Exit plan: Unwind my storage hedge when the cash basis narrows to 32 under July futures, or by the first week of June. If I reach 32 under the July on these bushels, I will end up with a cash price of \$2.61 per bushel (\$2.93 July futures - \$0.32 basis).

19,000 bushels: Place in storage and sell the carry with an HTA on the July contract. Exit plan: Unwind my storage hedge when the cash basis narrows to 32 under July futures, or by the first week of June. If I get to 32 under the July on these bushels, I will end up with a cash price of \$3.05 per bushel (\$3.37 July futures - \$0.32 basis).



June 13, 2007

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Corn: Execution of the 2006 Post-Harvest Marketing Plan

by Ed Usset

May 22, 2007: I've been waiting since harvest for the corn basis to narrow to 32 cents under the July. Today I will set the basis on all my HTA contracts at 32 cents under the July contract (today's market: Jul'06 trading at \$3.69, local cash price at \$3.37).

Final price on 65,000 bushels pre-harvest priced: \$2.93 July futures less \$0.32 basis = \$2.61.
((\$2.93 July futures already takes into account losses on pre-harvest sales)

Final price on remaining 19,000 bushels: \$3.37 July futures less \$0.32 basis = \$3.05.

Summary of the 2006 Corn Crop, thru May 22, 2007:

65,000 bushels sold for....	\$2.61
19,000 bushels sold for....	<u>\$3.05</u>
Final average price for 2006 corn	\$2.71