



March 21, 2007

Grain Marketing

Center for Farm Financial Management

University of Minnesota

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Corn: 2008 Pre-Harvest Marketing Plan

by Ed Usset

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

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated corn crop (based on APH) priced by early June.

- Price 10,000 bushels at **\$2.60** cash price (**\$3.00** Dec. futures) using forward contract/futures hedge/futures fixed contract.
- Price 10,000 bushels at \$2.75c/\$3.15f, or by March 7, pricing tool to be determined (“tbd”).
- Price 10,000 bushels at \$2.90c/\$3.30f, or by April 4, pricing tool tbd.
- Price 5,000 bushels at \$3.05c/\$3.45f, or by April 18, pricing tool tbd.
- Price 10,000 bushels at \$3.20c/\$3.60f, or by May 5, pricing tool tbd.
- Price 10,000 bushels at \$3.35c/\$3.75f, or by May 19, pricing tool tbd.
- Price the last 10,000 bushels at \$3.50c/\$3.90f, or by June 3, pricing tool tbd.

Plan starts on January 1, 2008. Earlier sales will be made at a 30 cent premium to price targets noted above and will be limited to 35,000 bushels.

Ignore decision dates and make no sale if prices are lower than **\$2.60** local cash price/**\$3.00** December futures.

Exit all options positions by mid-September, 2008.



June 6, 2008

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Corn: Execution of the 2008 Pre-Harvest Marketing Plan

by Ed Usset

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated corn crop (based on APH) priced by early June.

- Price 10,000 bushels at \$2.60 cash price (\$3.00 Dec. futures) using forward contract/futures hedge/futures fixed contract. **Futures sale on March 21, 2007 @ \$3.99 Dec'08 futures**
- Price 10,000 bushels at \$2.75c/\$3.15f, or by March 7, pricing tool to be determined ("tbd").
Futures sale on March 21 @ \$3.99 Dec'08 futures
- Price 10,000 bushels at \$2.90c/\$3.30f, or by April 4, pricing tool tbd.
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- Price 5,000 bushels at \$3.05c/\$3.45f, or by April 18, pricing tool tbd.
Futures sale on March 21 @ \$3.99 Dec'08 futures
- Price 10,000 bushels at \$3.20c/\$3.60f, or by May 5, pricing tool tbd.
Futures sale on January 2, 2008 @ \$4.69³/₄ Dec'08 futures
- Price 10,000 bushels at \$3.35c/\$3.75f, or by May 19, pricing tool tbd.
Futures sale on May 19 @ \$6.13 Dec'08 futures
- Price the last 10,000 bushels at \$3.40c/\$3.90f, or by June 3, pricing tool tbd.
Futures sale on June 3 @ \$6.36¹/₄ Dec'08 futures



June, 2008

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March 21, 2007: Outstanding pricing opportunities are present in all grain markets. I'm going to call my broker and sell 7 contracts of Dec'08 corn futures (35,000 bushels) at \$3.99, representing ~35% of my expected 2008 production. This will establish a new crop 2008 cash corn price of about \$3.60 per bushel, assuming a harvest basis of 40 cents under December futures. I am reluctant to price any more corn more than 9 months prior to harvest, so don't expect any more actions until January 1, 2008.

October 8, 2007: I raised my minimum price objective (and all other price objectives) another 20 cents per bushel.

January 2, 2008: I sold 2 more contracts of Dec'08 corn futures (10,000 bushels) at \$4.6975. I choose to defer my last two sales until I reach the decision dates later in the spring.

May 19 and June 3, 2008: I made my final pre-harvest sales for 2008, selling 2 contracts of December futures at \$6.13 and 2 more at \$6.3625 per bushel.

I am 70% sold on my 2008 crop at an average Dec'08 futures price of \$4.79 or a cash price of about \$4.30 per bushel.