



June 8, 2009

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/publications/grain.aspx

Corn: 2010 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2010 production: 90,000 bushels (600 acres @ 150 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 \$3.65 cash price (\$4.05 Dec. futures) using forward contract/futures hedge/futures fixed contract.
- Price 10,000 bushels at \$3.90c/\$4.30f, or by March 29, pricing tool to be determined (“tbd”).
- Price 10,000 bushels at \$4.15c/\$4.55f, or by April 14, pricing tool tbd.
- Price 5,000 bushels at \$4.40c/\$4.80f, or by April 28, pricing tool tbd.
- Price 10,000 bushels at \$4.65c/\$5.15f, or by May 13, pricing tool tbd.
- Price 10,000 bushels at \$4.90c/\$5.30f, or by May 27, pricing tool tbd.
- Price the last 10,000 bushels at \$5.15c/\$5.55f, or by June 10, pricing tool tbd.

Plan starts on January 1, 2010. Earlier sales will be made at a 25 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 \$3.65 local cash price/\$4.05 December futures.

Exit all options positions by mid-September, 2010.



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Corn: Execution of the 2010 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 \$3.65 cash price (\$4.05 Dec. futures) using forward contract/futures hedge/futures fixed contract. **Futures sale on June 8, 2009 @ \$4.55½ Dec'10 futures**
- Price 10,000 bushels at \$3.90c/4.30f, or by March 29, pricing tool to be determined.
Futures sale on June 8 @ \$4.55½ Dec'10 futures
- Price 10,000 bushels at \$4.15c/4.55f, or by April 14, pricing tool tbd.
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