



June 10, 2009

Grain Marketing

Center for Farm Financial Management

University of Minnesota

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Spring Wheat: 2010 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2010 production: 30,000 bushels (640 acres @ 47 bushels per)

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

- Price 5,000 bushels at \$5.20 cash price/\$5.60 Sep wheat futures using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at \$5.60c/\$6.00f, or by March 29, pricing tool to be determined (“tbd”).
- Price 5,000 bushels at \$6.00c/\$6.40f, or by April 28, pricing tool tbd.
- Price 2,500 bushels at \$6.40c/\$6.80f, or by May 27, pricing tool tbd.
- Price my last 5,000 bushels at \$6.80c/\$7.20f, or by June 25, pricing tool tbd.

Plan starts on November 1, 2009. Earlier sales will be made at a 30 cent premium to price targets noted above and will be limited to 15,000 bushels.

I will consider the December futures contract for new crop sales at a 15 cent premium to September. Ignore decision dates and make no sale if prices are lower than \$5.20 local cash price/\$5.60 September futures.



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Spring Wheat: **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 spring wheat crop priced by early June.

- Price 5,000 bushels at \$5.20 cash price/\$5.60 Sep wheat futures using forward contract/futures hedge/futures fixed contract. **Futures sale on June 10, 2009 @ \$7.45 Sep'10 contract**
- Price 5,000 bushels at \$5.60c/\$6.00f, or by March 29, pricing tool to be determined ("tbd").
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