Corn: 2004 Post-Harvest Marketing Plan  
by Ed Usset

Expected 2004 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, 2005.

65,000 bushels priced @ $2.83 (average of 6 pre-harvest sales) with futures fixed in the December contract (October 27 close @ 2.06): Take a 25 cent LDP, place in storage and sell the carry by rolling the December hedges forward to the July contract (closed at $2.31 on October 27). The harvest basis is 54 under the July ($1.77 cash - $2.31 futures). Exit plan: Unwind my storage hedge when the cash basis narrows to 20 under July futures, or by the first week of June. If I get to 20 under the July on these bushels, I will end up with a cash price of $3.13 per bushel. That's $2.11 for the corn ($2.31 July futures - $0.20 basis), plus a 77 cent profit on the Dec contract (sold @ $2.83 average, rolled forward at $2.06), plus a 25 cent LDP.

19,000 bushels: Take a 25 cent LDP and place in storage for later sale. Exit plan: Sell 6,000 bushels @ $2.20, 7,000 @ $2.35, and the last 6,000 @ $2.50. Bushels unsold at the end of April will be sold in equal increments in May and June. Risk no more than 15 cents under the harvest price - sell if the cash price falls below $1.59.
Corn: **Execution of the 2004 Post-Harvest Marketing Plan**

by Ed Usset

Objective: Seek strategies that offer a price higher than the loan rate. Hold no unpriced corn beyond July 1, 2005.

- 65,000 bushels priced @ $2.83 with futures fixed in Dec contract: collect a 25 cent LDP, place in storage and roll hedge forward to July contract @$2.31. Basis objective of 20 under the July was never achieved (about 25 under in April was the best). June 3, 2005: cash market trading at $1.83, July futures at $2.18. Basis locked on HTA contracts at 35 under the July. Despite the lousy basis on the HTA contracts, final price on these bushels: $2.98 ($2.31 futures - $0.35 basis + $0.25 LDP + $0.77 profit on December contracts)

- 19,000 bushels remaining: collect LDP, and place in on-farm storage for later sale. The market never came close to my price objectives of $2.20-2.50 cash. On May 27 I priced and delivered 10,000 bushels at $1.89 ($2.14 with LDP). On June 24 I priced and delivered my last 9,000 bushels at $1.94. My bins are empty.

Exit plan: I will unwind my storage hedge when the cash basis reaches 22 under the July futures contract or by the first week of June. For other bushels in storage, the loan rate of $1.84 is my downside protection. Sell 12,000 bushels @ $2.20, 11,000 @ $2.35, and the last 11,000 @ $2.50. Bushels unsold at the end of April will be sold in equal increments in May and June.

**Weighted average sales price on my 2004 corn crop:** $2.80
Corn: Execution of the 2004 Post-Harvest Marketing Plan
by Ed Usset

May 27, 2005: My price objectives on 19,000 bushels held in storage have not been met, but it’s time to start pricing these bushels before the basis becomes my enemy. I will price 10,000 bushels at $1.89. Adding the 25 cent LDP taken at harvest, my final price on these bushels is $2.14.

June 3, 2005: My basis objectives on 65,000 bushels held in storage has not been met, but it’s time to price and deliver on my HTA contracts. I locked the basis at 35 under the July, for a final price of $1.96 ($2.31 July futures + 35 under basis). Adding the 25 cent LDP taken at harvest and 77 cent profit on pre-harvest sales, my final price on these bushels is $2.98.

June 24, 2005: My price objectives on my remaining 9,000 bushels held in storage have not been met, but it’s time to price these bushels. I will price and deliver my last 9,000 bushels at $1.94. Adding the 25 cent LDP taken at harvest, my final price on these bushels is $2.19.

Summary of the 2004 Corn Crop:

- 10,000 bushels sold for $2.14
- 65,000 bushels sold for $2.98
- 9,000 bushels sold for $2.19
- Final average price for 2004 corn $2.80