Corn: 2004 Pre-Harvest Marketing Plan
by Ed Usset

Expected 2004 production: 84,000 bushels (600 acres @ 140 bushels per)

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

- Price 10,000 bushels at $2.00 cash price ($2.50 Dec. futures) using forward contract/futures hedge/futures fixed contract.
- Price 10,000 bushels at $2.12, or by March 6, using some form of fixed-price contract.
- Price 15,000 bushels at $2.24, or by April 5, using some form of fixed-price contract.
- Price 10,000 bushels at $2.36, or by May 4, consider options or a trend system.
- Price 10,000 bushels at $2.48, or by May 18, consider options or a trend system.
- Price the last 10,000 bushels at $2.60, or by June 3, consider options or a trend system.

Plan starts on November 1, 2003. Earlier sales will be made at a 15 cent premium to price targets noted above.
Ignore decision dates and make no sale if prices are lower than $2.00 local cash price/$2.50 December futures.
Exit all options positions by mid-September.
Corn: **Execution** of the 2004 Pre-Harvest Marketing Plan
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Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated corn crop priced by early June.

- Price 10,000 bushels at $2.00 cash price ($2.50 Dec. futures) using forward contract/futures hedge/futures fixed contract. Futures fixed on 1-2-04 @ $2.53½ Dec futures
- Price 10,000 bushels at $2.12, or by March 6, using some form of fixed-price contract. Futures fixed on 1-13-04 @ $2.65 Dec futures
- Price 15,000 bushels at $2.24, or by April 5, using some form of fixed-price contract. Futures fixed on 1-21-04 @ $2.74½ Dec futures
- Price 10,000 bushels at $2.36, or by May 4, consider options or a trend system. Futures fixed on 2-23-04 @ $2.88¼ Dec futures
- Price 10,000 bushels at $2.48, or by May 18, consider options or a trend system. Futures fixed on 3-15-04 @ $3.00 Dec futures
- Price the last 10,000 bushels at $2.60, or by June 3, consider options or a trend system. Futures fixed on 3-22-04 @ $3.16½ Dec futures
Corn: **Execution** of the 2004 Pre-Harvest Marketing Plan

by Ed Usset

January 2, 2004: December corn futures finally reach the $2.50 mark. I decide to use a hedge-to-arrive contract @ the market close of $2.53½ to establish a new crop corn price of $2.03-2.13 (assumes an expected harvest basis of 40-50 under December futures).

January 13, 2004: December corn futures close above my second price objective of $2.62. I use a hedge-to-arrive contract @ the market close of $2.65 to establish a new crop corn price of $2.15-2.25 (assumes an expected harvest basis of 40-50 under December futures).

January 21, 2004: December corn futures close above my third price objective of $2.74. I use a hedge-to-arrive contract @ the market close of $2.74½ to establish a new crop corn price of $2.25-2.35.

February 13, 2004: December corn futures close above my fourth price objective of $2.86. I use a hedge-to-arrive contract @ the market close of $2.88½ to establish a new crop corn price of $2.40-2.50. I choose not to follow the trend or re-own any sales with call options.

March 15, 2004: December corn futures close above my fifth price objective of $2.98. I use a hedge-to-arrive contract @ the market close of $3.00 to establish a new crop corn price of $2.55-2.65. I choose not to follow the trend or re-own any sales with call options.

March 22, 2004: December corn futures close above my last price objective of $3.10. I use a hedge-to-arrive contract @ the market close of $3.16½ to establish a new crop corn price of $2.75-2.80.

As of late March, I am 75% sold on my 2004 crop at an average December futures price of $2.78.