Corn: 2008 Post-Harvest Marketing Plan
by Ed Usset

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

Objective: Seek strategies that balance risk and reward in the current market environment. Hold no unpriced corn beyond July 1, 2009.

9,000 bushels: Price and deliver at the harvest price of $3.58.

65,000 bushels priced @ $4.79¼ (average of 6 pre-harvest sales) with futures sales of the December contract (October 17 close @ 4.03): Place in storage and sell the carry by rolling the December hedges forward to the July contract (closed at $4.43 on October 17). The harvest basis is 85 under the July ($3.58 cash price at harvest - $4.43 futures), but I expect it to reach 25 cents under July by next spring. Exit plan: Unwind my storage hedge when the cash basis narrows to 25 under July futures, or by the first week of June. If I reach 25 under the July on these bushels, I will end up with a cash price of $4.94¼ per bushel ($4.43 July futures - $0.25 basis + $0.76¼ gain on the early sales of December futures).

15,000 bushels: Place in storage and sell the carry with a sale of July futures. Exit plan: Unwind my storage hedge when the cash basis narrows to 25 under July futures, or by the first week of June. If the basis reaches 25 under the July, I will end up with a cash price of $4.18 per bushel ($4.43 July futures - $0.25 basis).
Corn: Execution of the 2008 Post-Harvest Marketing Plan
by Ed Usset

October 17, 2008: I sold 9,000 bushels off the combine @ $3.58, due to a lack of storage.

Summary of the 2008 Corn Crop, thru mid-October, 2008:
9,000 bushels sold for.... $3.58
65,000 bushels sold for.... $
15,000 bushels sold for.... $
Final average price for 2008 corn ????