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 $3.50 local cash price/$4.05 $3.90 December futures.

Exit all options positions by mid-September, 2010.
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.  Futures sale on April 30 @ $3.92¼ Dec’10 futures
- Price 5,000 bushels at $4.40c/4.80f, or by April 28, pricing tool tbd.  Futures sale on April 30 @ $3.92¼ Dec’10 futures
- Price 10,000 bushels at $4.65c/5.05f, or by May 13, pricing tool tbd.  Futures sale on May 26 @ $3.90¾ Dec’10 futures
- Price 10,000 bushels at $4.90c/5.30f, or by May 27, pricing tool tbd.  Futures sale on May 27 @ $3.93½ Dec’10 future
- Price the last 10,000 bushels at $5.15c/$5.55f, or by June 10, pricing tool tbd.  Futures sale on July 8 @ $3.96¼ Dec’10 future
June 8, 2009: I did a little “inlook,” an examination of my projected production costs in 2010 and concluded that $4.55 Dec’10 corn futures is a good place to start.

April 30, 2010: This has been an atypical year since the start of the new year. Instead of enjoying a spring rally in prices, new crop grain futures broke in early January and have trended lower since then. Despite a torrid pace in planting progress, market prices showed some life this week and presented me with a choice. What will hurt worse; (1) leaving my minimum price objective at $4.05 Dec’10 futures and NOT getting any more corn priced before harvest or, (2) lowering my minimum price to $3.90 per bushel and learning that I sold 15 cents cheaper than I should have? I’ve decided that the first alternative is more painful (and looks stubborn – stubborn is not a positive marketing trait).

May 26 & 27: New crop corn futures continue to trade in a range of $3.70-3.95 per bushel. A couple of days at the higher end of the range give me a chance to keep my marketing efforts current.

July 8: Just 9 days after closing at $3.44 per bushel, Dec’10 futures are on a tear and close back above my (revised) minimum price of $3.90. I thought about following the trend but my own sense is that this is the type of year when I want to sell rallies, and not get carried away with the bullish sentiment of the moment. Then again, if the rally continues, I still have 25% of the 2010 crop to price and I have yet to start on 2011.

I am 75% sold on my 2010 crop at an average Dec’10 futures price of $4.12 or a cash price of about $3.65 per bushel.