



October 18, 2013

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

[www.cffm.umn.edu/grain](http://www.cffm.umn.edu/grain)

## Corn: 2013 Post-Harvest Marketing Plan

by Ed Usset

2013 production: 90,000 bushels (600 acres @ 150 bushels per)

**Objective:** Seek strategies that balance risk and reward in the current market environment. Hold no unpriced corn beyond July 1, 2014.

15,000 bushels: Price and deliver at the harvest price of \$4.05.

65,000 bushels priced @ \$5.70 (average of 7 pre-harvest sales) with futures sales of the December contract (October 18 close @ \$4.41½): Place in storage and sell the carry by rolling the December hedges forward to the July contract, trading at \$4.69½/bu. The carry from December to July is 28 cents/bu. – very good and a good opportunity to sell the carry. However, the basis piece of the trade is much less appealing. I expect (hope?) a harvest basis of 37 cents under the December contract can be 30 cents under the July by next May or June. Exit plan: Unwind my storage hedge when the cash basis reaches 25 cents under the July contract, or by June 20. If the basis reaches 25 under the July, I will receive a cash price of \$5.73 per bushel (\$4.69½/ July futures + (-\$0.25) basis + \$1.28½ gain on the early sales of December futures).

10,000 bushels: Place in storage and hold for higher prices. Sell 5,000 bushels @ \$4.50, and the last 5,000 @ \$4.85. Risk no more than 55 cents under the harvest price - sell if the cash price falls below \$3.50/bu. Bushels unsold at the end of April will be sold in equal increments in May and June.



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## Corn: Execution of the 2013 Post-Harvest Marketing Plan

by Ed Usset

October 18, 2013: Carrying charges return to the corn market! The carry from December to July is 28 cents/bu. – very good and a good opportunity to sell the carry. However, the basis piece of the trade is much less appealing. I expect (hope?) a harvest basis of 37 cents under the December contract can be 25-30 cents under the July by next May or June.

March 4, 2014: The market has been trading in a tight range since harvest, with cash corn prices meandering between \$3.90 and \$4.15/bu. from harvest thru mid-February. The market has finally shown some life and popped thru the range, but a weak basis has me casting a wary eye on how far this thing can go. I am going to price my final 10,000 bushels at today's price of \$4.35/bu (49 cents under the May contract, at \$4.84/bu.). I'm still waiting on a better basis on grain stored and hedged and a higher board is doing me no favors.

### Summary of the 2013 Corn Crop:

15,000 bushels sold for....

\$4.05

65,000 bushels sold for....

**\$5.73 (heading towards)**

10,000 bushels sold for....

\$4.35

Average price for 2013 corn

\$????