Expected 2014 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 mid-June.

- Price 10,000 bushels at $4.90 cash price ($5.40 Dec. futures) using forward contract/futures hedge/futures fixed contract.
- Price 10,000 bushels at $5.30c/$5.80f, or by March 17, pricing tool to be determined ("tbd").
- Price 10,000 bushels at $5.70c/$6.20f, or by April 15, pricing tool tbd.
- Price 15,000 bushels at $6.10c/$6.60f, or by May 14, pricing tool tbd.
- Price 10,000 bushels at $6.50c/$7.00f, or by May 28, pricing tool tbd.
- Price the last 10,000 bushels at $6.90c/$7.40f, or by June 13, pricing tool tbd.

Plan starts on January 1, 2014. Earlier sales may be made at a 50 cent premium to price targets noted above and would be limited to 30,000 bushels.

Ignore decision dates and make no sale if prices are lower than $4.90 local cash price/$5.40 December futures.

Exit all options positions by mid-September, 2014.
Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated corn crop (based on APH) priced by mid-June.

- Price 10,000 bushels at $4.90 cash price ($5.40 Dec. futures) using forward contract/futures hedge/futures fixed contract.  
  Futures sale on April 15, 2014 @ $5.03¼ Dec’14 contract
- Price 10,000 bushels at $5.30c/$5.80f, or by March 17, pricing tool to be determined.  
  Futures sale on April 15, 2014 @ $5.03¼ Dec’14 contract
- Price 10,000 bushels at $5.70c/$6.20f, or by April 15, pricing tool tbd.
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- Price 10,000 bushels at $6.50c/$7.00f, or by May 28, pricing tool tbd.
- Price the last 10,000 bushels at $6.90c/$7.40f, or by June 13, pricing tool tbd.
April 15, 2014: Prices remain below my minimum price objective of $5.40/bu. Dec’14 corn, and I’m starting to get nervous about the possibility of selling too much corn at $4/bu. or less by harvest. Why would anyone lock-in a price for corn that is roughly 30-40 cents below production costs? Because 7 months from now, it may be worth 80-100 cents less than production costs. Occasionally, risk management calls for minimizing losses, not maximizing profits. I used the April 15 decision date as an excuse to take action, selling 4 contracts of Dec’14 futures at $5.03¼ /bu. Let’s hope this first sale was too early and too cheap.

I am about 25% sold, at an average price of $5.03/bu. in the Dec’14 contract.