



October 26, 2016

Grain Marketing

Center for Farm Financial Management
University of Minnesota

<http://www.cffm.umn.edu/GrainMarketing/marketingplans.aspx>

Corn: 2017 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2017 production: 100,000 bushels

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 15,000 bushels at \$4.00 cash price (\$4.50 Dec. futures) using forward contract/futures hedge/futures fixed contract.
- Price 10,000 bushels at \$4.30c/\$4.80f, or by March 15, pricing tool to-be-determined (“tbd”).
- Price 15,000 bushels at \$4.60c/\$5.10f, or by April 11, pricing tool tbd.
- Price 10,000 bushels at \$4.90c/\$5.40f, or by May 10, pricing tool tbd.
- Price 15,000 bushels at \$5.20c/\$5.70f, or by May 24, pricing tool tbd.
- Price the last 10,000 bushels at \$5.50c/\$6.00f, or by June 9, pricing tool tbd.

Plan starts on January 1, 2017.

Ignore decision dates and make no sale if prices are lower than \$4.00 local cash price/\$4.50 December futures.

Exit all options positions by mid-September, 2017.



July 10, 2017

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Corn: Execution of the 2017 Pre-Harvest Marketing Plan by Ed Usset

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- Price 15,000 bushels at \$4.00 cash price (\$4.50 Dec. futures) using forward contract/futures hedge/futures fixed contract. **Futures sale July 10, 2017 @ \$4.14³/₄ Dec'17**
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Corn: Execution of the 2017 Pre-Harvest Marketing Plan

by Ed Usset

October 26, 2016: For the third year in a row, I have pared back my minimum price objectives. Despite lower price objectives, the current opportunity is below production costs. What I have not written down is my willingness to consider pricing 20-40% before harvest at prices even lower than the minimum price.

July 10, 2017: New crop prices are below my minimum price objective (\$4.50 December futures) but, as I did last year, I have been looking for the chance to get something priced before harvest, even if the price is below my minimum. The recent rally looks like my chance. I am going to price 15,000 bushels, or 15% of my expected crop, with a sale of three Dec'17 contracts at \$4.14¾. This is the best price seen since the rally in June of 2016.

2017 status: 15% sold at an average price of \$4.15 Dec'17 futures, or about \$3.65 cash price.