



November 13, 2017

Grain Marketing

Center for Farm Financial Management
University of Minnesota

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

Corn: 2018 Pre-Harvest Marketing Plan

by Edward Usset

Expected 2018 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 \$3.75 cash price (\$4.25 Dec. futures) using forward contract/futures hedge/futures fixed contract.
- Price 10,000 bushels at \$4.05c/\$4.55f, or by March 29, pricing tool to-be-determined (“tbd”).
- Price 15,000 bushels at \$4.35c/\$4.85f, or by April 30, pricing tool tbd.
- Price 10,000 bushels at \$4.65c/\$5.15f, or by May 29, pricing tool tbd.
- Price 15,000 bushels at \$4.95c/\$5.45f, or by June 13, pricing tool tbd.
- Price the last 10,000 bushels at \$5.25c/\$5.75f, or by June 27, pricing tool tbd.

Plan starts on January 1, 2018. Earlier sales may be made at a 40-cent premium and would be limited to 30,000 bushels.

Ignore decision dates and make no sale if prices are lower than \$3.75 local cash price/\$4.25 December futures.

Exit all options positions by mid-September, 2018.



April 25, 2018

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Corn: Execution of the 2018 Pre-Harvest Marketing Plan

by Edward Usset

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- Price 15,000 bushels at \$3.75 cash price (\$4.25 Dec. futures) using forward contract/futures hedge/futures fixed contract. Dec'18 futures sale April 25, 2018 @ \$4.12¼
- Price 10,000 bushels at \$4.05c/\$4.55f, or by March 29 Dec'18 futures sale May 23 @ \$4.26½
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November 13, 2017: For the fourth year in a row, I pared back my minimum price objectives, which now stands at \$4.25 Dec'18 futures (Dec'18 futures are currently trading at \$3.88/bu.). Like last year, I have not written down is my willingness to price 20-40% before harvest at prices even lower than the minimum price. But the time for that sort of move is spring or early summer. For now, patience!

April 25: The market remains short of my \$4.25/bu. minimum price but my commitment to reach 20-40% priced – regardless of price – remains. Many factors (Argentina problems, late spring, etc.) contribute to a Dec'18 price above \$4, and late-April seems like a good time to start. Sell 3 contracts (15,000 bushels) Dec'18 futures @ \$4.12¼.

May 23: Dec'18 corn futures close above \$4.25/bu. for the first time in 10 months. This is an opportunity to play catch-up on March and April sales that I passed on earlier. Sell 5 contracts (25,000 bushels) Dec'18 futures @ \$4.26½.

2018 status: I am 40% sold with Dec'18 futures at \$4.21, or a cash price at harvest of about \$3.70.