Soybeans: 2002 Post-Harvest Marketing Plan
by Ed Usset

2002 production: 23,000 bushels (530 acres @ 43 bushels per), harvest in October, loan rate @ $4.86

Objective: Seek strategies that offer a price higher than the loan rate. Hold no unpriced soybeans beyond August 1, 2003.

Deliver 12,500 bushels at harvest. These are the bushels priced earlier with an HTA (7,500 bushels @ $5.14) and a forward contract (5,000 bushels @ $5.16).

Store and hold 10,500 bushels for later sale.
Exit strategy: With the harvest price at $4.97 on October 4, I will treat my loan rate of $4.86 as my downside protection. On the upside, I will use a trailing stop of 30 cents under the spot price. If the value of my beans have not increased by at least 30 cents by the end of the year ($5.27), I will begin a graceful exit by selling 2,500 bushels per month, January – April.
Soybeans: Execution of the 2002 Post-Harvest Marketing Plan
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Deliver 12,500 bushels at harvest. These are the bushels priced earlier with an HTA (7,500 bushels @ $5.14) and a forward contract (5,000 bushels @ $5.16).

Done at harvest

Store and hold 10,500 bushels for later sale.

Sold on April 23, 2003 for $5.76 per bushel [The trailing stop was narrowed to 15 cents in early April 2003]
At harvest: Delivered 12,500 bushels at harvest. These are the bushels priced earlier with an HTA (7,500 bushels @ $5.14) and a forward contract (5,000 bushels @ $5.16).

Early April: I tightened up my trailing stop to 15 cents under the most recent price high. On April 17 the local bid reached $5.95 - this put my stop at $5.80, 84 cents over my price at harvest ($4.96).

April 23: The local bid at the close of the market was $5.76 per bushel, 4 cents less than my stop. The stop was hit so I priced my remaining 10,500 bushels with my local elevator.

Summary of the 2002 Soybean Crop: Pre and Post-Harvest Marketing Actions

Pre-harvest actions...
7,500 bushels sold for.... $5.14
5,000 bushels sold for.... $5.16

Post-harvest actions...
10,500 bushels sold for.... $5.76

Final average price for 2002 soybeans $5.43