Soybeans: 2004 Post-Harvest Marketing Plan
by Ed Usset

2004 production: 23,000 bushels (530 acres @ 43 bushels per)

Objective: Seek strategies that offer a price higher than the loan rate. Hold no unpriced beans beyond August 1, 2005.

17,500 bushels priced @ $6.56 (average of 7 pre-harvest sales) with futures fixed in the November contract: Set basis at 40 under, collect LDP of 15 cents and deliver. Final price on these bushels: $6.31.

5,500 bushels remaining: Take the loan and place in on-farm storage for later sale. Exit plan: Sell 2,000 bushels @ $5.30, 2,000 @ $5.60, and the last 1,500 @$5.90. Bushels unsold at the end of April will be sold in equal increments in May, June, and July. The loan rate of $4.87 is my downside protection.
Soybeans: Execution of the 2004 Post-Harvest Marketing Plan
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October 12, 2004: Set basis at 40 under, collect LDP of 15 cents and deliver on 17,500 bushels pre-harvest priced @ $6.56 (average of 7 pre-harvest sales) with futures fixed in the November contract. Final price on these bushels: $6.31.

December 17, 2004: The spot price of soybeans reached $5.31, exceeding my first flat price objective of $5.30 per bushel. I will price 2,000 bushels at $5.31. I still have another 3,500 bushel left to sell, at price objectives of $5.60 and $5.90 per bushel.

February 25, 2005: After two months of lower prices, the market has reversed course sharply over the past 10 days. The spot price of soybeans reached $5.62, just above my second price objective of $5.60 per bushel. I will price 2,000 bushels at $5.62. I have just 1,500 bushel left to sell at a price objective $5.90 per bushel.

March 10, 2005: The market continues to show surprising strength. The spot price of soybeans is $5.99 at my elevator, above my final price objective of $5.90. My last sale is made!

Summary of the 2004 Soybean Crop, thru March 10:

- 17,500 bushels sold for.... $6.31
- 2,000 bushels sold for.... $5.31
- 2,000 bushels sold for.... $5.62
- 1,500 bushels sold for.... $5.99
- Final average price for 2004 soybeans $6.14