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

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated soybean crop priced by early June.

- Price 2,500 bushels at $5.05 cash price ($5.55 Nov futures) using some form of fixed-price contract: forward contract, HTA, sell futures.
- Price 2,500 bushels at $5.20, or by Jan 7, using some form of fixed-price contract.
- Price 2,500 bushels at $5.35, or by Feb 6, using some form of fixed-price contract.
- Price 2,500 bushels at $5.50, or by Mar 6, consider options or a trend system.
- Price 2,500 bushels at $5.65, or by April 5, consider options or a trend system.
- Price 2,500 bushels at $5.80, or by May 4, consider options or a trend system.
- Price my last 2,500 bushels at $5.95, or by Jun 3, consider options or a trend system.

Plan starts on October 1, 2003. Earlier sales will be made at a 15 cent premium to price targets noted above.
Ignore decision dates and make no sale if prices are lower than $5.05 local cash price/$5.55 November futures.
Exit all options positions by mid-September.
Soybeans: Execution of the 2004 Pre-Harvest Marketing Plan
by Ed Usset

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated soybean crop priced by early June.

- Price 2,500 bushels at $5.05 cash price ($5.55 Nov futures) using some form of fixed-price contract.  Futures fixed on Oct 1 @ $5.77½ Nov futures
- Price 2,500 bushels at $5.20, or by Jan 7, using some form of fixed-price contract.  Futures fixed on Oct 1 @ $5.77½ Nov futures
- Price 2,500 bushels at $5.35, or by Feb 6, using some form of fixed-price contract.  Futures fixed on Oct 29 @ $5.91½ futures
- Price 2,500 bushels at $5.50, or by Mar 6, consider options or a trend system.  Futures fixed on Nov 3 @ $6.01 futures
- Price 2,500 bushels at $5.65, or by April 5, consider options or a trend system.  Futures fixed on April 5 @ $7.82½ futures
- Price 2,500 bushels at $5.80, or by May 4, consider options or a trend system.  Futures fixed on May 4 @ $7.76 futures
- Price my last 2,500 bushels at $5.95, or by Jun 3, consider options or a trend system.
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October 1, 2003: Priced 5,000 bushels of next years’ crop with an HTA contract at $5.775 in the Nov’04 contract. This represents the first two steps in my plan, or about 20% of my expected 2004 production.

October 29, 2003: Priced another 2,500 bushels at $5.91½ with an HTA contract.

November 3, 2003: Priced another 2,500 bushels at $6.01 with an HTA contract. I now stand at 40% priced on new crop 2004 soybeans.

Mid-December, 2003: The market is currently trading very close to my next price objective, but I have decided to pass on the sale and wait until my decision date of April 5. Let me explain my reasoning.

Last summer I presented a program called "Stress Test your Marketing Plan" which looked at pricing opportunities presented in post short crop years (2004 is a post short crop year in beans). Two lessons learned from this work included (1) be ready to price new crop grain early and aggressively in the years following a short crop - I’m at 40% sold now, and (2) save some sales for spring. The current tight carryout situation in beans could lead to some very interesting fireworks in the spring, if the market perceives any problems with the 2004 crop.

April 5, 2004: Priced another 2,500 bushels at $7.82½ based on my April 5 decision date.

May 4, 2004: Priced another 2,500 bushels at $7.76 based on my May 4 decision date.

As of early May, I am 65% sold on my 2004 crop at an average November futures price of $6.51.