Soybeans: 2007 Post-Harvest Marketing Plan
by Ed Usset

2007 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 July 1, 2008.

17,500 bushels were priced before harvest @ $7.41 per bushel. This based on an average of 3 HTA sales at $6.44 per bushel, and 4 futures sales at $8.14, all using the November contract (October 8 close of $9.25½). These bushels will be placed in storage and I will roll the hedges forward to the March contract, trading at $9.55¼ per bushel. The elevator will rewrite my HTAs using an adjusted March futures base of $7.71¼ per bushel ($9.55¼ - $1.84½ loss on the November contract). I am hoping that the current basis of 115 cents under the November contract can narrow to 75 cents under the March contract by late February. Exit plan: I will unwind my storage hedge when the cash basis reaches 75 under the March futures contract or by the last week of February.

5,500 bushels remaining: Place in storage and use a futures contract to sell the carry using the July contract. The harvest basis is 115 under the November and 145 under the March ($8.10 cash - $9.55¼ futures). Exit plan: Unwind my storage hedge when the cash basis narrows to 75 under March futures, or by the last week of February.
Soybeans: **Execution of the 2007 Post-Harvest Marketing Plan**

by Ed Usset

October 8, 2007: Soybeans have a 30 cent carry from November to March. This is a reasonably good incentive to sell the carry but, more important, this approach buys me time for the basis to recover towards something resembling a decent level.

February 22, 2008: Except for a few brief rallies, the soybean basis has been a disappointment since harvest. I delivered bushels and set my basis at 105 cents under the March contract (March futures @ $14.20, cash price @ $13.15).

Final price on 17,500 bushels pre-harvest priced: $7.71 March futures less $1.05 basis = $6.66.

Final price on remaining 5,500 bushels: $9.56 March futures less $1.05 basis = $8.51.

**Summary of the 2007 Soybean Crop:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Price</th>
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<tbody>
<tr>
<td>17,500 bushels sold for...</td>
<td>$6.66</td>
</tr>
<tr>
<td>5,500 bushels sold for...</td>
<td>$8.51</td>
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<tr>
<td>Final average price for 2007 soybeans</td>
<td>$7.10</td>
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