



August 21, 2008

Grain Marketing

Center for Farm Financial Management

University of Minnesota

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Soybeans: 2009 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2009 production: 24,000 bushels (530 acres @ 45 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 \$8.00 cash price (\$8.75 Nov futures) using some form of fixed-price contract: forward contract, HTA, sell futures.
- Price 2,500 bushels at \$8.50c/\$9.25f, or by March 11, pricing tool to be determined (“tbd”).
- Price 2,500 bushels at \$9.00c/\$9.75f, or by April 9, pricing tool tbd.
- Price 2,500 bushels at \$9.50c/\$10.25f, or by April 23, pricing tool tbd.
- Price 2,500 bushels at \$10.00c/\$10.75f, or by May 9, pricing tool tbd.
- Price 2,500 bushels at \$10.50c/\$11.25f, or by May 23, pricing tool tbd.
- Price my last 2,500 bushels at \$11.00c/\$11.75f, or by June 7, pricing tool tbd.

Plan starts on January 1, 2009. Earlier sales will be made at a 50 cent premium to price targets noted above and will be limited to 10,000 bushels.

Ignore decision dates and make no sale if prices are lower than \$8.00 local cash price/\$8.75 November futures.

Exit all options positions by mid-September 2009.



June 8, 2009

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Soybeans: Execution of the 2009 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 \$8.00 cash price (\$8.75 Nov futures) using some form of fixed-price contract.
Futures sale on August 21, 2008 @ \$13.37 Nov'09 futures
- Price 2,500 bushels at \$8.50c/\$9.25f, or by March 11, pricing tool tbd.
Futures sale on August 21 @ \$13.37 Nov'09 futures
- Price 2,500 bushels at \$9.00c/\$9.75f, or by April 9, pricing tool tbd.
HTA written on January 2, 2009 @ \$10.04 Nov'09 futures
- Price 2,500 bushels at \$9.50c/\$10.25f, or by April 23, pricing tool tbd.
HTA written on January 6 @ \$10.35 Nov'09 futures
- Price 2,500 bushels at \$10.00c/\$10.75f, or by May 9, pricing tool tbd.
Deferred to May 22
- Price 2,500 bushels at \$10.50c/\$11.25f, or by May 23, pricing tool tbd.
Futures sale on May 22 @ \$10.31½ Nov'09 futures
- Price my last 2,500 bushels at \$11.00c/\$11.75f, or by June 7, pricing tool tbd.
HTA written on June 8 @ \$10.51¾ Nov'09 futures



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August 21, 2008: I made a mental note to myself last year to NOT be so quick to start the pricing of my 2009 crop. My pre-harvest marketing plans in 2007 and 2008 were written and posted nearly 20 months prior to harvest. I've dragged my feet long enough (and, thankfully, the delay did not hurt me) and it's time to get serious about 2009 pricing opportunities. I will sell one contract of Nov'09 futures. I could just as easily sell a second contract and approach the 35% sold mark, but (again) I'm trying to slow down my actions. I have plenty of time to make another sale before year-end.

January 2 & 6, 2009: New crop soybean futures bottomed hard in early December, closing just above the \$8 mark. A dead cat bounce placed us over the \$10 mark by early January, and gave me an opportunity to make two more sales.

May 8, 2009: Decision date arrives but I will defer to May 23, when I can make a sale of one contract to cover two steps in the plan.

May 22, 2009: The next decision date arrives and I sell one contract of November'09 futures at \$10.31½, to cover planned sales in May.

June 8, 2009: The last decision date arrives and my last sale is made using an HTA contract with November'09 futures at \$10.5175.

I am about 75% sold on my 2009 crop at an average Nov'09 futures price of \$11.18, or a cash price of about \$10.50 per bushel.