



Grain Marketing

Center for Farm Financial Management
University of Minnesota

www.cffm.umn.edu/publications/grain.aspx

~~August 4, 2010~~ (revised November 9, 2010)

Soybeans: 2011 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2011 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 \$9.20 cash price (\$10.00 Nov futures) using some form of fixed-price contract: forward contract, HTA, sell futures.
- Price 2,500 bushels at \$9.60c/\$10.40f, or by March 18, pricing tool to be determined (“tbd”).
- Price 2,500 bushels at \$10.00c/\$10.80f, or by April 6, pricing tool tbd.
- Price 2,500 bushels at \$10.40c/\$11.20f, or by April 18, pricing tool tbd.
- Price 2,500 bushels at \$10.80c/\$11.60f, or by May 4, pricing tool tbd.
- Price 2,500 bushels at \$11.20c/\$12.00f, or by May 17, pricing tool tbd.
- Price my last 2,500 bushels at \$11.60c/\$12.40f, or by June 15, pricing tool tbd.

Plan starts on January 1, 2011. Earlier sales will be made at a 35 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 **\$9.20** local cash price/**\$10.00** November futures.

Exit all options positions by mid-September, 2011.



January 3, 2011

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/publications/grain.aspx

Soybeans: Execution of the 2011 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 \$8.40 cash price (\$9.10 Nov futures) using some form of fixed-price contract. Futures sale on August 4, 2010 @ \$10.13 Nov'11 futures
- Price 2,500 bushels at \$8.80c/\$9.50f, or by March 18, pricing tool tbd. Futures sale on August 4, 2010 @ \$10.13 Nov'11 futures
- Price 2,500 bushels at \$9.20c/\$9.90f, or by April 6, pricing tool tbd. Futures sale on September 17, 2010 @ \$10.56 Nov'11 futures
- Price 2,500 bushels at \$9.60c/\$10.30f, or by April 18, pricing tool tbd. Futures sale on September 17, 2010 @ \$10.56 Nov'11 futures
- Price 2,500 bushels at \$10.80c/\$11.60f, or by May 4, pricing tool tbd. Futures sale on January 3, 2011 @ \$12.94¼ Nov'11 futures
- Price 2,500 bushels at \$11.20c/\$12.00f, or by May 17, pricing tool tbd. Futures sale on January 3, 2011 @ \$12.94¼ Nov'11 futures
- Price my last 2,500 bushels at ~~\$11.60c/\$12.40f~~, or by ~~June 15~~ **April 18**, pricing tool tbd.



January 3, 2011

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Soybeans: Execution of the 2011 Pre-Harvest Marketing Plan

by Ed Usset

August 4, 2011: It's time to start pricing 2011 soybeans. I only wish that the soybean market would show-off the same fat carrying charges that the corn and wheat markets are displaying.

September 17, 2011: A strong corn and wheat market is dragging the soybean market higher.

November 9: It is no secret that fuel and fertilizer prices have been tracking with grain prices and rising rapidly over the last few months. Late last week a colleague put pencil to paper to re-estimate production costs for corn and soybeans in 2011. Yikes! His updated projections for 2011 corn and soybean production costs are 11% higher than projections made last summer – it's time to revise my plans. It's no use worrying about earlier sales made (in retrospect) too cheap. The good news remains that most of next year's crop is not priced and the market is showing pricing opportunities well above these revised and higher production costs.

January 3, 2011: January 1 is my official start date and I think it is time to wade back into the waters. I will price 5,000 bushels with a futures sale of Nov'11 at \$12.94¼. Regarding my last sale, I have decided to ignore price objectives defer to a decision date in April. The market is strong and I am looking for a disciplined way to step aside and let it run. Time will tell if it works.

I am about 60% sold on my 2011 crop at an average Nov'11 futures price of \$11.21 or a cash price of about \$10.50 per bushel.