Soybeans: 2012 Post-Harvest Marketing Plan
by Ed Usset

2012 production: 25,000 bushels (530 acres @ 47 bushels per)

Objective: Seek strategies that balance risk and reward in the current market environment. Hold no unpriced soybeans beyond July 1, 2013.

15,000 bushels priced at an average of $12.68¼ with November futures sales (October 5 close @ $15.51½): Place in storage and rolling the November hedges forward to the January contract (closed at $15.51). The harvest basis is 58 cents under the November and January contracts (cash price at $14.94). I am buying time for a stronger basis in the next two months, or the opportunity to roll the hedge forward at even money to the March contract. Exit plan: Unwind the hedge when basis reaches 30 under the January contract or by the last week of December. If basis reaches 30 under the January, I will have a cash price of $12.38 per bushel ($15.51 January futures - $0.30 basis - $2.83 loss on the early sales of Nov’12 futures).

2,500 bushels: Lock the basis on my HTA and deliver for a price of $12.10¼ ($12.68¼ HTA and a harvest basis of 58 cents under the Nov’12 contract).

2,500 bushels: Sell at the harvest price of $14.94 per bushel.

5,000 bushels remaining: Place in storage and hold for higher prices. Sell 2,500 bushels @ $15.50, and the last 2,500 @ $16.00. Risk no more than 74 cents under the harvest price - sell if the cash price falls below $14.20. Bushels unsold at the end of April will be sold in equal increments in May and June.
Soybeans:  **Execution of the 2012 Post-Harvest Marketing Plan**
by Ed Usset

October 5, 2012: Drought strikes – the worst since 1988 – and prices soar. Early sales were too early and cheap, and the lack of carry makes rolling the hedge difficult. I rolled some to the January contract at about even money, trying buy time for basis improvement. I will hold a few bushels in storage for higher prices. Soybean stocks are tight and the possibility for even higher prices exists.

November 9, 2012: Holding unpriced soybeans is not fun. The cash price dropped below $14.20/bushel and it’s time to make an exit on 5,000 bushels at $14.06/bu.

December 21, 2012: The basis is 30 cents under the January contract and it's time to unwind the hedge – buy back January futures at $14.30¾ and sell cash soybeans at $14.01/bu. Final price is $12.38/bu. ($12.68¼ Nov sales – ½ cents inverse to January – 29¾ cent basis).

**Summary of the 2012 Soybean Crop:**

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Price</th>
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<tbody>
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**Final average price for 2012 soybeans** $12.94½