



January 3, 2012

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

[www.cffm.umn.edu/publications/grain.aspx](http://www.cffm.umn.edu/publications/grain.aspx)

## Soybeans: 2012 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2012 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 \$9.70 cash price (\$10.50 Nov futures) using some form of fixed-price contract: forward contract, HTA, sell futures.
- Price 2,500 bushels at \$10.10c/\$10.90f, or by March 8, pricing tool to be determined (“tbd”).
- Price 2,500 bushels at \$10.50c/\$11.30f, or by April 6, pricing tool tbd.
- Price 2,500 bushels at \$10.90c/\$11.70f, or by April 20, pricing tool tbd.
- Price 2,500 bushels at ~~\$11.30c/\$12.10f~~, or **by May 4**, pricing tool tbd.
- Price 2,500 bushels at \$11.70c/\$12.50f, or by May 18, pricing tool tbd.
- Price my last 2,500 bushels at \$12.10c/\$12.90f, or by June 4, pricing tool tbd.

Plan starts on January 1, 2012. 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 \$9.70 local cash price/\$10.50 November futures.

Exit all options positions by mid-September, 2012.



May 3, 2012

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## Soybeans: Execution of the 2012 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 \$9.70 cash price (\$10.50 Nov futures) using some form of fixed-price contract.  
Futures sale on January 3, 2012 @ \$12.19 Nov'12 futures
- Price 2,500 bushels at \$10.10c/\$10.90f, or by March 8, pricing tool tbd.  
Futures sale on January 3, 2012 @ \$12.19 Nov'12 futures
- Price 2,500 bushels at \$10.50c/\$11.30f, or by April 6, pricing tool tbd.  
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Futures sale on January 3, 2012 @ \$12.19 Nov'12 futures
- Price 2,500 bushels at ~~\$11.30c/\$12.10f~~, or **by May 4**, pricing tool tbd.  
Futures sale on May 3, 2012 @ \$13.66¾ Nov'12 futures
- Price 2,500 bushels at \$11.70c/\$12.50f, or by May 18, pricing tool tbd.  
Futures sale on May 3, 2012 @ \$13.66¾ Nov'12 futures
- Price my last 2,500 bushels at \$12.10c/\$12.90f, or by June 4, pricing tool tbd.



May 3, 2012

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## Soybeans: **Execution** of the 2012 Pre-Harvest Marketing Plan by Ed Usset

January 3, 2012: I am still miffed with myself for passing on the opportunity to price 2012 soybeans at nearly \$14/bushel in early September. There are only two appealing things about \$12.19 Nov'12 futures; (1) it's a profitable sale and, (2) it's \$1 higher than recent lows seen in mid-December. I hope this rally continues, but I need to get started pricing 2012 soybeans. Note that I altered my plan to use the decision date on the fifth step in my plan. Pricing 40% of a crop in one day is very aggressive, and I'm happy to defer that decision to spring.

May 4, 2012: Decision date is here and it is difficult to make one sale without making two sales (2,500 bushels vs. 5,000 bushel futures contract). I'll go ahead and sell one futures contract at \$13.66¾ and take care of the mid-May sale too.

**I am about 60% sold on my 2012 crop at an average Nov'12 futures price of \$12.68 or a cash price of about \$12.00 per bushel.**