



October 11, 2013

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Soybeans: 2013 Post-Harvest Marketing Plan

by Ed Usset

2013 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, 2014.

5,000 bushels priced at \$12.94 with a sale of November futures (October 11 close @ \$12.66³/₄): Harvest and deliver soybeans at the current cash price of \$12.14/bu. (53 cents under), and buy back one November contract. Final price on is \$12.41/bu.

12,500 bushels priced with five separate HTA contracts at an average November soybean base price of \$12.77/bu. Lock the basis (53 cents under) on all HTA contracts and deliver for a price of \$12.24/bu.

7,500 bushels remaining: Place in storage and hold for higher prices. Sell 2,500 bushels @ \$13.00, 2,500 bushels @ \$13.50, and the last 2,500 @ \$14.00/bu. Risk no more than \$1/bu. under the harvest price - sell if the cash price falls below \$11.14. Bushels unsold at the end of April will be sold in equal increments in May and June.



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Soybeans: Execution of the 2013 Post-Harvest Marketing Plan by Ed Usset

October 11, 2013: I'm hearing the bull case and the bear case for soybeans, and I can see the upside just enough to hang on to 7,500 bushels for pricing later in the year. I am bullish the soybean basis in the months ahead, but the futures market is flat to inverted to the March, May and July contracts. Without even a modest carry to lean on, I choose to lock the basis and establish a price on all soybeans priced before harvest.

February 20, 2014: After months of trading in a range, soybeans show some life and give me the opportunity to sell 2,500 bushels held in storage at \$13.10/bu.

March 4, 2014: I've had enough of waiting for higher prices – I choose to sell the rest of my soybeans at the current price of \$13.46/bu.

Summary of the 2013 Soybean Crop:

5,000 bushels sold for....	\$12.41
12,500 bushels sold for....	\$12.22
2,500 bushels sold for....	\$13.10
5,000 bushels sold for....	<u>\$13.46</u>
Average price for 2013 soybeans	\$12.59