



January 2, 2013

Grain Marketing

Center for Farm Financial Management
University of Minnesota

<http://www.cffm.umn.edu/GrainMarketing/marketingplans.aspx>

Soybeans: 2013 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2013 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 mid June.

- Price 2,500 bushels at \$11.10 cash price (\$11.90 Nov futures) using some form of fixed-price contract: forward contract, HTA, sell futures.
- Price 2,500 bushels at \$11.80c/\$12.60f, or by March 27, pricing tool to be determined (“tbd”).
- Price 2,500 bushels at \$12.50c/\$13.30f, or by April 25, pricing tool tbd.
- Price 2,500 bushels at \$13.20c/\$14.00f, or by May 9, pricing tool tbd.
- Price 2,500 bushels at \$13.90c/\$14.70f, or by May 23, pricing tool tbd.
- Price 2,500 bushels at \$14.60c/\$15.40f, or by June 6, pricing tool tbd.
- Price my last 2,500 bushels at \$15.30c/\$16.10f, or by June 20, pricing tool tbd.

Plan starts on January 1, 2013. Earlier sales may be made at a 75 cent premium to price targets noted above and would be limited to 10,000 bushels.

Ignore decision dates and make no sale if prices are lower than \$11.10 local cash price/\$11.90 November futures.

Exit all options positions by mid-September, 2013.



May 23, 2013

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Soybeans: Execution of the 2013 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 mid June.

- Price 2,500 bushels at \$11.10 cash price (\$11.90 Nov futures) using some form of fixed-price contract.
Futures sale on January 2, 2013 @ \$12.94 Nov'13 futures
- Price 2,500 bushels at \$11.80c/\$12.60f, or by March 27, pricing tool tbd.
Futures sale on January 2, 2013 @ \$12.94 Nov'13 futures
- Price 2,500 bushels at \$12.50c/\$13.30f, or by April 25, pricing tool tbd.
HTA contract on January 30, 2013 @ \$13.32³/₄ Nov'13 futures
- Price 2,500 bushels at \$13.20c/\$14.00f, or by May 9, pricing tool tbd.
HTA contract on May 9, 2013 @ \$12.19 Nov'13 futures
- Price 2,500 bushels at \$13.90c/\$14.70f, or by May 23, pricing tool tbd.
HTA contract on May 23, 2013 @ \$12.43 Nov'13 futures
- Price 2,500 bushels at \$14.60c/\$15.40f, or by June 6, pricing tool tbd.
- Price my last 2,500 bushels at \$15.30c/\$16.10f, or by June 20, pricing tool tbd.



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

January 2, 2013: I chose to pass on earlier opportunities, and the wait sent me over the cliff. Luckily, price opportunities are still well above break-even costs. I made my first two sales for 2013, with Nov'13 futures at \$12.94 per bushel.

January 30: A surge in prices opens the door to price 2,500 bushels with an HTA contract with Nov'13 futures at \$13.32¾/bu.

May 9: Decision date arrives and time for action. Prices are down, but still above my minimum price objective.

May 23: Another decision date and another sale. HTA at \$12.43/bu.