



November 18, 2013

Grain Marketing

Center for Farm Financial Management
University of Minnesota

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

Soybeans: 2014 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2014 production: 25,000 bushels

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 \$11.00 cash price (\$11.60 Nov futures) using some form of fixed-price contract: forward contract, HTA, sell futures.
- Price 2,500 bushels at \$11.60c/\$12.20f, or by March 17, pricing tool to be determined (“tbd”).
- Price 2,500 bushels at \$12.20c/\$12.80f, or by April 15, pricing tool tbd.
- Price 2,500 bushels at \$12.80c/\$13.40f, or by May 14, pricing tool tbd.
- Price 2,500 bushels at \$13.40c/\$14.00f, or by May 28, pricing tool tbd.
- Price 2,500 bushels at \$14.00c/\$14.60f, or by June 13, pricing tool tbd.
- Price my last 2,500 bushels at \$14.60c/\$15.20f, or by June 27, pricing tool tbd.

Plan starts on November 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 \$11.00 local cash price/\$11.60 November futures.

Exit all options positions by mid-September, 2014.



December 20, 2013

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Soybeans: Execution of the 2014 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 \$11.00 cash price (\$11.60 Nov futures) using some form of fixed-price contract.
Futures sale on November 22, 2013 @ \$11.67 Nov'14 futures
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Futures sale on November 22, 2013 @ \$11.67 Nov'14 futures
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Futures sale on December 20, 2013 @ \$11.69½ Nov'14 futures
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- Price my last 2,500 bushels at \$14.60c/\$15.20f, or by June 27, pricing tool tbd.



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

December 20, 2013: I've decided to take action early in the pre-harvest pricing of 2014 soybeans. This aggressive action is taken because there is a good chance that there will be no pre-harvest sales of corn or wheat in 2014, because new crop prices are languishing at levels nearly \$1/bu. below my minimum pricing objectives.

New crop Nov'14 futures are trading at and modestly above my minimum price objectives. It is possible that this will be my only opportunity to price any new crop grain before the harvest of 2014. One of two things could happen between now and next harvest. One outcome is soybean prices collapse and join the bear market party currently attended by corn and wheat. If this happens, I will be happy that I chose to pick up the pace on early sales of soybeans. The other possibility is higher grain prices next falls. If soybean prices rise \$2/bu. or more between now and harvest, my early and aggressive sales will not look very wise. On the other hand, corn and wheat prices would also be higher, and that's all good, as I have nothing priced for 2014.