Grain Marketing

Center for Farm Financial Management
University of Minnesota
http://www.cffm.umn.edu/GrainMarketing/marketingplans.aspx

December 19, 2014

Soybeans: 2015 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2015 production: 25,000 bushels

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated soybean crop priced by early June.

- Price 5,000 bushels at $10.50 cash price ($11.20 Nov futures) using forward contract/futures hedge/futures fixed contract.
- Price 2,500 bushels at $11.25c/$11.95f, or by April 4, pricing tool to be determined (“tbd”).
- Price 5,000 bushels at $12.00c/$12.70f, or by May 4, pricing tool tbd.
- Price 5,000 bushels at $12.75c/$13.45f, or by June 2, pricing tool tbd.

Plan starts on January 1, 2015.
Ignore decision dates and make no sale if prices are lower than $10.50 local cash price/$11.20 November futures.
Exit all options positions by mid-September, 2015.

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Soybeans: Execution of the 2015 Pre-Harvest Marketing Plan

by Ed Usset

This is the first time in 14 years that I have written a pre-harvest marketing plan with minimum prices less than production costs (modestly below costs). Why now? The production and sale of grain should be about maximizing profits, but commodity markets can be cruel. When markets are down, it may help to focus on minimizing losses.

No actions to-date