



October 7, 2016

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Soybeans: 2016 Post-Harvest Marketing Plan

by Ed Usset

2016 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, 2017.

2,500 bushels: priced earlier with an HTA at \$11.0575/bu., set basis at 80 cents under (\$8.77 cash, \$9.57 Nov'16 futures) and deliver at harvest. Final price of \$10.26/bu.

2,500 bushels: price and deliver at harvest at \$8.77/bu.

15,000 bushels: priced earlier with 3 futures sales last spring, average price of \$10.685 Nov'16 futures: Place in storage and sell July futures at \$9.7975. Exit plan: Unwind my storage hedge when the cash basis reaches 60 cents under the July contract, or by June 20. If basis reaches 60 under the July, I will receive a price of \$10.32/bu. (\$1.12 Nov. futures gain + \$9.80 July + (-\$0.60) basis).

5,000 bushels: Place in storage and hold for higher prices. Exit plan: Sell 2,500 bushels @ \$9.40 and 2,500 bushels @ \$9.70. Risk no more than 77 cents/bu. under the harvest price - sell if the cash price falls below \$8.00. Bushels unsold at the end of April will be sold in equal increments in May and June.



June 20, 2017

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Soybeans: Execution of the 2016 Post-Harvest Marketing Plan by Ed Usset

October 7, 2016: Early sales saved the day. Soybeans are displaying a rare opportunity to sell the carry, and I'm going to do it.

November 22, 2016: Strong exports and a strong market for soybean oil are driving a late-November rally. Today I price 2,500 bushels at the current cash price of \$9.45/bu.

November 28, 2016: The rally continues - price another 2,500 bushels at \$9.71/bu.

June 20, 2017: I have 15,000 bushels in storage, hedged in the July contract and waiting for a better basis. My objective of 60 cents under the July was never attained (never even close!). I will set the basis today at 75 cents under the July, for a final price of $\$10.16\frac{1}{4}$ ($\$9.79\frac{3}{4} - 0.75 + 1.11\frac{1}{2}$ Nov gain on hedge).

Summary of the 2016 Soybean Crop:

2,500 bushels sold for...	\$10.26
2,500 bushels sold for...	\$8.77
15,000 bushels sold for...	\$10.1625
2,500 bushels sold for...	\$9.45
2,500 bushels sold for...	<u>\$9.71</u>
Average price for 2016 soybeans	\$9.92