



October 26, 2016

# Grain Marketing

Center for Farm Financial Management  
University of Minnesota

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

## Soybeans: 2017 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2017 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 5,000 bushels at \$9.50 cash price (\$10.25 Nov futures) using forward contract/futures hedge/futures fixed contract.
- Price 2,500 bushels at \$10.25c/\$11.00f, or by April 11, pricing tool to-be-determined (“tbd”).
- Price 5,000 bushels at \$11.00c/\$11.75f, or by May 10, pricing tool tbd.
- Price 5,000 bushels at \$11.75c/\$12.50f, or by June 9, pricing tool tbd.

Plan starts on January 1, 2017.

Ignore decision dates and make no sale if prices are lower than \$9.50 local cash price/\$10.25 November futures.

Exit all options positions by mid-September, 2017.



November 25, 2016

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## Soybeans: Execution of the 2017 Pre-Harvest Marketing Plan

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- Price 5,000 bushels at \$9.50 cash price (\$10.25 Nov futures) using forward contract/futures hedge/futures fixed contract. **Futures sale on November 25, 2016 @ \$10.26½ Nov'17 futures**
- Price 2,500 bushels at \$10.25c/\$11.00f, or by April 11 HTA Nov. 25 @ \$10.26½ Nov'17 futures
- Price 5,000 bushels at \$11.00c/\$11.75f, or by May 10, pricing tool tbd.
- Price 5,000 bushels at \$11.75c/\$12.50f, or by June 9, pricing tool tbd.

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## Soybeans: **Execution** of the 2017 Pre-Harvest Marketing Plan by Ed Usset

October 26, 2016: For the third year in a row, I pare back my minimum price objectives. Production costs are declining, in large part due to increased yield expectations. What I have not written down is my willingness to consider pricing 20-40% before harvest at prices even lower than the minimum price.

November 25, 2016: Despite a record U.S. soybean crop and the prospect for a large South American crop, the export market is strong, soybean oil prices are rising and soybean prices are also rising. My "official" start date for 2017 pricing is January 1, but I can't resist the opportunity when the Nov'17 contract tops my minimum price objective of \$10.25/bu. I'll take this opportunity to price 7,500 bushels of next year's soybean crop with a sale of Nov'17 futures at 10.26½/bu. Let's hope I can look back at a too early and too cheap sale.

**2017 status: 25% sold at an average price of \$10.27 Nov'17 futures, or close to \$9.50 cash price.**