2001 production: 25,000 bushels (640 acres @ 38 bushels per), harvest in late August, loan rate @ $2.72, harvest price @ $3.08 (14% pro), LDP @ 16 cents, Sep futures @ $3.11½, Dec futures @ $3.26, March futures @ 3.39¾.

Objective: Seek strategies that offer a price higher than the loan rate. Hold no unpriced wheat beyond July 1, 2002.

Still looking to fix the basis in mid-October on 20% of my crop (5,000 bushels) that was priced earlier with December futures fixed contracts, both at about $3.61. Collect the LDP and put these bushels into storage. Harvest price equivalent on these bushels is $3.61 (original futures fixed) - $0.18 (harvest basis) + 0.16 LDP = $3.59.

Place the remaining 80% (20,000 bushels) into on-farm storage, collect LDP of 16 cents, and capture the carry in the market by selling March futures at $3.40 with a futures hedge. Expected late winter basis of 5 under the March will yield a final price of $3.51 per bushel ($3.40 futures - 0.05 basis + 0.16 LDP).
Spring Wheat: Execution of the 2001 Post-Harvest Marketing Plan
by Ed Usset

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Set basis and deliver on October 12, 2001 @ $3.00 cash and 3.06 Dec futures (6 under the Dec)

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Set basis and deliver on February 1, 2002 @ $2.90 cash and 3.00 March futures (10 under the March, 5 cents below my original objective)
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October 12, 2001: I decide to fix my basis at 6 cents under the December futures (Dec futures at $3.06, cash price in Alvarado at $3.00. Final price on these bushels is $3.61 (original futures fixed) - $0.06 (selling basis) + 0.16 LDP = $3.73.

February 1, 2002: I am close enough to my basis objective of 5 under the March and decide to unwind my hedge by buying back March futures at $3.00 and selling cash grain at $2.90 (the basis reached 10 cents under the March). Final price on these bushels is $3.40 futures - 0.10 basis + 0.16 LDP = $3.46.

Summary of the 2001 Wheat Crop: Pre and Post-Harvest Marketing Actions

<table>
<thead>
<tr>
<th>Pre and Post harvest actions</th>
<th>$3.73</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% of crop sold for....</td>
<td></td>
</tr>
<tr>
<td>Post harvest actions only</td>
<td>$3.46</td>
</tr>
<tr>
<td>80% of crop sold for....</td>
<td></td>
</tr>
<tr>
<td>Final average price for 2001 wheat</td>
<td>$3.51</td>
</tr>
</tbody>
</table>