Spring Wheat: 2003 Post-Harvest Marketing Plan
by Ed Usset

2003 production: 25,000 bushels (640 acres @ 38 bushels per), harvest in late August, loan rate @ $2.90.

Objective: Seek strategies that offer a price higher than the loan rate. Hold no unpriced wheat beyond July 1, 2004.

- 17,500 bushels priced @ ~$3.90 with futures fixed in September contract: place in storage and roll hedge forward to March contract. The harvest basis is 22 under the Sep ($3.48 cash - $3.70 futures) and 33 under the May ($3.48 cash - $3.81 futures). I hope to sell this grain by late fall or early winter at 10 under the March. If I get this done, I will end up with a cash price of $3.91 per bushel. That's $3.71 for the wheat ($3.81 futures - $0.10 basis) plus a 20 cent profit on the Sep contract (sold @ $3.90 average, rolled forward at $3.70).

- 7,500 bushels remaining: sell at harvest price of $3.48.

Exit plan: For I will unwind my storage hedge when the cash basis reaches 10 under the March futures contract or by the first week of February.
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Weighted average sales price on my 2003 spring wheat crop: $3.65