Spring Wheat: 2009 Pre-Harvest Marketing Plan
by Ed Usset

Expected 2009 production: 25,000 bushels (640 acres @ 38 bushels per)

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

- Price 2,500 bushels at $4.60 cash price/$5.00 Sep wheat futures using forward contract/futures hedge/futures fixed contract.
- Price 2,500 bushels at $5.00c/$5.40f, or by March 11, pricing tool to be determined (“tbd”).
- Price 2,500 bushels at $5.40c/$5.80f, or by April 9, pricing tool tbd.
- Price 2,500 bushels at $5.80c/$6.20f, or by April 23, pricing tool tbd.
- Price 2,500 bushels at $6.20c/$6.60f, or by May 9, pricing tool tbd.
- Price 2,500 bushels at $6.60c/$7.00f, or by May 23, pricing tool tbd.
- Price my last 2,500 at $7.00c/$7.40f, or by June 7, pricing tool tbd.

Plan starts on November 1, 2008. Earlier sales will be made at a 40 cent premium to price targets noted above and will be limited to 10,000 bushels.
I will consider the December futures contract for new crop sales at a 20 cent premium to September. Ignore decision dates and make no sale if prices are lower than $4.60 local cash price/$5.00 September futures.
Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated spring wheat crop priced by early June.

- Price 2,500 bushels at $4.60 cash price/$5.00 Sep wheat futures using forward contract/futures hedge/futures fixed contract. Futures sale on August 21, 2008 @ $10.02 Sep’09 contract
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- Price 2,500 bushels at $6.20c/$6.60f, or by May 9, pricing tool tbd. HTA on November 3 @ $6.64
- Price 2,500 bushels at $6.60c/$7.00f, or by May 23, pricing tool tbd. HTA on January 6, 2009 @ $7.07
- Price my last 2,500 at $7.00c/$7.40f, or by June 7, pricing tool tbd. HTA on June 8 @ $7.20
Spring Wheat: Execution of the 2009 Pre-Harvest Marketing Plan
by Ed Usset

August 21, 2008: Great prices and pricing opportunities abound. The chance to sell $10 spring wheat futures in 2009 has come and gone a number of times since mid-February, and I’m pleased the market afforded me one more chance. It’s time to quit dragging my feet. With the 2008 spring wheat harvest about to start, I want to look ahead to 2009 and take some action.

November 3, 2008: My plan became active on November 1 and a sale was made.

January 6, 2009: Another sale is made.

June 8, 2009: The last decision date and last planned pre-harvest sale is made using an HTA contract with September’09 futures at $7.20.

I am 75% priced on my 2009 pre-harvest marketing of spring wheat with an average September futures price of $8.71, or a cash price of about $8.30 per bushel.