



August 21, 2008

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

[www.cffm.umn.edu/publications/grain.aspx](http://www.cffm.umn.edu/publications/grain.aspx)

## 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.



June 8, 2009

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## Spring Wheat: **Execution** of the 2009 Pre-Harvest Marketing Plan

by Ed Usset

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**
- Price 2,500 bushels at \$5.00c/\$5.40f, or by March 11, pricing tool to be determined ("tbd").  
**Futures sale on August 21 @ \$10.02 Sep'09 contract**
- Price 2,500 bushels at \$5.40c/\$5.80f, or by April 9, pricing tool tbd.  
**Futures sale on August 21 @ \$10.02 Sep'09 contract**
- Price 2,500 bushels at \$5.80c/\$6.20f, or by April 23, pricing tool tbd.  
**Futures sale on August 21 @ \$10.02 Sep'09 contract**
- 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**



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## 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.**