



June 10, 2009

Grain Marketing

Center for Farm Financial Management

University of Minnesota

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Spring Wheat: 2010 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2010 production: 30,000 bushels (640 acres @ 47 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 5,000 bushels at \$5.20 cash price/\$5.60 Sep wheat futures using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at \$5.60c/\$6.00f, or by March 29, pricing tool to be determined (“tbd”).
- Price 5,000 bushels at \$6.00c/\$6.40f, or by April 28, pricing tool tbd.
- Price 2,500 bushels at \$6.40c/\$6.80f, or by May 27, pricing tool tbd.
- Price my last 5,000 bushels at \$6.80c/\$7.20f, or by June 25, pricing tool tbd.

Plan starts on November 1, 2009. Earlier sales will be made at a 30 cent premium to price targets noted above and will be limited to 15,000 bushels.

I will consider the December futures contract for new crop sales at a 15 cent premium to September. Ignore decision dates and make no sale if prices are lower than \$5.20 local cash price/\$5.60 September futures.



July 7, 2010

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Spring Wheat: **Execution** of the 2010 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 5,000 bushels at \$5.20 cash price/\$5.60 Sep wheat futures using forward contract/futures hedge/futures fixed contract. **Futures sale on June 10, 2009 @ \$7.45 Sep'10 contract**
- Price 5,000 bushels at \$5.60c/\$6.00f, or by March 29, pricing tool to be determined ("tbd").
Futures sale on June 10 @ \$7.45 Sep'10 contract
- Price 5,000 bushels at \$6.00c/\$6.40f, or by April 28, pricing tool tbd.
Futures sale on June 10 @ \$7.45 Sep'10 contract
- Price 2,500 bushels at \$6.40c/\$6.80f, or by May 27, pricing tool tbd.
HTA on July 7, 2010 @ \$5.77¼ Dec'10 contract
- Price my last 5,000 bushels at \$6.80c/\$7.20f, or by June 25, pricing tool tbd.
Futures sale on July 7, 2010 @ \$5.77¼ Dec'10 contract



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Soybeans: **Execution** of the 2010 Pre-Harvest Marketing Plan

by Ed Usset

June 10, 2009: I did a little “inlook” an examination of my projected production costs in 2010 and concluded that \$7.45 Sep’10 wheat futures is a great place to start. I priced 50% of my expected 2010 production.

July 7, 2010: When I wrote the 2010 marketing plan, I settled on \$5.60 September wheat futures as my minimum price objective. Little did I know that by January of 2010, \$5.60 would become a ceiling for futures prices in the new year. I’ve been waiting months for the opportunity to price the final 7,500 bushels in my pre-harvest market plan. Patience paid off as Minneapolis new crop futures closed tonight at \$5.61½. I’m throwing in a little twist – instead of selling September futures, I’m selling December futures at nearly a 16 cent premium.

I am 75% sold on my 2010 crop at an average Sep’10 futures price of \$6.84 (assuming September futures at a 16 cent discount to December) or a cash price of about \$6.50 per bushel.