



November 1, 2012

Grain Marketing

Center for Farm Financial Management
University of Minnesota

<http://www.cffm.umn.edu/GrainMarketing/marketingplans.asp>

Spring Wheat: 2013 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2013 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 mid June.

- Price 5,000 bushels at \$7.00 cash price/\$7.60 September wheat futures using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at \$7.60c/\$8.20f, or by March 27, pricing tool to be determined (“tbd”).
- Price 5,000 bushels at \$8.20c/\$8.80f, or by April 25, pricing tool tbd.
- Price 2,500 bushels at \$8.80c/\$9.40f, or by May 23, pricing tool tbd.
- Price my last 5,000 bushels at \$9.40c/\$10.00f, or by June 20, pricing tool tbd.

Plan starts on November 1, 2012. Earlier sales may be made at a 50 cent premium to price targets noted above and would be limited to 15,000 bushels.

I will consider the Dec'13 futures contract for new crop sales at a 15 cent premium to Sep'13.

Ignore decision dates and make no sale if prices are lower than \$7.00 local cash price/\$7.60 September futures.



November 6, 2012

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Spring Wheat: **Execution** of the 2013 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 \$7.00 cash price/\$7.60 Sep wheat futures using forward contract/futures hedge/futures fixed contract. **Futures sale on November 1, 2012 @ \$9.37³/₄ Sep'13 contract**
- Price 5,000 bushels at \$7.60c/\$8.20f, or by March 27, pricing tool tbd.
Futures sale on November 1, 2012 @ \$9.37³/₄ Sep'13 contract
- Price 5,000 bushels at \$8.20c/\$8.80f, or by April 25, pricing tool tbd.
Futures sale on November 1, 2012 @ \$9.37³/₄ Sep'13 contract
- Price 2,500 bushels at \$8.80c/\$9.40f, or by May 23, pricing tool tbd.
HTA on November 6, 2012 @ \$9.41 Sep'13 contract
- Price my last 5,000 bushels at \$9.40c/\$10.00f, or by June 20, pricing tool tbd.



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Spring Wheat: **Execution** of the 2013 Pre-Harvest Marketing Plan

by Ed Usset

November 1, 2012: I passed on opportunities to start earlier, and it did me no harm. Prices are great! I sold 3 contracts of Sep'13 futures at \$9.38 per bushel.

November 6, 2012: The Sep'13 contract slipped above my next price objective at \$9.40/bushel. I did an HTA contract on 2,500 bushels.

I am about 60% sold on my 2013 crop at an average Sep'13 futures price of \$9.38 or a cash price of about \$9.00 per bushel.