Expected 2014 production: 30,000 bushels

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 $6.90 cash price ($7.50 September futures) using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at $7.40c/$8.00f, or by March 17, pricing tool to be determined (“tbd”).
- Price 5,000 bushels at $7.90c/$8.50f, or by April 15, pricing tool tbd.
- Price 2,500 bushels at $8.40c/$9.00f, or by May 14, pricing tool tbd.
- Price my last 5,000 bushels at $8.90c/$9.50f, or by June 13, pricing tool tbd.

Plan starts on November 1, 2013. 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’14 futures contract for new crop sales at a 15 cent premium to Sep’14.

Ignore decision dates and make no sale if prices are lower than $6.90 local cash price/$7.50 September futures.
Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated spring wheat crop priced by mid-June.

- Price 5,000 bushels at $6.90 cash price ($7.50 September futures) using forward contract/futures hedge/futures fixed contract. Futures sale on March 19, 2014 @ $7.52½ Sep’14 contract

- Price 5,000 bushels at $7.40c/$8.00f, or by March 17, pricing tool tbd. Futures sale on March 19, 2014 @ $7.52½ Sep’14 contract

- Price 5,000 bushels at $7.90c/$8.50f, or by April 15, pricing tool tbd. Futures sale on April 15 @ $7.53¼ Sep’14 contract

- Price 2,500 bushels at $8.40c/$9.00f, or by May 14, pricing tool tbd. HTA on May 14 @ $7.83½ Sep’14 contract

- Price my last 5,000 bushels at $8.90c/$9.50f, or by June 13, pricing tool tbd.
March 19, 2014: Following an oppressive downward spiral in wheat prices from October 2013 through the end of January, I had nearly lost hope of making any pre-harvest sales before harvest. Since then, however, the price recovery has been quite impressive and today the market closed just above my minimum price objective. I make two sales, with the sale of two contracts of Sep’14 HRS wheat at $7.52½/bu.

April 15: As if on cue, the price of the Sep’14 contract closes above the $7.50 minimum price on this day – my next decision date. I make another sale with one contract of Sep’14 HRS wheat at $7.53¼ bu.

May 14: Another decision date and another sale. The quantity (2,500 bushels) is smaller than a futures contract, so I will use an HTA contract with September futures as the base price of $7.83½/bu.

I am about 60% sold on my 2014 crop at an average Sep’14 futures price of $7.57 or a cash price of about $7.10 per bushel.