



December 23, 2015

# Grain Marketing

Center for Farm Financial Management  
University of Minnesota

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

## Spring Wheat: 2016 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2016 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 \$6.00 cash price (\$6.50 September futures) using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at \$6.50c/\$7.00f, or by March 23, pricing tool to be determined (“tbd”).
- Price 5,000 bushels at \$7.00c/\$7.50f, or by April 21, pricing tool tbd.
- Price 2,500 bushels at \$7.50c/\$8.00f, or by May 19, pricing tool tbd.
- Price my last 5,000 bushels at \$8.00c/\$8.50f, or by June 20, pricing tool tbd.

Plan starts on January 1, 2016.

I will consider the Dec'16 futures contract for new crop sales at a 12 cent premium to Sep'16.

Ignore decision dates and make no sale if prices are lower than \$6.00 local cash price/\$6.50 September futures.



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## Spring Wheat: **Execution** of the 2016 Pre-Harvest Marketing Plan

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December 23, 2015: Like last year, I write a pre-harvest marketing plan with minimum prices modestly below production costs. The production and sale of grain should be about maximizing profits, but commodity markets can be cruel. When markets are down, it may help to focus on minimizing losses. What I have not written down is my willingness to consider pricing 20-40% before harvest at prices even lower than the minimum price.