



October 6, 2017

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

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

## Soybeans: 2017 Post-Harvest Marketing Plan

by Ed Usset

2017 production: 25,000 bushels (530 acres @ 47 bushels per)

Objective: Seek strategies that balance risk and reward in the current market environment. Hold no unpriced soybeans beyond July 1, 2018.

2,500 bushels: priced earlier with an HTA at \$10.26½/bu., set basis at 90 cents under (\$8.82 cash, \$9.72 Nov'17 futures) and deliver at harvest. Final price of \$9.36½/bu.

2,500 bushels: price and deliver at harvest at \$8.82/bu.

5,000 bushels: priced earlier with futures sales at \$10.265 Nov'17 futures: Place in storage and sell July futures at \$10.09. Exit plan: Unwind my storage hedge when the cash basis reaches 60 cents under the July contract, or by June 20. If basis reaches 60 under the July, I will receive a price of \$10.03/bu. (\$0.5425 Nov. futures gain + \$10.09 July + (-\$0.60) basis).

5,000 bushels: priced earlier with futures sales at \$10.3925 Nov'17 futures: Place in storage and sell July futures at \$10.09. Exit plan: Unwind my storage hedge when the cash basis reaches 60 cents under the July contract, or by June 20. If basis reaches 60 under the July, I will receive a price of \$10.16/bu. (\$0.67 Nov. futures gain + \$10.09 July + (-\$0.60) basis).

10,000 bushels: Place in storage and hold for higher prices. Exit plan: Sell 5,000 bushels @ \$9.40 and 5,000 bushels @ \$9.70. Risk no more than 82 cents/bu. under the harvest price - sell if the cash price falls below \$8.00. Bushels unsold at the end of April will be sold in equal increments in May and June.



March 2, 2018

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## Soybeans: Execution of the 2017 Post-Harvest Marketing Plan

by Ed Usset

October 6, 2017: Early sales were good. Like last year, soybeans are displaying an opportunity to sell the carry, and I'm going to do it.

February 16, 2018: The cash price rally pushed prices above my initial target price of \$9.40/bu. Sale made at \$9.41/bu.

March 2, 2018: The rally continues, pushing prices above my last target price of \$9.70/bu. Sale made at \$9.76/bu.

June 20, 2018: I was hoping for the basis to narrow to 60 cents under the July, but I will settle for 68 cents under today. Time to deliver my last 2017 soybeans and lift the hedge (buy back July soybean contracts).

Price on 5,000 bu. priced before harvest at \$10.26½ Nov'17:

\$0.54¼ Nov. futures gain + \$10.09 July + (-\$0.68) basis = \$9.95¼

Price on 5,000 bu. priced before harvest at \$10.39¼ Nov'17:

\$0.67 Nov. futures gain + \$10.09 July + (-\$0.68) basis = \$10.08

### Summary of the 2017 Soybean Crop:

2,500 bushels sold for...	\$9.36½
2,500 bushels sold for...	\$8.82
5,000 bushels sold for...	\$9.95¼
5,000 bushels sold for...	\$10.08
5,000 bushels sold for...	\$9.41
5,000 bushels sold for...	<u>\$9.76</u>
<b>Average price for 2017 soybeans</b>	<b>\$9.66</b>