



November 13, 2017

Grain Marketing

Center for Farm Financial Management
University of Minnesota

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

Soybeans: 2018 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2018 production: 25,000 bushels

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated soybean crop priced by mid-June.

- Price 5,000 bushels at \$9.00 cash price (\$9.75 Nov futures) using forward contract/futures hedge/futures fixed contract.
- Price 2,500 bushels at \$9.75c/\$10.50f, or by April 30, pricing tool to-be-determined (“tbd”).
- Price 5,000 bushels at \$10.50c/\$11.25f, or by May 29, pricing tool tbd.
- Price 5,000 bushels at \$11.25c/\$12.00f, or by June 27, pricing tool tbd.

Plan starts on January 1, 2018. Earlier sales may be made at a 75-cent premium and would be limited to 10,000 bushels.

Ignore decision dates and make no sale if prices are lower than \$9.00 local cash price/\$9.75 November futures.

Exit all options positions by mid-September, 2018.



April 30, 2018

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Soybeans: **Execution** of the 2018 Pre-Harvest Marketing Plan by Ed Usset

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- Price 5,000 bushels at \$9.00 cash price (\$9.75 Nov futures) using forward contract/futures hedge/futures fixed contract. **Futures sale on November 17, 2017 @ \$10.02¹/₄ Nov'18 futures**
- Price 2,500 bushels at \$9.75c/\$10.50f, or by April 30 **HTA on Apr 30 @ \$10.44³/₄ Nov'18 futures**
- Price 5,000 bushels at \$10.50c/\$11.25f, or by May 29 **sale on Feb 13 @ \$10.18¹/₂ Nov'18 futures**
- Price 5,000 bushels at \$11.25c/\$12.00f, or by June 27, pricing tool tbd.

Plan starts on January 1, 2018.

Ignore decision dates and make no sale if prices are lower than \$9.00 local cash price/\$9.75 November futures.

Exit all options positions by mid-September, 2018.



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November 13, 2017: Once again, I pare back my minimum price objective, now down to \$9.75/bu., Nov'18 futures (currently trading close to \$10/bu.). My start date is January 1, so don't be surprised if I decide to make an early sale before the end of the year.

November 17, 2017: It may be a few weeks before my start date, but Nov'18 futures closed above \$10 and are just 25 cents off all-time highs. Keep in mind that two years ago, this same contract was trading at \$8.65/bu. It's time to get something on the books.

February 13, 2018: I am working ahead of my written plan – I think it is just fine to work a little ahead of schedule if the opportunity looks good. Since the summer rally, the soybean market spent most of the time below \$10, but rallies keep bringing us back above that mark. Nov'18 futures above \$10 seems to be a good number.

April 30, 2018: Decision date is here. HTA at \$10.44³/₄ /bu.

2018 status: 50% sold at \$10.17 Nov'18 futures, or a cash price near \$9.40/bu.