



October 13, 2017

Grain Marketing

Center for Farm Financial Management
University of Minnesota

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Spring Wheat: 2018 Pre-Harvest Marketing Plan

by Edward Usset

Expected 2018 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 \$5.50 cash price (\$6.00 September futures) using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at \$6.00c/\$6.50f, or by March 28, pricing tool to be determined (“tbd”).
- Price 2,500 bushels at \$6.50c/\$7.00f, or by April 30, pricing tool tbd.
- Price 5,000 bushels at \$7.00c/\$7.50f, or by May 29, pricing tool tbd.
- Price my last 5,000 bushels at \$7.50c/\$8.00f, or by June 12, pricing tool tbd.

Plan starts on January 1, 2018. Earlier sales may be made at a 50-cent premium and would be limited to 15,000 bushels.

I will consider the Dec'18 futures contract for new crop sales at a 12-cent premium to Sep'18.

Ignore decision dates and make no sale if prices are lower than \$5.50 local cash price/\$6.00 September futures.



June 12, 2018

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Spring Wheat: Execution of the 2018 Pre-Harvest Marketing Plan

by Edward Usset

Expected 2018 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 \$5.50 cash price (\$6.00 September futures) using forward contract/futures hedge/futures fixed contract. Futures sale on Nov. 10, 2017 @ \$6.46 Sep'18 contract
- Price 5,000 bushels at \$6.00c/\$6.50f, or by March 28, pricing tool to be determined ("tbd"). Futures sale on Mar. 28, 2018 @ \$6.05½ Sep'18 contract
- Price 2,500 bushels at \$6.50c/\$7.00f, or by April 30, pricing tool tbd. HTA on April 30 @ \$6.21 Sep'18 contract
- Price 5,000 bushels at \$7.00c/\$7.50f, or by May 29, pricing tool tbd. Futures sale May 29 @ \$6.35¾ Sep'18 contract
- Price my last 5,000 bushels at \$7.50c/\$8.00f, or by June 12, pricing tool tbd. Futures sale June 12 @ \$6.04½ Sep'18 contract

Plan starts on January 1, 2018.

I will consider the Dec'18 futures contract for new crop sales at a 12-cent premium to Sep'18. Ignore decision dates and make no sale if prices are lower than \$5.50 local cash price/\$6.00 September futures.



August 20, 2018

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Spring Wheat: **Execution** of the 2018 Pre-Harvest Marketing Plan by Edward Usset

November 10, 2017: My plan has a start date of January 1, 2018 but I reserve the right to start earlier. My minimum is \$6 per bushel Sep'18 wheat futures and the market has been hanging around the \$6.40-6.50 mark all week (as it was in September). Why wait for January 1 when the opportunity is there?

March 28, 2018: The decision date kicks-in for a second sale. Prices are softer but still above my \$6.00 Sep'18 minimum price.

April 30, 2018: The decision date kicks-in for a third sale. HTA with Sep'18 futures at \$6.21/bu.

May 29, 2018: The decision date kicks-in for a fourth sale. Sell one contract Sep'18 futures at \$6.35¾ bu.

June 12, 2018: The decision date kicks-in for my last sale. Sell one contract Sep'18 futures at \$6.04½ bu.

August 20, 2018: In anticipation of writing a post-harvest marketing plan on Friday of this week (August 24), I roll four September hedges to the Mar'19 contract at a 33 cent carry (Sep @ \$5.9425, Mar @ \$6.2725). Average sale price of \$6.23 Sep'18 futures becomes \$6.56 Mar'19 futures.

I am 75% sold on the 2018 crop at an average Sep'18 futures price of \$6.23 or a cash price of about \$5.80 per bushel.