



November 1, 2018

# Grain Marketing

Center for Farm Financial Management  
University of Minnesota

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

## Corn: 2019 Pre-Harvest Marketing Plan

by Edward Usset

Expected 2019 production: 100,000 bushels

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated corn crop (based on APH) priced by mid-June.

- Price 15,000 bushels at \$3.75 cash price (\$4.25 Dec. futures) using forward contract/futures hedge/futures fixed contract.
- Price 10,000 bushels at \$4.05c/\$4.55f, or by March 20, pricing tool to-be-determined (“tbd”).
- Price 15,000 bushels at \$4.35c/\$4.85f, or by April 19, pricing tool tbd.
- Price 10,000 bushels at \$4.65c/\$5.15f, or by May 17, pricing tool tbd.
- Price 15,000 bushels at \$4.95c/\$5.45f, or by June 5, pricing tool tbd.
- Price the last 10,000 bushels at \$5.25c/\$5.75f, or by June 20, pricing tool tbd.

Plan starts on January 1, 2019. Earlier sales may be made at a 40-cent premium and would be limited to 30,000 bushels.

Ignore decision dates and make no sale if prices are lower than \$3.75 local cash price/\$4.25 December futures.

Exit all options positions by mid-September, 2019.



May 21, 2019

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## Corn: Execution of the 2019 Pre-Harvest Marketing Plan

by Edward Usset

Expected 2019 production: 100,000 bushels

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated corn crop (based on APH) priced by mid-June.

- Price 15,000 bushels at \$3.75 cash price (\$4.25 Dec. futures) using forward contract/futures hedge/futures fixed contract. Dec'19 futures sale May 21, 2019 @ \$4.10½
- Price 10,000 bushels at \$4.05c/\$4.55f, or by March 20 Dec'19 futures sale May 21 @ \$4.10½
- Price 15,000 bushels at \$4.35c/\$4.85f, or by April 19 Dec'19 futures sale May 21 @ \$4.10½
- Price 10,000 bushels at \$4.65c/\$5.15f, or by May 17 Dec'19 futures sale May 28 @ \$4.37½
- Price 15,000 bushels at \$4.95c/\$5.45f, or by June 5 Dec'19 futures sale June 5 @ \$4.33½
- Price the last 10,000 bushels at \$5.25c/\$5.75f, or by June 20 Dec'19 sale June 20 @ \$4.61

Plan starts on January 1, 2019.

Ignore decision dates and make no sale if prices are lower than \$3.75 local cash price/\$4.25 December futures.

Exit all options positions by mid-September, 2019.



June 20, 2019

# Grain Marketing

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## Corn: Execution of the 2019 Pre-Harvest Marketing Plan

by Edward Usset

November 1, 2018: The 2019 version of my pre-harvest marketing plan looks a lot like the 2018 version.

May 21: The market remains short of my \$4.25/bu. minimum price but my commitment is to reach 20-40% priced by mid-June – regardless of price. The market set LOC lows in early May, but a wet and cool spring threatens to cut corn acres and the market has rallied sharply in the last 10 days. Dec'19 price above \$4.10 looks like a good time to start. Sell 8 contracts (40,000 bushels) Dec'19 futures @ \$4.10½.

May 28: Another sale of Dec'19 futures – 2 contracts at \$4.375

June 5: Another sale of Dec'19 futures – 3 contracts at \$4.335

June 20: Last sale of Dec'19 futures – 2 contracts at \$4.61

2019 status: I am 75% sold with Dec'19 futures at \$4.25½, or a cash price at harvest of about \$3.85.