



October 5, 2018

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

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

## Soybeans: 2018 Post-Harvest Marketing Plan

by Ed Usset

2018 production: 25,000 bushels

Objective: Seek strategies that balance risk and reward in the current market environment. Hold no unpriced soybeans beyond July 1, 2019.

2,500 bushels: priced earlier with an HTA at \$10.44<sup>3</sup>/<sub>4</sub>/bu., set basis at \$1.09/bu. under (\$7.60 cash, \$8.69 Nov'18 futures) and deliver at harvest. Final price of \$9.35<sup>3</sup>/<sub>4</sub>/bu.

2,500 bushels: price and deliver at harvest at \$7.60/bu.

10,000 bushels: priced earlier with two futures sales at an average price of \$10.10<sup>1</sup>/<sub>2</sub>/bu. Nov'18 futures: Place in storage and sell July futures at \$9.19. Exit plan: Unwind my storage hedge when the cash basis reaches 80 cents under the July contract, or by June 20. If basis reaches 80 under the July, I will receive a price of **\$9.80<sup>1</sup>/<sub>2</sub>/bu.** [\$9.19 July + (-\$0.80) basis] + \$1.41<sup>1</sup>/<sub>2</sub> Nov. futures gain]

5,000 bushels (October 5 cash price @ \$7.60/bu.): Place in storage and sell July futures at \$9.19/bu. Exit plan: Unwind my storage hedge when the cash basis reaches 80 cents under the July contract, or by June 20. If basis reaches 80 under the July, I will receive a price of \$8.39/bu. [\$9.19 July + (-\$0.80) basis]

5,000 bushels: Place in storage and hold for higher prices. Exit plan: Sell 2,500 bushels @ \$8.50 and 2,500 bushels @ \$8.75. Risk no more than 60 cents/bu. under the harvest price - sell if the cash price falls below \$7.00. Bushels unsold at the end of April will be sold in equal increments in May and June.



June 20, 2019

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

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

## Soybeans: Execution of the 2018 Post-Harvest Marketing Plan

by Ed Usset

October 5, 2018: Early sales were good. Like last year, soybeans are displaying an opportunity to sell the carry, and I'm going to do it.

December 4, 2018: I made a choice to hold 5,000 bushels unpriced in storage. My price objectives were much higher, but I'm not so sure about the end result of this trade war. Prices are up nearly 75 cents since harvest lows and I've decided to jump on it with a sale of 5,000 bushels at \$8.17/bushel. Only hedged bushels remain.

June 20, 2019: It is time to set the basis at 95 cents under the July contract on 15,000 hedged bushels. Final price on 10,000 bushels: \$9.19 July + (-\$0.95) basis) + \$1.41½ Nov. futures gain = \$9.65½/bu. Final price on 5,000 bushels: \$9.19 July + (-\$0.95) basis) = \$8.24/bu.

### Summary of the 2018 Soybean Crop:

2,500 bushels sold for...	\$9.35 <sup>3</sup> / <sub>4</sub>
2,500 bushels sold for...	\$7.60
10,000 bushels sold for...	\$9.65 <sup>1</sup> / <sub>2</sub>
5,000 bushels sold for...	\$8.24
5,000 bushels sold for...	<u>\$8.17</u>
<b>Average price for 2018 soybeans</b>	<b>\$8.60</b>