



October 11, 2019

Grain Marketing

Center for Farm Financial Management

University of Minnesota

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Soybeans: 2019 Post-Harvest Marketing Plan

by Ed Usset

2019 production: 25,000 bushels

Objective: Seek strategies that balance risk and reward in the current market environment. Hold no unpriced soybeans beyond July 1, 2020.

5,000 bushels: On-farm storage is limited! Price and deliver at harvest. Current price is \$8.51/bu.

20,000 bushels: Place in storage and sell July futures at \$9.76³/₄/bu. Exit plan: Unwind my storage hedge when the cash basis reaches 77 cents under the July contract, or by June 20. If basis reaches 77 under the July, I will receive a price of \$9.00/bu. [\$9.77 July + (-\$0.77) basis]



March 13, 2020

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Soybeans: Execution of the 2019 Post-Harvest Marketing Plan

by Ed Usset

October 11, 2019: I made no pre-harvest sales of soybeans this year, as futures prices remained well below my minimum price objective. My lack of early sales gave me heartburn in July, August and September. But the market has rallied and 5,000 bushels sold at harvest were sold at the highest cash seen since the start of the trade war in July 2018. The balance (20,000 bushels) is held in storage and priced with a storage hedge. The \$8.51 spot price is 126 cents under the July contract, trading at \$9.77. The soybean market is still in a bear mode, but much less bearish than year ago. I expect a basis of 75-80 under the July by late spring. Large carrying charges are not common in soybeans – but they create a great opportunity this fall.

March 13, 2020: Last fall, I placed a storage hedge in the Jul'20 contract. The harvest basis was 126 cents under the July contract – I was hoping for a spring basis of 77 cents under July. We got there early and the basis was even better than expected. The cash price of soybeans today is \$7.87/bu., or 69 cents under the Jul'20 contract, trading at \$8.56/bu. I will lift the hedge by delivering soybeans and buying back July futures. My final price on 20,000 bushels is \$9.08/bu. [\$9.77 July + (-\$0.69) basis]

I suspect that the July basis will improve even more in the next two months, but I am happy to complete marketing of the 2019 crop.

Summary of the 2019 Soybean Crop:

5,000 bushels sold for...	\$8.51
20,000 bushels sold for...	\$9.08
Average price for 2019 soybeans	\$8.97