



December 12, 2020

Grain Marketing

Center for Farm Financial Management
University of Minnesota

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

Soybeans: 2021 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2021 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 27, pricing tool to-be-determined (“tbd”).
- Price 5,000 bushels at \$10.50c/\$11.25f, or by May 26, pricing tool tbd.
- Price 5,000 bushels at \$11.25c/\$12.00f, or by June 24, pricing tool tbd.

Plan starts on January 1, 2021. 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 2021.



February 22, 2021

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Soybeans: Execution of the 2021 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. **Nov'21 futures sale Dec 18 @ \$10.81¹/₄**
- Price 2,500 bushels at \$9.75c/\$10.50f, or by April 27 **HTA Jan 4 @ \$11.20³/₄ Nov'21 futures**
- Price 5,000 bushels at \$10.50c/\$11.25f, or by May 26 **Nov'21 futures sale Jan 5 @ \$11.41¹/₄**
- Price 5,000 bushels at \$11.25c/\$12.00f, or by June 24 **Nov'21 futures sale Feb 22 @ \$12.11³/₄**

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Soybeans: **Execution** of the 2021 Pre-Harvest Marketing Plan by Ed Usset

December 18, 2020: Technically, the plan starts on January 1, but I am willing to price earlier if the premium is large enough. Nov'21 futures at \$10.80 is more than \$1 above my 2021 minimum price of \$9.75/bu. South America weather is iffy and the Chinese are buying. Am I a fool for jumping in front of this train? Once you finish reading the bullish slant, consider that we may get 5+ million more acres of soybeans in 2021. If \$10.80 Nov futures is my worst sale, I am having a great year.

January 4, 2021: We are in the midst of a near record rally. Nov'21 futures were under \$9 last August. I am hitting price targets and executing the plan. HTA with Nov'21 futures as my base at $11.20\frac{3}{4}$ /bu.

January 5: And another target is hit. Selling one contract of Nov'21 futures at $\$11.41\frac{1}{4}$. My final price target of \$12 was nearly unthinkable during much of 2020. It is now a rounding area away.

February 22: This is quite the bull run and I may regret selling too early and too cheap. But these are great prices for soybeans. Sold one contract of Nov'21 futures at $\$12.11\frac{3}{4}$.

2021 status: I am 75% sold with Nov'21 futures at \$11.415, or a cash price at harvest of about \$10.70.