



December 12, 2021

Grain Marketing

Center for Farm Financial Management
University of Minnesota

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

Corn: 2021 Pre-Harvest Marketing Plan

by Edward Usset

Expected 2021 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 29, pricing tool to-be-determined (“tbd”).
- Price 15,000 bushels at \$4.35c/\$4.85f, or by April 27, pricing tool tbd.
- Price 10,000 bushels at \$4.65c/\$5.15f, or by May 26, pricing tool tbd.
- Price 15,000 bushels at \$4.95c/\$5.45f, or by June 10, pricing tool tbd.
- Price the last 10,000 bushels at \$5.25c/\$5.75f, or by June 24, pricing tool tbd.

Plan starts on January 1, 2021. 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 2021.



May 4, 2021

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Corn: Execution of the 2021 Pre-Harvest Marketing Plan

by Edward Usset

Expected 2021 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'21 futures sale January 4, 2021 @ \$4.34½
- Price 10,000 bushels at \$4.05c/\$4.55f, or by March 29 Dec'21 futures sale Jan. 12 @ \$4.57½
- Price 15,000 bushels at \$4.35c/\$4.85f, or by April 27 Dec'21 futures sale Apr. 5 @ \$4.88½
- Price 10,000 bushels at \$4.65c/\$5.15f, or by May 26 Dec'21 futures sale Apr. 19 @ \$5.20¼
- Price 15,000 bushels at \$4.95c/\$5.45f, or by June 10 Dec'21 futures sale Apr. 22 @ \$5.53¼
- Price the last 10,000 bushels at \$5.25c/\$5.75f, or by June 24 Dec'21 futures sale May 4 @ \$5.80½

Plan starts on January 1, 2021.

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 2021.



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January 4, 2021: The price rally from mid-summer to the end of the year has been one of the strongest rallies on record since 1980. Corn prices are up 40% or more. The first close above my \$4.25 minimum was recorded on the first day of the year, and I get started with sales of Dec'21 futures at 4.34½.

January 12, 2021: The rally continues in 2021, and my second price objective is reached. Sell Dec'21 futures at 4.57½.

April 5, 2021: The rally continues and my third price objective is reached. Sell Dec'21 futures at 4.88½.

April 19, 2021: The rally is still rushing forward at full speed. Sell Dec'21 futures at 5.20¼.

April 22: ...and still running strong - Sell Dec'21 futures at 5.53¼.

May 4: ...and still running strong – final sale made with Dec'21 at \$5.80½.

2021 status: I am 75% sold with Dec'21 futures at \$5.03, or a cash price at harvest of about \$4.55.