



October 15, 2021

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Corn: 2021 Post-Harvest Marketing Plan

by Edward Usset

2021 production: 100,000 bushels

Objective: Seek strategies that balance risk and reward in the current market environment. Hold no unpriced corn beyond July 1, 2022.

5,000 bushels: price and deliver at harvest price of \$5.15/bu.

15,000 bushels priced with a sale of Dec'21 futures at \$4.34½: set the basis at 11 cents under and deliver \$4.23½/bu.

5,000 bushels priced with a sale of Dec'21 futures at \$4.57½: set the basis at 11 cents under and deliver \$4.46½/bu.

5,000 bushels priced with a sale of Dec'21 futures at \$4.57½: Place in storage and roll the hedge to the March contract at an 8½ cent carry (Dec'21 @ \$5.25¾, Mar'22 @ \$5.34¼). I am buying time for the carry to May or July to widen. Sometime in February, I hope to roll the hedge forward to the May or July, or simple set the basis and deliver.

15,000 bushels priced with a sale of Dec'21 futures at \$4.88½: Place in storage and roll the hedge to the March contract at an 8½ cent carry. Sometime in February, I hope to roll the hedge forward to the May or July, or simple set the basis and deliver.

10,000 bushels priced with a sale of Dec'21 futures at \$5.20¼: Place in storage and roll the hedge to the March contract at an 8½ cent carry. Sometime in February, I hope to roll the hedge forward to the May or July, or simple set the basis and deliver.

15,000 bushels priced with a sale of Dec'21 futures at \$5.53¼: set the basis at 11 cents under and deliver \$5.42¼/bu.

10,000 bushels priced with a sale of Dec'21 futures at \$5.80½: set the basis at 11 cents under and deliver \$5.69½/bu.

20,000 bushels (October 15 cash price @ \$5.15/bu.): Place in storage and hold for higher prices. Exit plan: Sell 5,000 bushels @ \$5.40, 5,000 @ \$5.60, 5,000 @ \$5.80 and the last 5,000 bushels at \$6.00/bu. Risk no more than 25 cents/bu. under the harvest price - sell if the price falls below \$4.90. Bushels unsold at the end of April will be sold in equal increments, from mid-May to mid-June.



February 3, 2022

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Corn: Execution of the 2021 Post-Harvest Marketing Plan by Edward Usset

October 15, 2021: This has been a wild year in corn. Pre-harvest pricing opportunities were plentiful. Harvest is here and the basis is the best in my 30+ year history. There is a modestly large carry to the March contract, but it drops off quickly in the May and July contracts. My strategy is to diversify my choices. I'll make some harvest sales to take advantage of a great basis, roll some early hedges to the March to buy time for a better basis or more carry to the May or July, and hold some bushels unpriced (just in case). It's a scattershot approach, fitting for my scattered view of market potential in the months ahead.

October 25: This did not take long. Barney's harvest price on October 15 was \$5.15. Ten days later and the market has already reached my first price objective for selling 5,000 bushels of unpriced corn at \$5.40.

October 28: The strong post-harvest rally continues and another price objective is met. Sell 5,000 bushels of unpriced corn at \$5.64.

December 8: The strong post-harvest rally continues. Sell 5,000 bushels of unpriced corn at \$5.83.

December 26: ... and continues. Sell the last 5,000 bushels of unpriced corn at \$6.06.

February 3, 2022: I was hoping for the carry from March to May or July corn to widen. The carry has not widened since harvest – it has disappeared. March, May and July futures are very similar in price. I will set the basis on 5,000 bushels at 10 cents under the March contract and deliver. Final price on 5,000 bushels: \$4.575 Dec sale + .085 carry to March + (-0.10) basis the March = \$4.56/bu. cash price. Final price on 15,000 bushels: \$4.885 Dec sale + .085 carry to March + (-0.10) basis the March = \$4.87/bu. cash price. Final price on 10,000 bushels: \$5.2025 Dec sale + .085 carry to March + (-0.10) basis the March = \$5.1875/bu. cash price.

Summary of the 2021 Corn Crop:

5,000 bushels sold for...	\$5.15
15,000 bushels sold for...	\$4.23¹/₂
5,000 bushels sold for...	\$4.46¹/₂
15,000 bushels sold for...	\$5.42¹/₄
10,000 bushels sold for...	\$5.69¹/₂
5,000 bushels sold for...	\$4.56
15,000 bushels sold for...	\$4.87
10,000 bushels sold for...	\$5.18³/₄
5,000 bushels sold for...	\$5.40
5,000 bushels sold for...	\$5.64
5,000 bushels sold for...	\$5.83
5,000 bushels sold for...	<u>\$6.06</u>
Average price for 2021 corn	\$5.12