



October 4, 2021

Grain Marketing

Center for Farm Financial Management
University of Minnesota

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

Soybeans: 2022 Pre-Harvest Marketing Plan

by Ed Usset

Expected 2022 production: 27,000 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 \$9.75 cash price (\$10.50 Nov futures) using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at \$10.50c/\$11.25f, or by April 14, pricing tool to-be-determined (tbd).
- Price 5,000 bushels at \$11.25c/\$12.00f, or by May 17, pricing tool tbd.
- Price 5,000 bushels at \$12.00c/\$12.75f, or by June 14, pricing tool tbd.

Plan starts on January 1, 2022. 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 \$9.50 local cash price/\$10.25 November futures.

Exit all options positions by mid-September 2022.



January 10, 2022

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Soybeans: Execution of the 2022 Pre-Harvest Marketing Plan

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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 \$9.75 cash price (\$10.50 Nov futures) using forward contract/futures hedge/futures fixed contract. **Futures sale on Oct.4, 2021 @ \$12.35³/₄ Nov'22 contract**
- Price 5,000 bushels at \$10.50c/\$11.25f, or by April 14 **Futures sale on Jan. 3 @ \$12.83³/₄ Nov'22**
- Price 5,000 bushels at \$11.25c/\$12.00f, or by May 17 **Futures sale on Jan. 3 @ \$13.00¹/₂Nov'22**
- Price 5,000 bushels at ~~\$12.00c/\$12.75f~~, or by **June 14**, pricing tool tbd.

Plan starts on January 1, 2022. 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 \$9.50 local cash price/\$10.25 November futures.

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Soybeans: **Execution** of the 2022 Pre-Harvest Marketing Plan

by Ed Usset

October 4, 2021: My plan has a start date of January 1, 2022 but I reserve the right to start earlier. I have been watching 2022 prices for several months. Selling the Nov'22 contract at \$12.35¾ is 75 cents under the life-of-contract highs to date. The tone of the soybean market is changing and pricing some 2022 soybeans at levels well above production costs seems reasonable.

January 3, 2022: The market is strong but it is too early to get it all priced, even if price objectives are met. I'll price 5,000 bushels today (\$12.8375) and revisit the situation in a week.

January 10, 2022: Still strong! I will price another 5,000 bushels today (\$13.005). Despite reaching my final price objective, I will put off the final step to the decision date of June 14.

I am 55% sold on the 2022 crop at an average Nov'22 futures price of \$12.73 or a cash price of about \$12.00 per bushel.