



October 8, 2021

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

[www.cffm.umn.edu/grain](http://www.cffm.umn.edu/grain)

## Soybeans: 2021 Post-Harvest Marketing Plan

by Ed Usset

2021 production: 25,000 bushels

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

2,500 bushels: Price and sell at the harvest price of \$12.23

5,000 bushels: Pre-harvest sales made at \$10.81¼, Nov'21 futures. Set the basis at 20 cents under to price and deliver soybeans at 10.61¼ /bu.

2,500 bushels: Pre-harvest HTA made at \$11.20¾, Nov'21 futures. Set the basis at 20 cents under to price and deliver soybeans at 11.00¾ /bu.

10,000 bushels: Pre-harvest sales made at \$11.76½, Nov'21 futures (average of two sales). Place in storage and roll the hedge forward to the May'22 contract at a 29½ cent carry. Exit plan: Unwind my storage hedge when the cash basis reaches 10 cents under the May contract, or by April 30. If basis reaches 10 under the May, I will receive a price of \$11.96/bu. [ $\$11.76\frac{1}{2}$  Nov + (-\$0.10) basis) + \$0.29½ carry]

5,000 bushels: Place in storage and hedge in the May'22 contract with a sale at \$12.72½. Exit plan: Unwind my storage hedge when the cash basis reaches 10 cents under the May contract, or by April 30. If basis reaches 10 under the May, I will receive a price of \$12.62½/bu.



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## Soybeans: Execution of the 2021 Post-Harvest Marketing Plan

by Ed Usset

October 8, 2021: My pre-harvest sales were too early and too cheap, particularly as they relate to the higher prices in May and early June. But the tone of the soybean market is changing. The Nov'21/Jul'22 spread was a 65-cent inverse in May – today it is a 30 cent carry. This is not the trend of a bull market. But basis remains very strong (highest in 30+ years), and that calls for cash sales at harvest and setting the basis on earlier sales.

April 29, 2022: It is time to close out a marketing disaster. Did the soybean basis reach 10 cents under the May contract? Not quite – as of this evening's close, the nearby soybean basis is 83 cents under the May (\$16.25 cash - \$17.08 May futures). This one for the record books, but not a good kind of record. My final price on 10,000 bushels will be \$11.76½ November futures + (-\$0.83) basis) + \$0.29½ carry to May = \$11.23/bu. My final price on 5,000 bushels will be \$12.72½ May futures + (-\$0.83) basis) = \$11.89½/bu.

### Summary of the 2021 Soybean Crop:

2,500 bushels sold for...	\$12.23
5,000 bushels sold for...	\$10.61¼
2,500 bushels sold for...	\$11.00¾
10,000 bushels sold for...	\$11.23
5,000 bushels sold for...	\$11.89½
<b>Average price for 2021 soybeans</b>	<b>\$11.28</b>