



June 15, 2021

Grain Marketing

Center for Farm Financial Management
University of Minnesota

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

Spring Wheat: 2022 Pre-Harvest Marketing Plan

by Edward Usset

Expected 2022 production: 30,000 bushels

Objective: Buy crop insurance to protect my production risk and have 75% of my APH insured wheat crop priced by mid-June.

- Price 5,000 bushels at \$5.85 cash price (\$6.35 September futures) using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at \$6.35c/\$6.85f, or by March 22, pricing tool to-be-determined (tbd).
- Price 2,500 bushels at \$6.85c/\$7.35f, or by April 14, pricing tool tbd.
- Price 5,000 bushels at \$7.35c/\$7.85f, or by May 17, pricing tool tbd.
- Price my last 5,000 bushels at \$7.85c/\$8.35f, or by June 14, pricing tool tbd.

Plan starts on January 1, 2022. Earlier sales may be made at a 50-cent premium and would be limited to 15,000 bushels.

I will consider the Dec'22 futures contract for new crop sales at a 12-cent premium to Sep'22.

Ignore decision dates and make no sale if prices are lower than \$5.85 local cash price/\$6.35 September futures.



January 3, 2022

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Spring Wheat: Execution of the 2022 Pre-Harvest Marketing Plan

by Edward Usset

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Objective: Buy crop insurance to protect my production risk and have 75% of my APH insured wheat crop priced by mid-June.

- Price 5,000 bushels at \$5.85 cash price (\$6.35 September futures) using forward contract/futures hedge/futures fixed contract. Futures sale on Sep. 30, 2021 @ \$7.95½ Sep'22 contract
- Price 5,000 bushels at \$6.35c/\$6.85f, or by March 22, pricing tool to-be-determined (tbd). Futures sale on Sep. 30, 2021 @ \$7.95½ Sep'22 contract
- Price 2,500 bushels at \$6.85c/\$7.35f, or by April 14, pricing tool tbd. HTA on Jan. 3, 2022 @ \$8.95¾ Sep'22 contract
- Price 5,000 bushels at ~~\$7.35c/\$7.85f~~, or by **May 17**, pricing tool tbd.
- Price my last 5,000 bushels at \$7.85c/\$8.35f, or by June 14, pricing tool tbd. Futures sale on Jan. 3, 2022 @ \$8.95¾ Sep'22 contract

Plan starts on January 1, 2022.

Ignore decision dates and make no sale if prices are lower than \$5.85 local cash price/\$6.35 September futures.



January 3, 2022

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Spring Wheat: **Execution** of the 2022 Pre-Harvest Marketing Plan

by Edward Usset

September 30, 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 Sep'22 contract at \$7.95 is only 10 cents under the life-of-contract highs to date. This is over \$1.50/bu. over my production costs – assuming a normal year (which is always an assumption that gives me pause).

January 3, 2022: A very strong market. I will get more sales made at \$8.9575, but I choose to defer the final sale to no later than my mid-May decision date.

I am 58% sold on the 2022 crop at an average Sep'22 futures price of \$8.45 or a cash price of about \$8.04 per bushel.