



August 26, 2022

Grain Marketing

Center for Farm Financial Management

University of Minnesota

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Spring Wheat: 2022 Post-Harvest Marketing Plan

by Ed Usset

2022 production: 30,000 bushels, harvest in late August.

Objective: Seek strategies that balance risk and reward in the current market environment. Hold no unpriced wheat beyond June 1, 2023.

- 7,500 bushels: Sell at the harvest price of \$8.60 per bushel.
- 2,500 bushels: Priced earlier with an HTA at \$8.95³/₄, lock the current basis at 35 cents under for a final price of \$8.60³/₄ per bushel.
- 10,000 bushels: Hedged earlier with September futures sales at \$7.95¹/₂, buy back futures and deliver wheat at 35 cents under for a final price of \$7.60¹/₂ per bushel.
- 5,000 bushels: Hedged earlier with September futures sales at \$13.89¹/₂, buy back futures and deliver wheat at 35 cents under for a final price of \$13.54¹/₂ per bushel.
- 5,000 bushels: Hedged earlier with September futures sales at \$8.95³/₄, buy back futures and place grain in storage. Exit plan: Sell 2,000 bushels when the cash price reaches \$9.20, 2,000 bushels at \$9.40 and the last 1,000 bushels at \$9.60. Old crop sales will be completed by the end of April.



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September 21, 2022

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

by Ed Usset

August 26, 2022: This was another incredible year in spring wheat. Problems with the Kansas crop and a war in Ukraine sent prices soaring. World wheat stocks are low and the stage may be set for some big rallies in the year ahead. Despite this potential for higher prices, cash wheat prices are down more than \$4 from their mid-May highs. I am reluctant to hold more than 5,000 bushels of unpriced wheat in storage.

September 21, 2022: Wheat prices bounced quickly off harvest lows, reaching a bid of \$9.28/bu. today. Sell 2,000 bushels.

October 11, 2022: An escalation of the war in Ukraine put a spike in wheat prices. I have a chance to close the books on the 2022 crop by selling the last 3,000 bushels for \$9.64/bu.

Summary of the 2022 Wheat Crop:

7,500 bushels	\$8.60
2,500 bushels	\$8.60 ³ / ₄
10,000 bushels	\$7.60 ¹ / ₂
5,000 bushels	\$13.54 ¹ / ₂
2,000 bushels	\$9.28
3,000 bushels	<u>\$9.64</u>
Final average price for 2022 wheat	\$9.38