



October 3, 2022

# Grain Marketing

Center for Farm Financial Management  
University of Minnesota

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

## Spring Wheat: 2023 Pre-Harvest Marketing Plan

by Edward Usset

Expected 2023 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 \$8.30 cash price (\$8.70 September futures) using forward contract/futures hedge/futures fixed contract.
- Price 5,000 bushels at \$8.90c/\$9.30f, or by March 7, pricing tool to-be-determined (tbd).
- Price 2,500 bushels at \$9.50c/\$9.90f, or by April 6, pricing tool tbd.
- Price 5,000 bushels at \$10.10c/\$10.50f, or by May 5, pricing tool tbd.
- Price my last 5,000 bushels at \$10.70c/\$11.10f, or by June 5, pricing tool tbd.

Plan starts on January 1, 2023. Earlier sales may be made at a 50-cent premium and would be limited to 15,000 bushels.

I will consider the Dec'23 futures contract for new crop sales at a 18-cent premium to Sep'23.

Ignore decision dates and make no sale if prices are lower than \$8.30 local cash price/\$8.70 September futures.



June 21, 2023

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## Spring Wheat: **Execution** of the 2023 Pre-Harvest Marketing Plan

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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 \$8.30 cash price (\$8.70 September futures) using forward contract/futures hedge/futures fixed contract. **Futures sale on Oct. 3, 2022 @ \$9.44½ Sep'23 contract**
- Price 5,000 bushels at \$8.90c/\$9.30f, or by March 7 **Futures sale March 27 @ \$8.70½ Sep'23**
- Price 2,500 bushels at \$9.50c/\$9.90f, or by April 6 **HTA April 6 @ \$8.71½ Sep'23**
- Price 5,000 bushels at \$10.10c/\$10.50f, or by May 5 **Futures sale May 15 @ \$8.75 Sep'23**
- Price my last 5,000 bushels at \$10.70c/\$11.10f, or by June 5 **Futures sale June 21 @ \$8.81¼ Sep'23**

The plan starts on January 1, 2023. Earlier sales may be made at a 50-cent premium and would be limited to 15,000 bushels.

I will consider the Dec'23 futures contract for new crop sales at an 18-cent premium to Sep'23.

Ignore decision dates and make no sale if prices are lower than \$8.30 local cash price/\$8.70 September futures.



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## Spring Wheat: **Execution** of the 2023 Pre-Harvest Marketing Plan

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October 3, 2022: My plan has a start date of January 1, 2023 but I reserve the right to start earlier at a price more than 50 cents above my first price objective. Selling the Sep'23 contract at \$9.44½ is a good place to start – nearly 75 cents over production costs.

March 7: A decision date is reached but the Sep'23 contract is trading nearly 30 cents below my minimum price of \$8.70 per bushel. No action taken.

March 27: The wheat market is rallying and giving me a second chance to get something done. Sell another contract of Sep'23 futures at \$8.70½ per bushel.

April 6, 2023: A decision date is reached and prices are above my minimum. Use an HTA on Sep'23 futures to price 2500 bushels with a base price of \$8.71½ per bushel.

May 5: A decision date is reached but the Sep'23 contract is below my minimum price of \$8.70 per bushel. No action taken.

May 15: The wheat market is rallying (again) and giving me another chance to sell another contract of Sep'23 futures at \$8.75/bu.

June 5: A decision date is reached but the Sep'23 contract is below my minimum price (again) of \$8.70 per bushel. No action taken.

June 21: Still another wheat market rally. Sell another contract of Sep'23 futures at \$8.81¾ per bushel.

**I am 75% sold on the 2023 crop at an average Sep'23 futures price of \$8.91 or a cash price of about \$8.50 per bushel.**