



October 13, 2023

Grain Marketing

Center for Farm Financial Management

University of Minnesota

www.cffm.umn.edu/grain

Corn: 2023 Post-Harvest Marketing Plan

by Edward Usset

2023 production: 100,000 bushels

Objective: Seek strategies that balance risk and reward in the current market environment. Hold no unpriced corn beyond July 1, 2024.

25,000 bushels (October 13 cash price @ \$4.65/bu., Dec'23 @ \$4.93): Sell at the harvest price of \$4.65/bu.

25,000 bushels: Two separate pre-harvest sales made at an average price of \$6.03 Dec'23 futures: Buy back Dec'23 futures at \$4.93 and sell corn for \$4.65 to set the harvest basis at 28 cents under the Dec. Final price on these bushels is $\$6.03 + (-\$0.28) = \$5.75/\text{bu.}$

35,000 bushels: Place in storage and sell the carry with a sale of seven May contracts at $\$5.16\frac{1}{2}/\text{bu.}$ I expect a harvest basis of 41 cents under the May contract to narrow to 20 cents under the May by next April. Exit plan: Unwind my storage hedge when the cash basis reaches 20 cents under the May contract, or by April 30. If basis reaches 20 under the May, the final price will be $\$4.96\frac{1}{2}/\text{bu.}$ [$\$5.16\frac{1}{2}$ May + $(-\$0.20)$ basis].

15,000 bushels (October 13 cash price @ \$4.65/bu.): Place in storage and hold for higher prices. Exit plan: Sell 5,000 bushels @ \$5.10, 5,000 bushels at \$5.30 and the last 5,000 bushels at \$5.50/bu. Risk no more than 35 cents/bu. under the harvest price - sell if the price falls below \$4.30. Bushels unsold at the end of April will be sold in equal increments, mid-May through mid-June.



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Corn: **Execution** of the 2023 Post-Harvest Marketing Plan

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October 13, 2023: I was ready to make more pre-harvest sales but an epic collapse in new crop prices prevented me from getting more done. Woulda, coulda, shoulda – the opportunities were there but disappeared too quickly. For bushels priced before harvest, a harvest basis of 28 cents under the Dec is too good to pass on, particularly for a corn crop that is heading towards a carryout over 2 billion bushels. The carry from Dec'23 to May'24 is 23½ cents – not particularly large but large enough to cover interest cost on grain held in storage. I'll sell the carry on 35,000 bushels. Why take a chance on 15,000 bushels unpriced? Why not.

Summary of the 2023 Corn Crop:

25,000 bushels sold for...	\$4.65
25,000 bushels sold for...	\$5.75
35,000 bushels sold for...	??
15,000 bushels sold for...	??
Average price for 2023 corn	\$????