



October 6, 2023

# Grain Marketing

Center for Farm Financial Management

University of Minnesota

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

## Soybeans: 2023 Post-Harvest Marketing Plan

by Ed Usset

2023 production: 27,000 bushels

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

7,000 bushels (October 6 cash price @ \$12.11/bu., Nov'23 futures at \$12.66): Storage limitations force a sale at the harvest price at \$12.11/bu.

10,000 bushels: Two pre-harvest sales made at an average price of \$13.87 Nov'23 futures: Place soybeans in storage, buy back Nov'23 futures at \$12.66 (\$1.21 gain) and sell the May'24 contract at \$13.13¼/bu. I expect a harvest basis of 102 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 \$13.13 bu. + (-\$0.20) basis) + \$1.21 Nov'23 futures gain = \$14.14/bu.

10,000 bushels: Two pre-harvest sales made at an average price of \$13.66 Nov'23 futures: Place soybeans in storage, buy back Nov'23 futures at \$12.66 (\$1.00 gain) and hold in storage for higher prices. Exit plan: Sell 3,000 bushels @ \$13.10, 4,000 bushels at \$13.30 and the last 3,000 bushels at \$13.50/bu. Risk no more than 61 cents/bu. under the harvest price - sell if the price falls below \$11.50. Bushels unsold at the end of April will be sold in equal increments, mid-May through mid-June.



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## Soybeans: Execution of the 2023 Post-Harvest Marketing Plan by Ed Usset

October 6, 2023: Look at the carryout projections and you can make the case for a price rally in the new year. Look at the carrying charges and you might get a different picture. The Nov'23/Jul'24 spread was running at a 10-20 cents inverse (Nov premium to July) through much of June and July. By harvest, the spread was showing a carry of over 50 cents per bushel – a trend like that does not speak to a strong market. And with interest rates near 9%, a 47-cent carry to May (or 23-cent carry to January) does not cover interest costs. However, but rolling the hedge on 10,000 bushels to the May contract does buy time for a better basis. And with soybean stocks still tight, I see a chance at a better cash price in the new year. I lifted the hedge and will hold 10,000 bushels of unpriced soybeans.

November 2, 2023: Sell 3,000 bushels at \$13.12 (+\$1 pre-harvest gain = \$14.12 final price)

November 11, 2023: Sell 4,000 bushels at \$13.43 (+\$1 pre-harvest gain = \$14.43 final price)

November 14, 2023: Sell 3,000 bushels at \$13.50 (+\$1 pre-harvest gain = \$14.50 final price). A strong November rally makes for three quick sales of soybeans held in storage.

### Summary of the 2023 Soybean Crop:

7,000 bushels sold for...	\$12.11	
10,000 bushels sold for...		??
3,000 bushels sold for...	\$14.12	
4,000 bushels sold for...	\$14.43	
3,000 bushels sold for...	<u>\$14.50</u>	
Average price for 2023 soybeans		?????