

CHS

Midwest Cooperatives

Pre-Harvest Marketing Plan

Pre-Harvest Marketing Plan ?'s

Farm Plan

- What is in your farm plan for the upcoming year?
 - WW Acres
 - SW Acres
 - Corn Acres
 - Milo Acres
 - SFL Acres
 - Millet Acres
 - Other

- What is your APH yield or expected yield?

Pre-Harvest Marketing Plan ?'s

Revenue

- What is your Break Even?
 - Per. Acre
 - Per. Bu.
 - Per. CWT
- Does this include a return to labor and management?
- What is your goal for a return? (\$10/acre, \$20/acre, \$50/acre, etc.)

Pre-Harvest Marketing Plan ?'s

Insurance

- What do you have for crop insurance coverage?
 - What is your % level of coverage?
- Do you have RA insurance (revenue coverage)?

Pre-Harvest Marketing Plan ?'s

Storage

- What are your storage opportunities or concerns with storage?
 - What do you have the ability to store into post-harvest?
 - What is your on farm storage capacity?
 - What is your cost of on farm storage?
 - What is your cost of commercial storage?

Pre-Harvest Marketing Plan ?'s

Cash Flow

- Do you have any anticipated cash flow needs?
 - Custom Harvesting bills?
 - Land Payments?
 - Other?
- What is your interest cost of money?

Pre-Harvest Marketing Plan ?'s

Logistics

- What are your Logistical needs?
 - Will you need to go to the bin to keep up with the combines at harvest?
 - Do you have employees that you need to keep busy in slow times?
 - Are there times of the year that don't work for you to haul grain (calving, planting, etc.)?

Pre-Harvest Marketing Plan ?'s

Risk Tolerance

- What % of pre-harvest marketing sales are you comfortable with?
- What marketing tools are you comfortable with or how in depth of a marketing plan do you want to execute?
 - Are there pricing tools you would like to incorporate?
 - Are there pricing tools you would like to avoid?

Plan Components

- Plan Bushels
 - Pre-Harvest bu. Based on APH and Insurance
- Break Even Level
- Pricing Objectives
 - Minimum and Maximum Price Targets
- Decision Dates
- Contract Types

Pricing Objectives

- Minimum price is based on your breakeven
- Maximum Price should be set based on a realistic goal
- Table shows Dec. corn price improvements after January 1st 1990 – 2008
- Possible Pricing Goals
 - Corn + \$ 1.00
 - Beans + \$ 2.00
 - Wheat + \$ 1.75

	January 1 st Price	Highest Price	Change
December 2008	\$ 4.80	\$ 7.88	\$ 3.08
December 2006	\$ 2.52	\$ 3.77	\$ 1.25
December 1995	\$ 2.48	\$ 3.43	\$.95
December 1996	\$ 2.97	\$ 3.83	\$.86
		Average	\$ 1.53

Decision Dates

- What are Decision Dates
 - A decision date is a date in which if I haven't reached my pricing target I will price the grain given it is above my break even
- Decision dates make my marketing plan a plan for action not in-action
- So what dates should I use?

Kansas City July Hard Red Winter Wheat, 1990-2007

- ✓ 11 years (61%) the market declined
- ✓ 7 years (39%) the market improved

Year	1-May	1-Jul	Change
1990	3.50	3.19	(0.31)
1991	2.86	2.78	(0.07)
1992	3.59	3.47	(0.12)
1993	2.99	2.91	(0.08)
1994	3.36	3.32	(0.04)
1995	3.63	4.93	1.30
1996	6.52	5.44	(1.08)
1997	4.50	3.31	(1.19)
1998	3.21	2.97	(0.23)
1999	2.86	2.73	(0.13)
2000	2.90	3.02	0.12
2001	3.39	2.95	(0.44)
2002	2.87	3.30	0.43
2003	2.97	3.01	0.05
2004	4.00	3.56	(0.44)
2005	3.26	3.30	0.04
2006	4.38	5.00	0.62
2007	4.87	5.82	0.95
Average	3.65	3.61	(0.03)

Kansas City July Wheat Futures, 1990-2006 average
(excludes 1996)



Wheat shows the need
for a minimum price!

Kansas City July Hard Red Winter Wheat, 1990-2007

- ✓ 11 years (61%) the market declined
- ✓ 7 years (39%) the market improved

Year	1-May	1-Jul	Change
1990	3.50	3.19	(0.31)
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Average	3.65	3.61	(0.03)

Let's remove years when
July wheat <\$3.40 on May 1.

Kansas City July Hard Red Winter Wheat, 1990-2007

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- ✓ 7 years (39%) the market improved

Year	1-May	1-Jul	Change
1990	3.50	3.19	(0.31)
1991	2.86	2.78	(0.07)
1992	3.59	3.47	(0.12)
1993	2.99	2.91	(0.08)
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2006	4.38	5.00	0.62
2007	4.87	5.82	0.95
Average	3.65	3.61	(0.03)

Years when July wheat >\$3.40 on May 1

Kansas City July Hard Red Winter Wheat, 1990-2007

- ✓ 5 years (61%) the market declined
- ✓ 3 years (39%) the market improved

Year	1-May	1-Jul	Change
1990	3.50	3.19	(0.31)
1992	3.59	3.47	(0.12)
1995	3.63	4.93	1.30
1996	6.52	5.44	(1.08)
1997	4.50	3.31	(1.19)
2004	4.00	3.56	(0.44)
2006	4.38	5.00	0.62
2007	4.87	5.82	0.95
Average	4.37	4.34	(0.03)

MGEX September Spring Wheat, 1990-2009

- ✓ 12 years (60%) the market declined
- ✓ 8 years (40%) the market improved
- ✓ 9 years the market declined more than 30 cents!

Year	1-May	1-Aug	Change
1990	3.61	2.81	(0.80)
1991	2.95	2.88	(0.07)
1992	3.55	3.06	(0.49)
1993	2.99	3.15	0.15
1994	3.34	3.34	(0.00)
1995	3.65	4.73	1.08
1996	5.93	4.70	(1.23)
1997	4.39	3.92	(0.48)
1998	3.61	3.08	(0.53)
1999	3.33	3.44	0.11
2000	3.35	2.97	(0.38)
2001	3.47	3.16	(0.31)
2002	3.01	3.80	0.80
2003	3.39	3.70	0.32
2004	4.24	3.53	(0.71)
2005	3.46	3.50	0.04
2006	4.28	4.69	0.40
2007	5.24	6.32	1.08
2008	8.77	8.74	(0.03)
2009	6.77	6.05	(0.72)
Average	4.17	4.08	(0.09)

September MGEX Spring Wheat Futures, 1990-2009 average



CBOT December Corn Futures, 1990-2007

- ✓ 14 years (78%) the market declined
- ✓ 4 years (22%) the market improved
- ✓ 7 years the market declined more than 40 cents!

Year	1-May	1-Oct	Change
1990	2.70	2.29	(0.42)
1991	2.53	2.54	0.01
1992	2.53	2.12	(0.41)
1993	2.43	2.43	0.00
1994	2.58	2.14	(0.44)
1995	2.63	3.11	0.48
1996	3.33	2.90	(0.44)
1997	2.76	2.56	(0.20)
1998	2.62	2.05	(0.58)
1999	2.31	2.05	(0.26)
2000	2.62	1.99	(0.63)
2001	2.27	2.11	(0.16)
2002	2.20	2.56	0.36
2003	2.33	2.20	(0.13)
2004	3.17	2.06	(1.11)
2005	2.27	2.06	(0.21)
2006	2.72	2.68	(0.04)
2007	3.79	3.69	(0.10)
Average	2.65	2.42	(0.24)

Chicago December Corn Futures, 1990-2007 average



CBOT November Soybean Futures, 1990-2007

- ✓ 12 years (67%) the market declined
- ✓ 6 years (33%) the market improved
- ✓ 8 years the market declined more than 50 cents!

Contract	1-May	1-Oct	Change
1990	6.55	6.05	(0.51)
1991	6.09	5.89	(0.20)
1992	6.05	5.33	(0.72)
1993	5.96	6.18	0.22
1994	6.28	5.38	(0.90)
1995	6.06	6.37	0.32
1996	7.58	7.49	(0.08)
1997	6.96	6.21	(0.76)
1998	6.17	5.15	(1.02)
1999	5.14	4.81	(0.33)
2000	5.80	4.90	(0.90)
2001	4.34	4.52	0.18
2002	4.56	5.42	0.86
2003	5.53	6.87	1.34
2004	7.45	5.35	(2.10)
2005	6.22	5.73	(0.49)
2006	6.26	5.45	(0.81)
2007	7.84	9.92	2.08
Average	6.16	5.94	(0.21)

Chicago November Soybean Futures, 1990-2007 average



Soybeans show the need for a minimum price!

CBOT November Soybean Futures, 2000-2009

- ✓ 6 years (60%) the market declined
- ✓ 4 years (40%) the market improved

Contract	1-May	1-Oct	Change
2000	5.80	4.90	(0.90)
2001	4.34	4.52	0.18
2002	4.56	5.42	0.86
2003	5.53	6.87	1.34
2004	7.45	5.35	(2.10)
2005	6.22	5.73	(0.49)
2006	6.26	5.45	(0.81)
2007	7.84	9.92	2.08
2008	11.93	10.53	(1.40)
2009	9.71	9.18	(0.53)
Average	6.96	6.79	(0.18)

CBOT November Soybean Futures, 2000-2009

- ✓ 6 years (75%) the market declined
- ✓ ~~4~~ 2 years (25%) the market improved

Remove years when Nov beans <\$5.50 on May 1.

Contract	1-May	1-Oct	Change
2000	5.80	4.90	(0.90)
2001	4.34	4.52	0.18
2002	4.56	5.42	0.86
2003	5.53	6.87	1.34
2004	7.45	5.35	(2.10)
2005	6.22	5.73	(0.49)
2006	6.26	5.45	(0.81)
2007	7.84	9.92	2.08
2008	11.93	10.53	(1.40)
2009	9.71	9.18	(0.53)
Average	7.59	7.24	(0.35)

Crop Report Dates

January 12 th	Crop Production and Grain Stocks	July 9 th	Crop Production
February 9 th	Crop Production	August 12 th	Crop Production
March 10 th 31 st	Crop Production Grain Stocks & Prospective Planting	September 10 th 30 th	Crop Production Grain Stocks
April 9 th	Crop Production	October 8 th	Crop Production
May 11 th	Crop Production	November 9 th	Crop Production
June 10 th 30 th	Crop Production Acreage & Grain Stocks	December 10 th	Crop Production

MWC Contract Offerings

- Delivery Contracts
 - DP Contract
- Basic Contracts
 - Priced
 - Priced Flat
 - HTA or Futures Fixed
 - Basis
- Advanced Contracts
 - Minimum Price
 - Min - Max Price
 - E-Markets
- Other Pricing Methods
 - Country Hedging
Branch Office
- Payment Contracts
 - Deferred Payments

Marketing Plan Evaluation

How did you do on your marketing plan?

- Tracking an average price level throughout the marketing year will give you a basis for comparison
 - Use the same date every month
 - Track the new crop contract

Source Data

Edward Usset

Center for Farm Financial Management

University of Minnesota