



## February 24 Webinar

- ✓ Provide outlines and progress updates of 2025 corn and wheat marketing plans. *Noting that the plans and decision outlines are not advice, but benchmarks for you to compare your plans and decisions to.*
- ✓ Provide background regarding:
  - WTG cost estimates.
  - How futures-based price targets can relate to forward contract bids.
- ✓ 2025 soybean outline and progress update.
- ✓ Corn, soybean and wheat futures price index analysis.
- ✓ Corn, soybean and wheat postharvest storage comparisons.
- ✓ Flashback analysis of a 2024 postharvest wheat call spread.



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.



## What goes into a Marketing Plan?

Production Costs  
Quality **Timing** Price Outlook Basis  
Local Markets **Tools** Storage  
Transportation

- ✓ Currently, there is a degree of chaos occurring. Making “market outlook,” and as a result, decisions challenging.
- ✓ And while a cautious approach is recommended, marketing plans have never been more important.



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.



## Effective, marketing plans must include:

- a) Pricing Increments, (how much each time);
- b) Price Targets, (the price/profit you'll sell at);
- c) Date Targets, (designed to compel action when/if price targets aren't reached).

These, coupled with the pricing TOOLS you select, can guide your decisions, lead to action, and help take some of the emotion out of marketing.

*Note: WTG Marketing Plans and Decision Outlines are not advice, but benchmarks for you to compare your plans and decisions to.*



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

## A Sample Preharvest 2025 Feedgrain Plan

- Corn appears to be the market leader, but I'm cautious.
- Seasonally, we see our best pricing opportunities from early April thru first half of May, and again in the first half of June.
- Seasonally, there's an 80% chance for a \$0.20+ rally over the January 1 price; 50% chance for \$0.65+; 25% for \$2.00+.
- If using a "cash" marketing alternative, **avoid** pricing at less than your expected production cost per bushel. [WTG/KSU: Total costs estimated at \\$4.32/bu. & Direct \(w/cash rent\) at \\$3.59/bu.](#)

WTG Plans Began Jan 1, DEC @ \$4.46 ½: Buy crop insurance to protect production risk and maximize price on bushels sold preharvest.

### Pricing four increments of total expected APH production

- 1 Price 20% at \$4.66 December futures or by April 15 (+\$0.20 v. Jan 1)
- 2 Price 10% at \$4.83 December futures or by Jun 15 (+\$0.37 v. Jan 1)
- 3a Price 10% at \$4.93 December futures (+\$0.47 v. Jan 1)
- 3b Price 10% at \$5.10 December futures (+\$0.64 v. Jan 1)



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# 2025 Farm Budgets

## Corn

Direct Per Bushel Costs  
(w/cash rent)



<p>NW-IRR 240 bu./ac. \$3.22</p>	<p>NC-IRR 240 bu./ac. \$3.21</p>
<p><i>Direct expenses include crop consulting, additional labor, crop insurance, custom operations, diesel, fertilizer, fungicides, herbicides, misc., repairs &amp; maintenance, operator labor, seed and interest on capital.</i></p> <p><i>Fixed expenses include "cash rent," for a land cost and capital recovery (depreciation + interest).</i></p> <p><a href="https://www.agmanager.info/farm-budgets">https://www.agmanager.info/farm-budgets</a></p>	
<p>SW-IRR 225 bu./ac. \$3.21</p>	<p>SC-IRR 225 bu./ac. \$3.27</p>

Start with direct expenses then add in the "cash rent" portion of fixed costs.



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# 2025 Farm Budgets

## Corn

Direct Per Bushel Costs  
(w/cash rent)



<p>NW-IRR 240 bu./ac. \$3.21</p>	<p>NW-WCF 89 bu./ac. \$4.46</p>	<p>NC 120 bu./ac. \$3.68</p>	<p>NE 145 bu./ac. \$3.97</p>
<p><b>Kansas Weighted Average 157 bu./ac. &amp; \$3.59/bu.</b></p>			
<p>SW-IRR 225 bu./ac. \$3.21</p>	<p>SW-WCF 82 bu./ac. \$4.51</p>	<p>SC 110 bu./ac. \$3.24</p>	<p>SE 120 bu./ac. \$3.43</p>
		<p>SC-IRR 225 bu./ac. \$3.27</p>	

It's very important to know your costs of production



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# 2025 Preharvest Corn Plan Implementation

Plan start: Jan 1  
DEC CME corn @ \$4.46 ½

Currently 20% priced @ \$4.66

ZCZ25 - Corn - Daily OHLC Chart



WTG Marketing Plans and Decision Outlines are not advice, but benchmarks for comparison.  
Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# 2025 Preharvest Corn Plan Implementation

Plan start: Jan 1  
DEC CME corn @ \$4.46 ½

Currently 20% priced @ \$4.66

Examining New Crop Corn Bids 1/24/2025					
Forward Cash Contracts vs. Selling DEC Futures	\$4.83			10/15/2025	
	Actual New Crop Basis	Futures Estimated FC Targets	5-Yr. Avg. New Crop Basis	Expected Hedge Price	
DEC Corn Futures	\$4.75				
Colby - Cornerstone Ag	\$4.40	(\$0.35)	\$4.48	\$0.21	\$4.95
Garden City Coop	\$4.75	\$0.00	\$4.83	\$0.65	\$5.39
Concordia East - Ag Mark	\$4.40	(\$0.35)	\$4.48	(\$0.11)	\$4.63
Haven - Producer Ag, MKC	\$4.50	(\$0.25)	\$4.58	\$0.08	\$4.82
Topeka - Gordon, Cargill	\$4.30	(\$0.45)	\$4.38	(\$0.13)	\$4.61
Chanute - Beachner	\$4.51	(\$0.24)	\$4.59	(\$0.06)	\$4.68
Six Location Average	\$4.48	(\$0.27)	\$4.56	\$0.11	\$4.85

2<sup>nd</sup> Increment, 10%  
 ▪ Price target, \$4.83  
 ▪ Date target, June 15  
 ▪ Min price, \$4.32/\$3.59 for any cash mkt sales

An average FC bid of \$4.48 is covering the average cost of production.

New crop basis bids are nearly \$0.40 weaker than average.

It's very important to know your costs of production



WTG Marketing Plans and Decision Outlines are not advice, but benchmarks for comparison.  
Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# A Sample Preharvest 2025 Wheat Plan

- Built with a bearish view but now growing more positive.
- Seasonally, we see our best pricing opportunities in late October to early November, early March, and again in May.
- Seasonally, there's an 87% chance for a \$0.35+ rally over the January 1 price; 67% chance for \$0.45+; 40% for \$1.00+; and a 20% for \$2.00+.
- If using a "cash" marketing alternative, **avoid** pricing at less than your expected production cost per bushel. **WTG/KSU:** Total costs estimated at \$6.91/bu.–Direct (w/cash rent) \$5.54
- Plans should begin no later than Oct 1, but last fall, wheat futures were in a major "freefall," and WTG/Mark priced 30% of expected APH prior to the 1<sup>st</sup> of October, at levels below estimated total costs but above direct cost (w/cash rent).
- On Oct 1, JUL Wheat @ 6.29¾



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

## 2025 Preharvest Wheat Plan Implementation

Plan start: Oct 1  
JUL CME wheat @ \$6.29 ¾

30% of expected production priced at an avg. \$6.12 CME 2025 July Wheat

KEN25 - Hard Red Wheat - Daily OHLC Chart



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# 2025 Preharvest Wheat Plan Implementation

Plan start: Oct 1  
JUL CME wheat @ \$6.29 ¾

30% of expected production priced at  
an avg. \$6.12 CME 2025 July Wheat

Examining New Crop Wheat Bids		1/24/2025		7/3/2025	
Forward Cash Contracts vs. Selling JUL Futures		Actual New Crop Basis	Futures Estimated Targets	5-Yr. Avg. New Crop Basis	Expected Hedge Price
JUL Hard Wheat Futures	\$6.34				
Colby - Cornerstone Ag	\$5.59	(\$0.75)	\$5.65	(\$0.43)	\$5.90
Garden City Coop	\$5.74	(\$0.60)	\$5.80	(\$0.53)	\$4.21
Concordia East - Ag Mark	\$5.89	(\$0.45)	\$5.95	(\$0.29)	\$4.45
Haven - Producer Ag, MKC	\$5.90	(\$0.44)	\$5.96	(\$0.40)	\$4.34
Topeka - Gordon, Cargill	\$6.24	(\$0.10)	\$6.30	(\$0.13)	\$4.61
Chanute - Beachner	\$5.74	(\$0.60)	\$5.80	(\$0.37)	\$4.37
Six Location Average	\$5.85	(\$0.49)	\$5.91	(\$0.36)	\$4.65

3<sup>rd</sup> Increment, 10%

- Price target, \$6.40
- Date target, May
- Min price, \$6.91/\$5.54 for any cash market sales

The average FC bid covers direct exp. w/cash rent, but not total cost of prod. TC would require a \$7.40 JUL futures price (\$7.01 - \$7.66).

New crop basis bids are a little over a dime weaker than average.

It's very important to know your costs of production



WTG Marketing Plans and Decision Outlines are not advice, but benchmarks for comparison. Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.



Mark Nelson  
Director of Commodities  
Kansas Farm Bureau  
[nelsonm@kfb.org](mailto:nelsonm@kfb.org)  
X @Nelz360

Thank you so much!

WTG Marketing Plans and Decision Outlines are not advice, but benchmarks for comparison



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# A Sample Preharvest 2025 Soybean Plan

- More of a bearish view.
- Seasonally, we see our best pricing opportunities in mid June, late July, and again in September.
- Seasonally, there's an 80% chance for a \$0.40+ rally over the January 1 price; 50% chance for \$1.00+; 25% for \$2.90+.
- If using a "cash" marketing alternative, **avoid** pricing at less than your expected production cost per bushel. WTG/KSU: Total costs estimated at \$9.12/bu. & Direct (w/cash rent) at \$7.15/bu.

WTG Plans Began Jan 1, NOV @ \$10.28: Buy crop insurance to protect production risk and maximize price on bushels sold preharvest.

## Pricing four increments of total expected APH production

- 1 Price 20% at \$10.70 November futures or by May 15 (+\$0.42 v. Jan 1)
- 2 Price 10% at \$11.00 December futures or by Jun 15 (+\$0.72 v. Jan 1)
- 3 Price 10% at \$12.00 December futures (+\$1.72 v. Jan 1)
- 4 Price 10% at \$12.60 December futures (+\$2.32 v. Jan 1)



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

## 2025 Preharvest Bean Plan Implementation

Plan start: Jan 1  
NOV CME soybeans @ \$10.28

Currently 20% priced @ \$10.73

ZSX25 - Soybean - Daily OHLC Chart



WTG Marketing Plans and Decision Outlines are not advice, but benchmarks for comparison.

Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# 2025 Preharvest Bean Plan Implementation

Plan start: Jan 1  
NOV CME soybeans @ \$10.28

Currently 20% priced @ \$10.73

Examining New Crop Bean Bids 1/24/2025					
Forward Cash Contracts vs. Selling NOV Futures	\$11.00			10/25/2025	
		Actual New Crop Basis	Futures Estimated Targets	5-Yr. Avg. New Crop Basis	Expected Hedge Price
NOV Soybean Futures	\$10.60				
<a href="#">Colby - Cornerstone Ag</a>	\$9.35	(\$1.25)	\$9.75	(\$1.05)	\$9.54
<a href="#">Garden City Coop</a>	\$9.60	(\$1.00)	\$10.00	(\$0.99)	\$3.75
<a href="#">Concordia East - Ag Mark</a>	\$9.85	(\$0.75)	\$10.25	(\$0.71)	\$4.03
<a href="#">Haven - Producer Ag, MKC</a>	\$9.94	(\$0.66)	\$10.34	(\$0.56)	\$4.18
<a href="#">Topeka - Gordon, Cargill</a>	\$9.95	(\$0.65)	\$10.35	(\$0.45)	\$4.29
<a href="#">Chanute - Beachner</a>	\$10.06	(\$0.54)	\$10.46	(\$0.47)	\$4.27
Six Location Average	\$9.79	(\$0.81)	\$10.19	(\$0.71)	\$5.01

## 2<sup>nd</sup> Increment, 10%

- Price target, \$11.00
- Date target, June 15
- Min price, \$9.12 (cash)

Current forward contract bids appear to be well above average costs of production.

New crop basis bids are only a dime weaker than average.

It's very important to know your costs of production



WTG Marketing Plans and Decision Outlines are not advice, but benchmarks for comparison.  
Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

2025 Winning the Game Production Cost Estimates			
Crop	Wheat	Corn	Soybeans
Yield	56	157	51
Direct Costs/Bushel	\$4.07	\$2.83	\$5.14
Direct (w/Cash Rent)/Bu.*	\$5.54	\$3.59	\$7.15
Total Costs/Bushel	\$6.91	\$4.32	\$9.12

**Kansas estimates. Includes irrigated and non-irrigated, multiple rotations, weighted by acres planted and region, and based on KSU Ag Economics, Farm Management Guides ([www.AgManager.info](http://www.AgManager.info)).**

\* Direct (w/Cash Rent)/Bu., aims to reflect those farms where a majority of acres are cash rented, and therefore are a "direct cost" that must be paid.



**Direct expenses include crop consulting, additional labor, crop insurance, custom operations, diesel, fertilizer, fungicides, herbicides, misc., repairs & maintenance, operator labor, seed and interest on capital.**  
**Fixed expenses include "cash rent," for a land cost and capital recovery (depreciation + interest).**

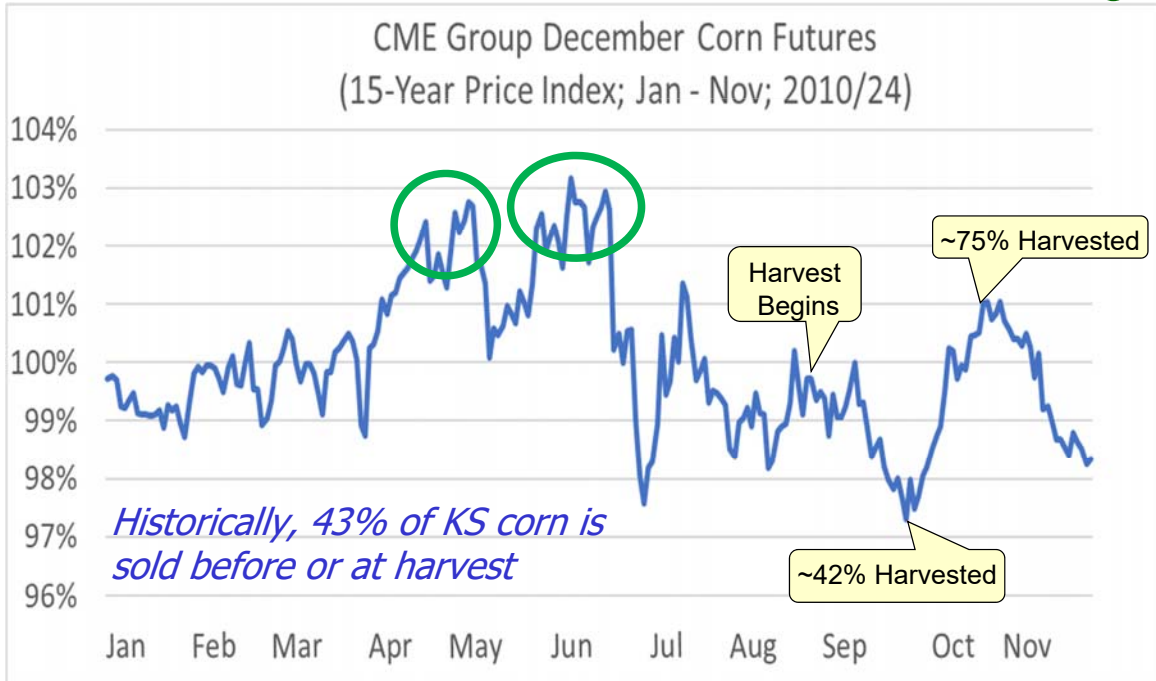


Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.



# Focusing on New Crop 2025 Marketing Decisions

## Timing



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

## Pricing Targets v. January 1

Jan 1 thru Sep 30  
New Crop  
Futures Analysis

On average,  
harvest begins  
in September  
and is 75%  
complete by  
October 22

\* Prices continued  
higher

Fifteen Years: CME December Corn Futures

2010/24	Jan 1 Price	Preharvest Max Price	Change	Percent Change
2010*	\$4.45	\$5.22	\$0.77	17%
2011	\$5.53	\$7.75	\$2.23	40%
2012	\$5.90	\$8.39	\$2.49	42%
2013	\$5.92	\$5.94	\$0.01	0%
2014	\$4.48	\$5.13	\$0.65	14%
2015	\$4.20	\$4.52	\$0.32	8%
2016	\$3.77	\$4.49	\$0.72	19%
2017	\$3.84	\$4.15	\$0.31	8%
2018	\$3.87	\$4.27	\$0.40	10%
2019	\$3.98	\$4.69	\$0.70	18%
2020*	\$4.05	\$4.05	\$0.00	0%
2021	\$4.35	\$6.37	\$2.02	46%
2022	\$5.48	\$7.66	\$2.18	40%
2023	\$6.07	\$6.29	\$0.22	4%
2024	\$4.98	\$4.99	\$0.01	0%



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# Pricing Targets v. January 1

## Let's sort'em by rally size

Jan 1, 2025  
\$4.46 ½

Jan 1 thru Sep 30  
New Crop  
Futures Analysis

Fifteen Years: CME December Corn Futures					
2010/24	Jan 1 Price	Preharvest Max Price	Change	Percent Change	
2012	\$5.90	\$8.39	\$2.49	42%	
2011	\$5.53	\$7.75	\$2.23	40%	
2022	\$5.48	\$7.66	\$2.18	40%	
2021	\$4.35	\$6.37	\$2.02	46%	
2010	\$4.45	\$5.22	\$0.77	17%	
2016	\$3.77	\$4.49	\$0.72	19%	
2019	\$3.98	\$4.69	\$0.70	18%	
2014	\$4.48	\$5.13	\$0.65	14%	
2018	\$3.87	\$4.27	\$0.40	10%	
2015	\$4.20	\$4.52	\$0.32	8%	
2017	\$3.84	\$4.15	\$0.31	8%	
2023	\$6.07	\$6.29	\$0.22	4%	
2013	\$5.92	\$5.94	\$0.01	0%	
2024	\$4.98	\$4.99	\$0.01	0%	
2020	\$4.05	\$4.05	\$0.00	0%	

27% of the time, at least a \$2.00 rally

53% of the time, at least a \$0.65 rally

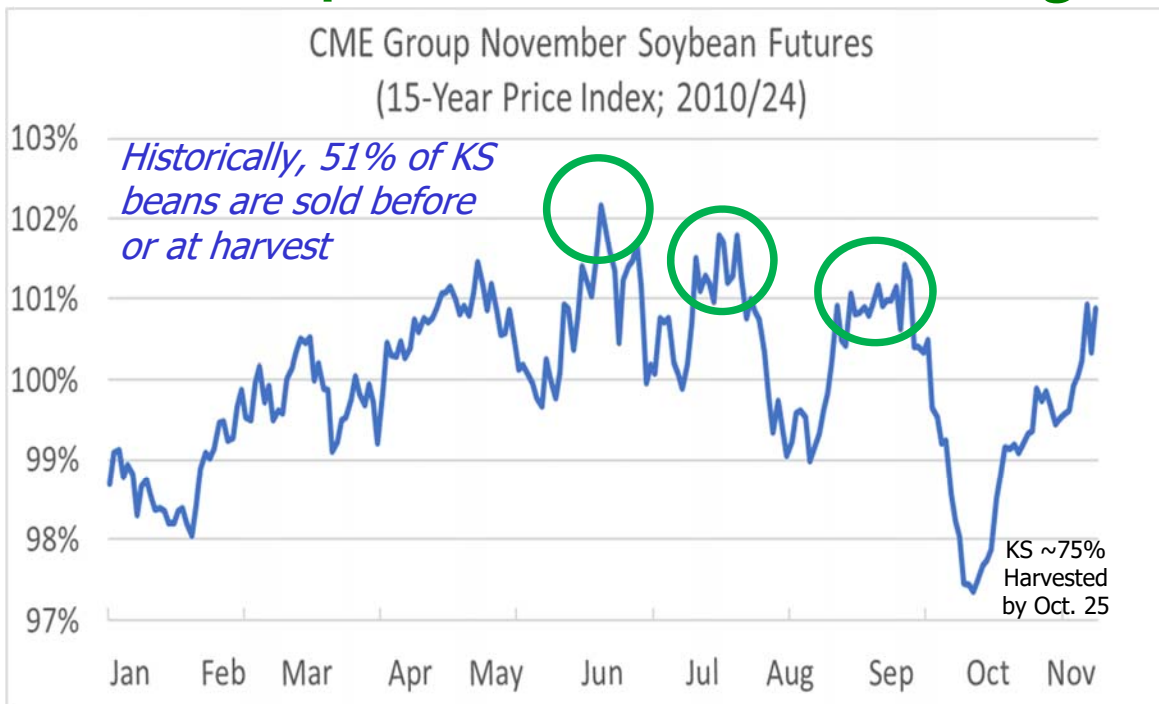
80% of the time, at least a \$0.20 rally

CRAP YEARS, little to no rally vs. Jan. 1



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

## 2025 Crop Preharvest Bean Marketing



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# Pricing Targets v. January 1

Let's start with the past 15 years

Jan 1 thru Sep 30  
New Crop  
Futures Analysis

On average,  
harvest begins  
in October and is  
75% complete by  
November 1

\* Prices continued  
higher



Fifteen Years: CME NOV Soybean Futures				
2010/24	Jan 1 Price	Preharvest Max Price	Change	Percent Change
2010*	\$10.20	\$11.29	\$1.09	11%
2011	\$12.94	\$14.58	\$1.63	13%
2012	\$12.19	\$17.68	\$5.49	45%
2013	\$12.94	\$13.96	\$1.02	8%
2014	\$11.29	\$12.71	\$1.42	13%
2015	\$9.93	\$10.37	\$0.44	4%
2016	\$8.73	\$11.63	\$2.90	33%
2017	\$9.83	\$10.43	\$0.60	6%
2018	\$9.82	\$10.54	\$0.71	7%
2019	\$9.44	\$9.64	\$0.21	2%
2020*	\$9.81	\$10.44	\$0.63	9%
2021	\$11.21	\$14.60	\$3.39	30%
2022	\$12.84	\$15.82	\$2.99	23%
2023	\$13.97	\$14.25	\$0.27	2%
2024	\$12.22	\$12.28	\$0.06	0%

Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# Pricing Targets v. January 1

Let's sort'em by rally size

Jan 1, 2025  
\$10.28

27% of the time, at  
least a \$2.90 rally

53% of the time, at  
least a \$1.00 rally

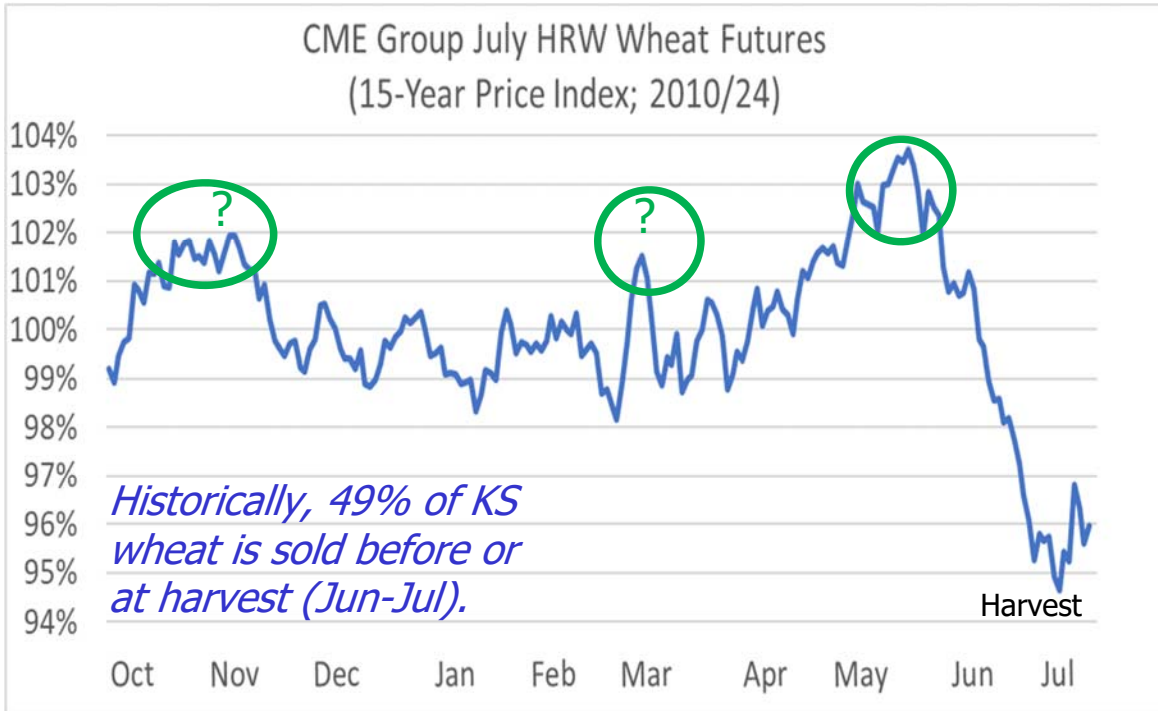
80% of the time, at  
least a \$0.40 rally

Fifteen Years: CME NOV Soybean Futures				
2010/24	Jan 1 Price	Preharvest Max Price	Change	Percent Change
2012	\$12.19	\$17.68	\$5.49	45%
2021	\$11.21	\$14.60	\$3.39	30%
2022	\$12.84	\$15.82	\$2.99	23%
2016	\$8.73	\$11.63	\$2.90	33%
2011	\$12.94	\$14.58	\$1.63	13%
2014	\$11.29	\$12.71	\$1.42	13%
2010	\$10.20	\$11.29	\$1.09	11%
2013	\$12.94	\$13.96	\$1.02	8%
2018	\$9.82	\$10.54	\$0.71	7%
2020	\$9.81	\$10.44	\$0.63	9%
2017	\$9.83	\$10.43	\$0.60	6%
2015	\$9.93	\$10.37	\$0.44	4%
2023	\$13.97	\$14.25	\$0.27	2%
2019	\$9.44	\$9.64	\$0.21	2%
2024	\$12.22	\$12.28	\$0.06	0%



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# 2025 Crop Preharvest Wheat Marketing



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

## Pricing Targets v. October 1

Let's start with the past 15 years

Oct 1 thru Sep 30  
New Crop  
Futures Analysis

On average,  
harvest begins  
in June and is  
75% complete by  
July 7

\* Prices continued  
higher

Fifteen Years: CME July HRW Wheat Futures

2010/24 Crop	Oct 1 Price	Preharvest Max Price	Change	Percent Change
2010	\$5.08	\$6.14	\$1.06	21%
2011	\$7.08	\$10.08	\$3.01	42%
2012*	\$7.32	\$7.71	\$0.39	5%
2013	\$8.82	\$9.43	\$0.61	7%
2014	\$7.20	\$8.46	\$1.26	17%
2015	\$5.61	\$6.88	\$1.28	23%
2016	\$5.42	\$5.50	\$0.08	2%
2017*	\$4.45	\$4.93	\$0.48	11%
2018	\$4.88	\$5.68	\$0.80	16%
2019	\$5.52	\$5.73	\$0.21	4%
2020	\$4.42	\$5.15	\$0.72	16%
2021	\$5.28	\$7.37	\$2.09	40%
2022	\$7.50	\$13.68	\$6.18	82%
2023	\$9.60	\$9.96	\$0.36	4%
2024	\$6.92	\$7.31	\$0.39	6%



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# Pricing Targets v. October 1

Let's sort'em by rally size

Oct 1 Price  
2025 Crop  
\$6.29¾

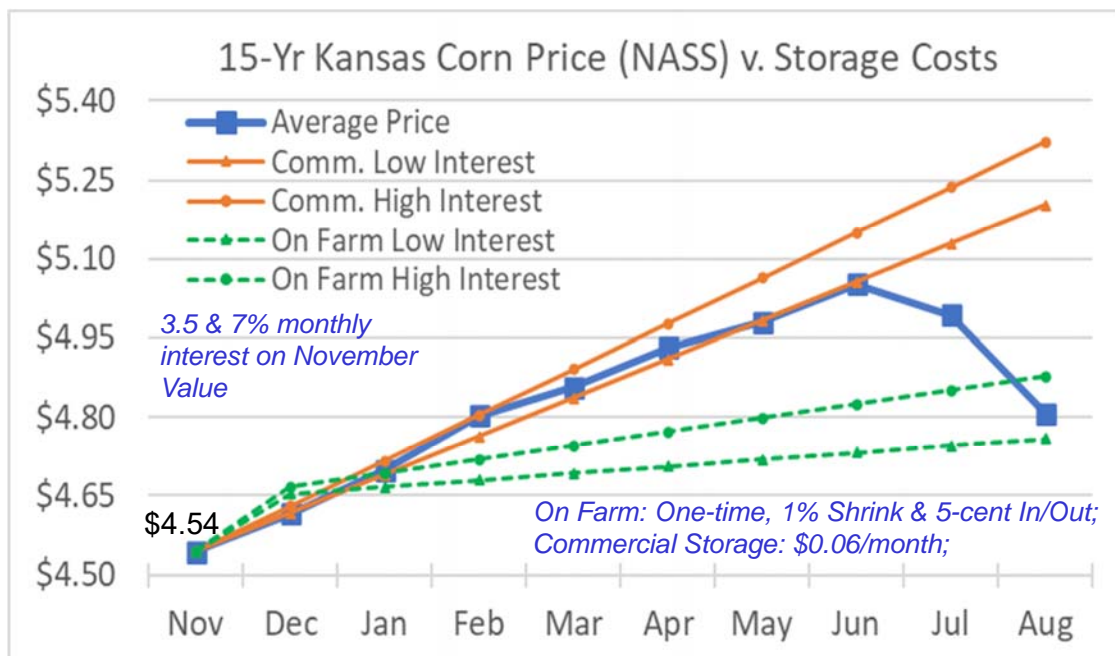
Fifteen Years: CME July HRW Wheat Futures					
	2010/24 Crop	Oct 1 Price	Preharvest Max Price	Change	Percent Change
20% of the time, at least a \$2.00 rally	2022	\$7.50	\$13.68	\$6.18	82%
	2011	\$7.08	\$10.08	\$3.01	42%
	2021	\$5.28	\$7.37	\$2.09	40%
40% of the time, at least a \$1.00 rally	2015	\$5.61	\$6.88	\$1.28	23%
	2014	\$7.20	\$8.46	\$1.26	17%
	2010	\$5.08	\$6.14	\$1.06	21%
67% of the time, at least a \$0.45 rally	2018	\$4.88	\$5.68	\$0.80	16%
	2020	\$4.42	\$5.15	\$0.72	16%
	2013	\$8.82	\$9.43	\$0.61	7%
87% of the time, at least a \$0.45 rally	2017	\$4.45	\$4.93	\$0.48	11%
	2024	\$6.92	\$7.31	\$0.39	6%
	2012	\$7.32	\$7.71	\$0.39	5%
	2023	\$9.60	\$9.96	\$0.36	4%
	2019	\$5.52	\$5.73	\$0.21	4%
	2016	\$5.42	\$5.50	\$0.08	2%



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

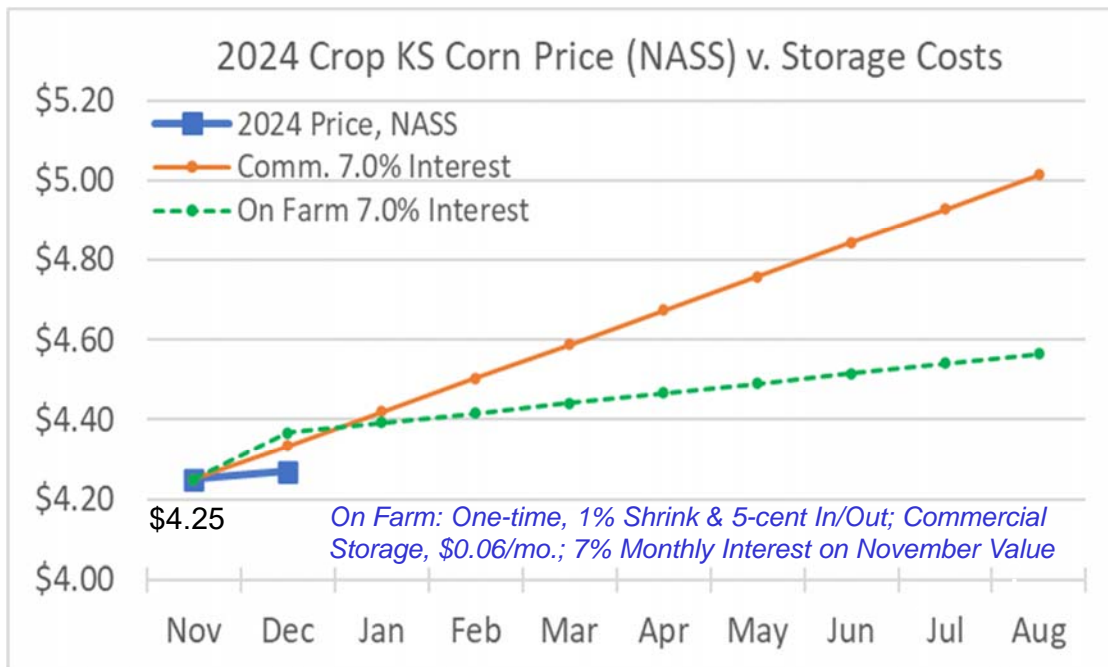
## Does Storage Pay?

With corn, on average, not bad.



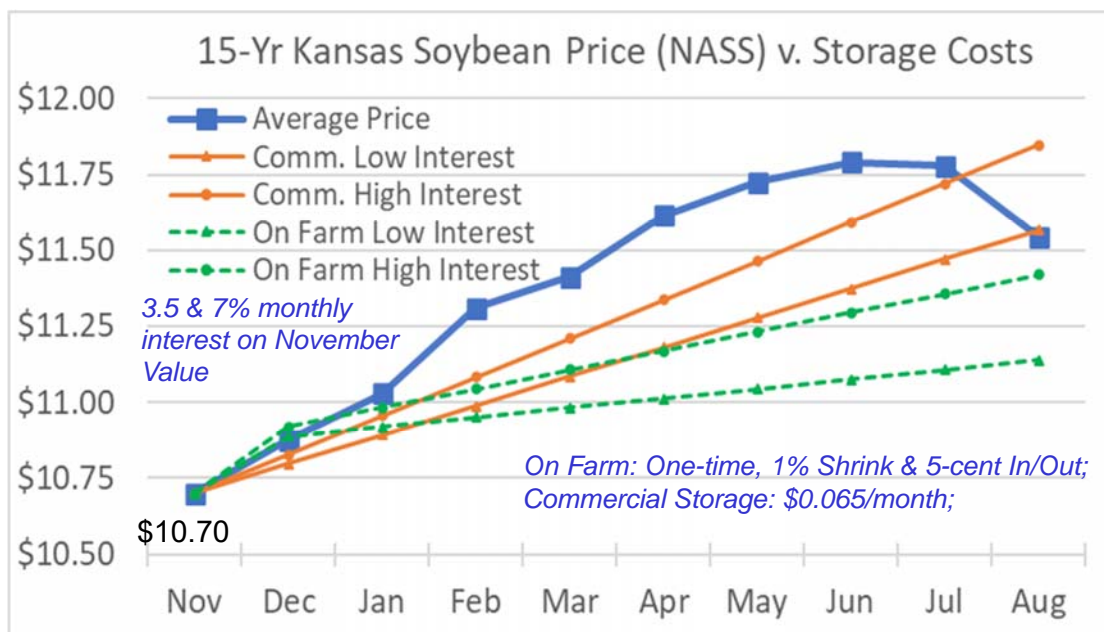
Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# How are we doing with 2024 crop?



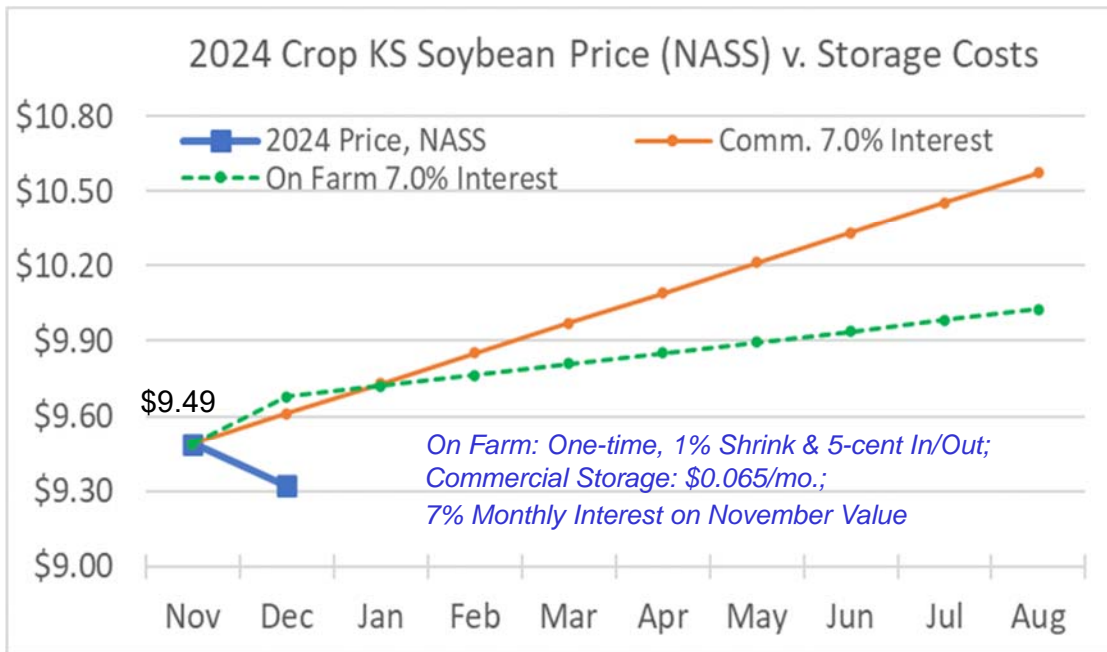
Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

## Does Storage Pay? With soybeans, on average, yes.



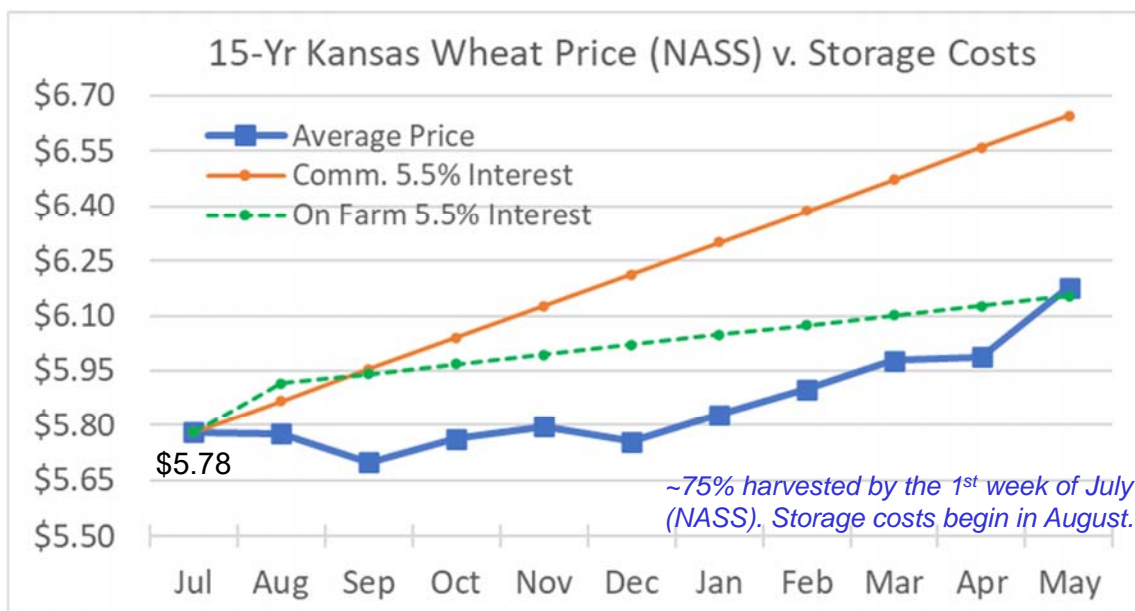
Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# How are we doing with the 2024 crop?



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# Does Unhedged Storage Pay? With wheat, on average, nope.

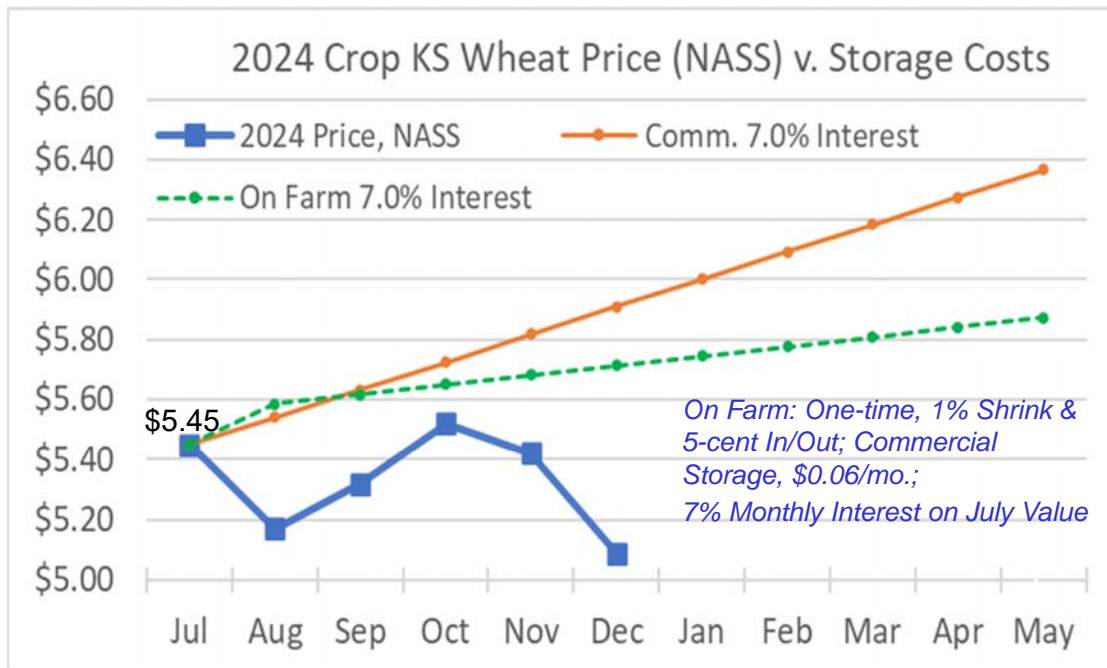


*On Farm: One-time, 1% Shrink & 5-cent In/Out;  
Commercial Storage: \$0.06/month;*



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

# How are we doing with the 2024 crop?



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

## Salina-based, on farm, comparison of 2024 postharvest wheat marketing alternatives ~6/21/24

2024 Wheat	Postharvest Alternatives			1/17/25		
<b>8/1/2024</b>	(A)	(B)	★	(\$0.41)	5.5	(D)
Date beginning storage calculations	Sell the Grain	Sell Grain, Buy a Call Option	Sell Grain & Bull Call Spread	Current Deferred Basis	Months of Storage	Storage Hedge & Storage Costs
<b>5/28/24 Example</b>						
Local Cash Price	<b>\$5.76</b>	\$5.76	\$5.76	March Futures		<b>\$6.17</b>
Buy an Option	<b>March</b>	=> Call	Call	Expected Basis		<b>(\$0.200)</b>
A-T-M Strike		<b>\$6.20</b>	\$6.20	Interest	<b>5.0%</b>	<b>(\$0.132)</b>
Option Premium		<b>(\$0.19)</b>	<b>(\$0.19)</b>	Mo. Chrg.	<b>\$0.000</b>	\$0.000
Sell an Option		March => Call	Call	or 1 time: 1% Shrink and \$0.05 In-Out		<b>(\$0.108)</b>
O-T-M Strike			<b>\$6.70</b>	Storage to date	<b>\$0.00</b>	
Option Premium			<b>\$0.33</b>	Expected Price		<b>\$5.72</b>
Minimum Price	<b>\$5.76</b>	<b>\$5.27</b>	<b>\$5.58</b>	Expected Profit		<b>(\$0.04)</b>
Future Price to BE w/ (A)		<b>\$6.70</b>	<b>\$6.38</b>			

**YOU MUST SELL MARCH CME WHEAT FUTURES!**

Suggesting a \$0.04 loss over selling at harvest, down \$0.11 from last month. On farm storage example.

DO NOT consider this a marketing recommendation or advice, and ONLY work with tools you're comfortable with, and a broker you trust.



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.



## Last June, we touched on Implementing a Wheat Call Option Spread

- This postharvest alternative allows us to sell the cash wheat at harvest, thus avoiding storage costs, yet providing the opportunity take advantage of any significant price rallies at less cost than simply "Buying a Call Option."
- Our example specifically involved buying a \$6.20, "at-the-money" March Call option (\$0.495), and selling a \$6.70, "out-of-the-money" call, (\$0.335), on June 28, 2024.
- Compared to just buying a \$6.20 call, the net position cost was a \$0.18/bu. v. \$0.50½ after commissions; and that \$0.18, also equaled the maximum loss we might incur.
- If prices rallied significantly, the call spread would provide a maximum gain of roughly \$0.30 per bushel vs. a nearly unlimited gain, depending on the rally.



**WINNING THE GAME**

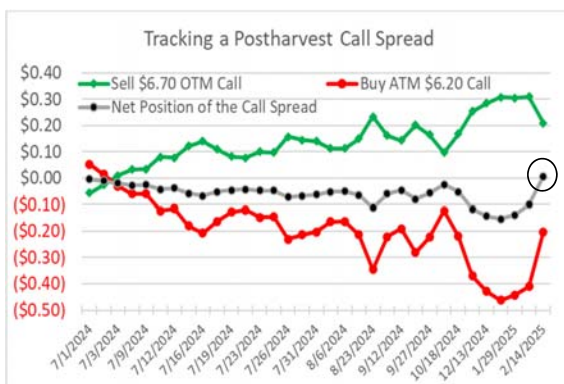
Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

### RESULTS

- Since implementation, wheat futures have largely traded sideways to lower.
- **Feb. 14, marked the first of 3 trading days where March wheat futures and options closed at levels high enough to earn a slight positive return.**

## Last June, we touched on Implementing a Wheat Call Option Spread

- This postharvest alternative allows us to sell the cash wheat at harvest, thus avoiding storage costs, yet providing the opportunity take advantage of any significant price rallies at less cost than simply "Buying a Call Option."
- Our example specifically involved buying a \$6.20, "at-the-money" March Call option (\$0.495), and selling a \$6.70, "out-of-the-money" call, (\$0.335), on June 28, 2024.
- Compared to just buying a \$6.20 call, the net position cost was a \$0.18/bu. v. \$0.50½ after commissions; and that \$0.18, also equaled the maximum loss we might incur.
- If prices rallied significantly, the call spread would provide a maximum gain of roughly \$0.30 per bushel vs. a nearly unlimited gain, depending on the rally.



**WINNING THE GAME**

Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.

### RESULTS

- Since implementation, wheat futures have largely traded sideways to lower.
- **Feb. 14, marked the first of 3 trading days where March wheat futures and options closed at levels high enough to earn a slight positive return.**
- Tracking exit values, Jul. 1 to Feb. 14, of each position, (buying a \$6.20 call and selling a \$6.70 call) along with the combined, "net return."



Copyright © 2017 Center for Farm Financial Management, University of Minnesota. All rights reserved.