



April 28 Webinar

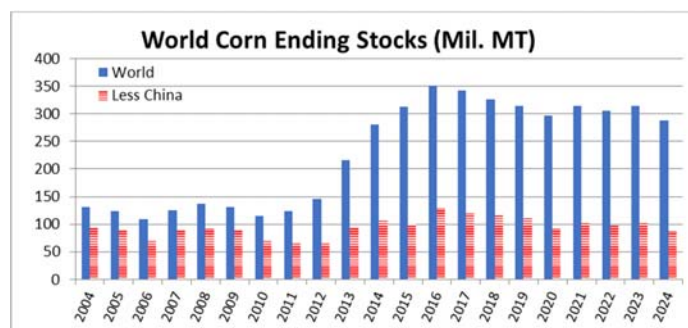
- ✓ Address questions from webinar registration.
- ✓ Share 2025 wheat, corn, soybean marketing plan progress.
- ✓ Sneak peak at 2026 preharvest wheat.
- ✓ Take a deeper dive into a few preharvest marketing alternatives with futures & options.
 - NOT recommendations.
 - Note: Always develop any futures/options strategies with a trusted advisor or FCM/broker.



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Registration Questions

- What is the potential for low global corn carryover to boost U.S. corn prices higher if yield is 3% below trendline yields? *Good potential.*



- Positives: Decreasing stocks, weather risk, and U.S. yield risk.
- Negatives: Wheat, grain sorghum, and a currently weak basis.



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Registration Questions

- Will higher corn prices support soybeans and wheat?
 - *Corn will likely be the "leader," but each commodity, especially soybeans will also be impacted by their own supply and trade (tariff war issues).*
- Crop share landowner with corn and soybeans to market
 - *Check out my slides for thoughts and ideas.*



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2025 Preharvest Wheat Plan Implementation

Plan start: Oct 1
JUL CME wheat @ \$6.29 ³/₄

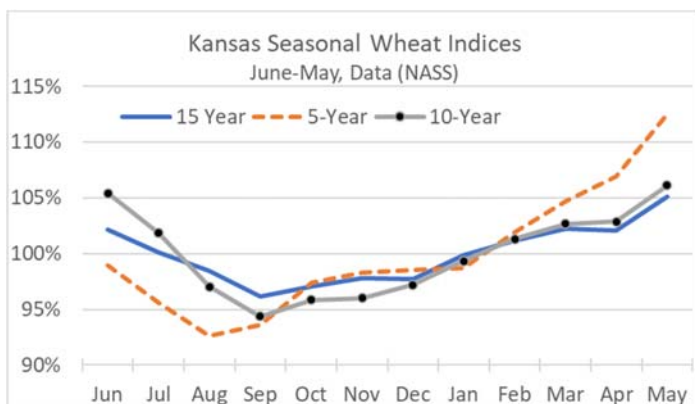
30% of expected production priced at
an avg. \$6.12 CME 2025 July Wheat

KEN25 - Hard Red Winter Wheat - Daily OHLC Chart



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2025 Preharvest Wheat Plan Implementation



Seasonally Kansas wheat prices strengthen into spring, with the last five years rising more even more rapidly.

- KS wheat prices in May are on average \$0.19 per bu. greater than in April.
- In six of the last 15 years wheat price fell in May, versus the April price.
- June prices versus May are on average \$0.35 less, and have been weaker ten of fifteen years.

KS Avg. Wheat Prices	Avg.		\$0.19	-\$0.16	-\$0.35	
	Apr	May	Jun	M/A	J/A	J/M
2024	\$5.72	\$6.14	\$5.87	\$0.42	\$0.15	(\$0.27)
2023	\$8.50	\$8.33	\$8.02	(\$0.17)	(\$0.48)	(\$0.31)
2022	\$9.79	\$11.40	\$9.06	\$1.61	(\$0.73)	(\$2.34)
2021	\$6.17	\$6.45	\$5.95	\$0.28	(\$0.22)	(\$0.50)
2020	\$4.56	\$4.47	\$4.25	(\$0.09)	(\$0.31)	(\$0.22)
2019	\$4.58	\$4.40	\$4.70	(\$0.18)	\$0.12	\$0.30
2018	\$4.44	\$4.83	\$5.02	\$0.39	\$0.58	\$0.19
2017	\$3.36	\$3.62	\$3.99	\$0.26	\$0.63	\$0.37
2016	\$4.02	\$3.96	\$3.74	(\$0.06)	(\$0.28)	(\$0.22)
2015	\$5.43	\$4.96	\$5.38	(\$0.47)	(\$0.05)	\$0.42
2014	\$7.35	\$7.58	\$6.84	\$0.23	(\$0.51)	(\$0.74)
2013	\$7.33	\$7.53	\$7.13	\$0.20	(\$0.20)	(\$0.40)
2012	\$6.36	\$6.35	\$6.47	(\$0.01)	\$0.11	\$0.12
2011	\$8.09	\$8.41	\$7.07	\$0.32	(\$1.02)	(\$1.34)
2010	\$4.13	\$4.24	\$3.98	\$0.11	(\$0.15)	(\$0.26)



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2025 Preharvest Wheat Plan Implementation

Plan start: Oct 1

JUL CME wheat @ \$6.29 ³/₄

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

Examining New Crop Wheat Bids			4/25/2025	7/3/2025	
Forward Cash Contracts & "Price Target" conversions		Actual New Crop Basis	\$6.20 Fut. Target Equivalent Forw. Contr.	5-Yr. Avg. New Crop Basis	Current Basis Vs. 5-Yr Avg.
JUL Hard Wheat Futures	\$5.510				
Colby - Cornerstone Ag	\$4.71	(\$0.80)	\$5.40	(\$0.43)	(\$0.37)
Dodge City - Pride Ag	\$4.91	(\$0.60)	\$5.60	(\$0.43)	(\$0.17)
Concordia East - Ag Mark	\$5.06	(\$0.45)	\$5.75	(\$0.29)	(\$0.16)
Haven - Producer Ag, MKC	\$5.07	(\$0.44)	\$5.76	(\$0.40)	(\$0.04)
Topeka - Gordon, Cargill	\$5.41	(\$0.10)	\$6.10	(\$0.13)	\$0.03
Chanute - Beachner	\$4.95	(\$0.56)	\$5.64	(\$0.37)	(\$0.19)
Six Location Average	\$5.02	(\$0.49)	\$5.71	(\$0.34)	(\$0.15)

It's very important to know your costs of production

Both the average FC bid [\$5.02] and our first "futures" price target cover direct costs, the futures target covers DC w/cash rent but neither cover family living, or the fixed costs of production.

New crop basis bids on average are \$0.19/bu. weaker than the 5-Yr average.

2025 Production Cost Estimates	
Crop	Wheat
Yield @ 20% Over 20-Yr Trnd	54.2
Direct Costs/Bushel	\$4.06
Direct (w/Cash Rent)/Bu.	\$5.57
Direct (w/ Rent & Family)/Bu.	\$6.53
Total Costs (w/ Family)/Bu.	\$7.89



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An early look at 2025 Postharvest Wheat

CME Group Wheat Futures "Carry"			
4/25/25	"carry"	per mo.	
JUL	\$5.5100		
SEP: 2 mo.	\$5.6625	\$0.153	\$0.076
DEC: 3 mo.	\$5.8975	\$0.235	\$0.078
MAR: 3 mo.	\$6.0925	\$0.195	\$0.065
Estimated monthly storage		\$0.09	
\$0.06 commercial storage			
\$0.03 interest cost			

Positive futures carry, but . . .

Expected basis appreciation appears to be potentially significant, and while it is something to continue to monitor, I do not expect this situation will present itself come June and July.

It's very important to know your costs of production

Examining the Potential for Wheat Storage on 4/25/2025					Expected		Expected	
Commercial Storage Costs Begin August 1st					Comm. Storage Costs	Storage Hedge Returns	On Farm Storage Costs	Storage Hedge Returns
		2/21/2026	Expected					
		Deferred Basis	3-Yr. Avg. Basis	Expected Basis Appreciation				
MAR Wheat Futures	\$6.09							
Colby - Cornerstone Ag	\$4.71	(\$1.38)	(\$0.45)	\$0.93	\$0.59	\$0.34	\$0.28	\$0.65
Dodge City - Pride Ag	\$4.91	(\$1.18)	(\$0.34)	\$0.84	\$0.60	\$0.24	\$0.29	\$0.55
Concordia Coop - East	\$5.06	(\$1.03)	(\$0.30)	\$0.73	\$0.61	\$0.12	\$0.30	\$0.43
Haven - Producer Ag, MKC	\$5.07	(\$1.02)	(\$0.35)	\$0.67	\$0.61	\$0.06	\$0.30	\$0.37
Topeka - Cargill	\$5.41	(\$0.68)	(\$0.16)	\$0.52	\$0.62	(\$0.10)	\$0.32	\$0.20
Chanute - Beachner	\$4.95	(\$1.14)	(\$0.39)	\$0.75	\$0.60	\$0.15	\$0.30	\$0.46
Six City Average	\$5.02	(\$1.07)	(\$0.33)	\$0.74	\$0.61	\$0.14	\$0.30	\$0.44

Commercial Storage @ 7% Interest and \$0.06/bu./mo. storage charge; On Farm @ 7% Interest + 1% Shrink & \$0.05 In/Out Charge



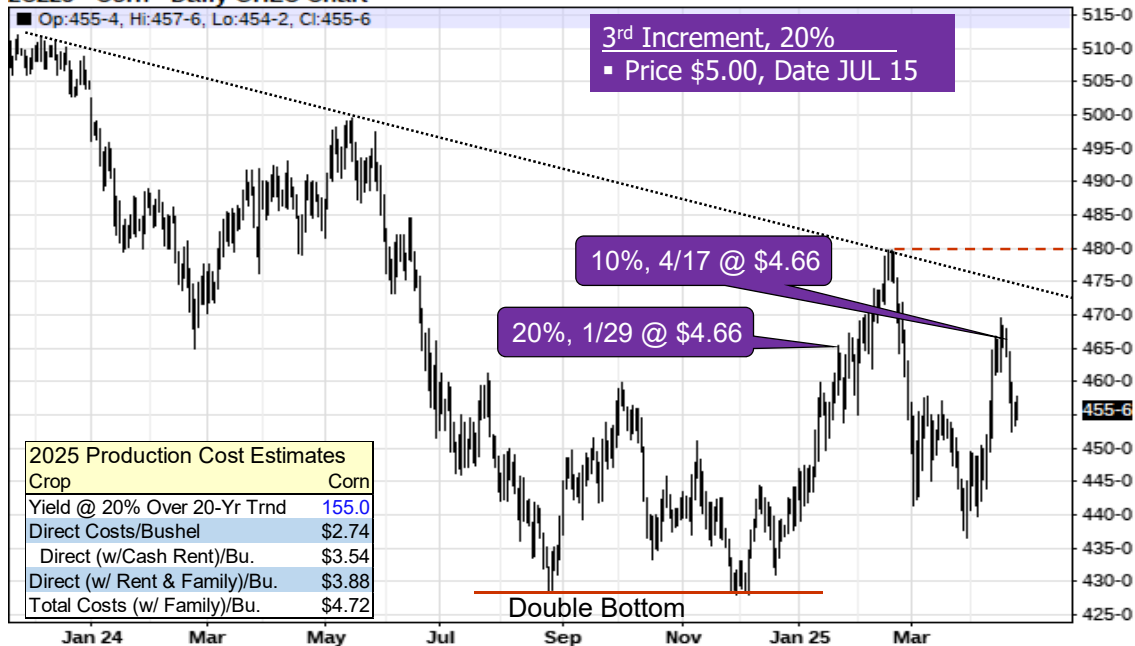
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2025 Preharvest Corn Plan Implementation

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

Currently 30% priced @ \$4.66

ZCZ25 - Corn - Daily OHLC Chart



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2025 Preharvest Corn Plan Implementation

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

Currently 30% priced @ \$4.66

Examining New Crop Corn Bids 4/25/2025					10/15/2025
Forward Cash Contracts & "Price Target" conversions		Actual New Crop Basis	Fut. Target Equivalent Forw. Contr.	5-Yr. Avg. New Crop Basis	Current Basis Vs. 5-Yr Avg.
DEC Corn Futures	\$4.558				
Colby - Cornerstone Ag	\$4.21	(\$0.35)	\$4.65	\$0.21	(\$0.56)
Garden City Coop	\$4.61	\$0.05	\$5.05	(\$0.00)	\$0.06
Concordia East - Ag Mark	\$4.21	(\$0.35)	\$4.65	(\$0.11)	(\$0.23)
Haven - Producer Ag, MKC	\$4.39	(\$0.17)	\$4.83	\$0.08	(\$0.25)
Topeka - Gordon, Cargill	\$4.16	(\$0.40)	\$4.60	(\$0.13)	(\$0.27)
Chanute - Beachner	\$4.20	(\$0.36)	\$4.64	(\$0.06)	(\$0.30)
Six Location Average	\$4.30	(\$0.26)	\$4.74	(\$0.00)	(\$0.26)

It's very
important to
know your
costs of
production

2025 Production Cost Estimates	
Crop	Corn
Yield @ 20% Over 20-Yr Trnd	155.0
Direct Costs/Bushel	\$2.74
Direct (w/Cash Rent)/Bu.	\$3.54
Direct (w/ Rent & Family)/Bu.	\$3.88
Total Costs (w/ Family)/Bu.	\$4.72

Both the average FC bid [\$4.30] and our first "futures" price target cover direct costs, cash rent, & family living. A \$5.00 target would also cover fixed costs.

New crop basis bids are \$0.26/bu. weaker than avg.

WINNING THE GAME

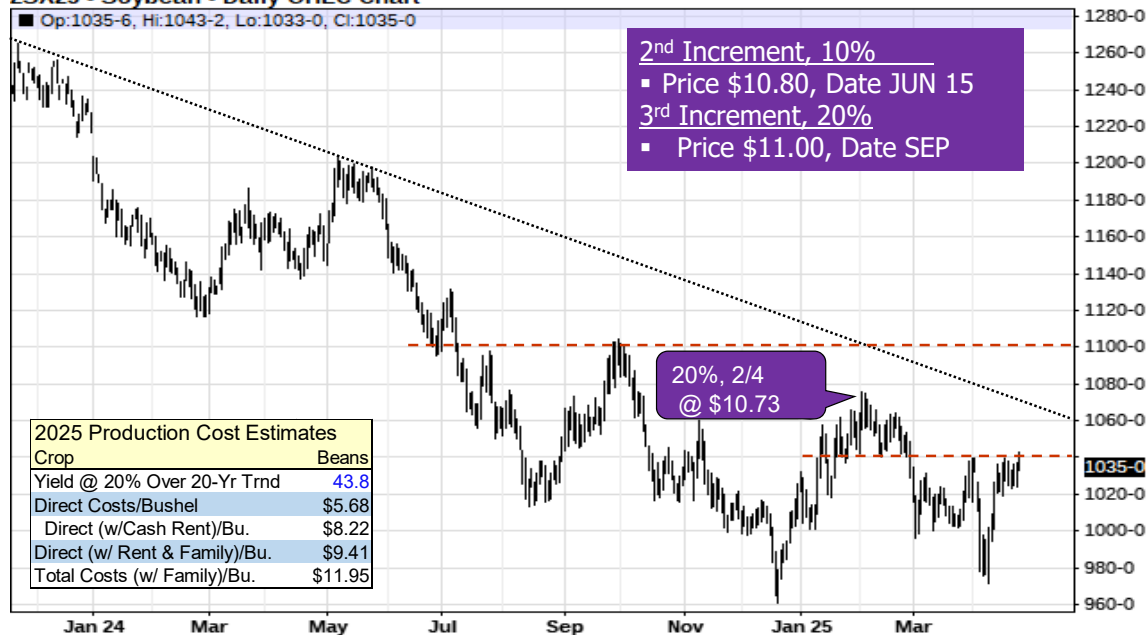
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2025 Preharvest Bean Plan Implementation

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

Currently 20% priced @ \$10.73

ZSX25 - Soybean - Daily OHLC Chart



WINNING THE GAME

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2025 Preharvest Bean Plan Implementation

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

Currently 20% priced @ \$10.73

Examining New Crop Bean Bids 4/25/2025					
Forward Cash Contracts & "Price Target" conversions		Actual	\$10.80	10/25/2025	
		New Crop	Fut. Target	5-Yr. Avg.	Current
		Basis	Equivalent	New Crop	Basis Vs.
NOV Soybean Futures	\$10.350		Forw. Contr.	Basis	5-Yr Avg.
Colby - Cornerstone Ag	\$9.10	(\$1.25)	\$9.55	(\$1.05)	(\$0.20)
Garden City Coop	\$9.35	(\$1.00)	\$9.80	\$0.99	(\$1.99)
Concordia East - Ag Mark	\$9.60	(\$0.75)	\$10.05	(\$0.71)	(\$0.04)
Haven - Producer Ag, MKC	\$9.67	(\$0.68)	\$10.12	(\$0.56)	(\$0.12)
Topeka - Gordon, Cargill	\$9.75	(\$0.60)	\$10.20	(\$0.45)	(\$0.15)
Chanute - Beachner	\$9.75	(\$0.60)	\$10.20	(\$0.47)	(\$0.13)
Six Location Average	\$9.54	(\$0.81)	\$9.99	(\$0.37)	(\$0.44)

It's very important to know your costs of production

2025 Production Cost Estimates	
Crop	Beans
Yield @ 20% Over 20-Yr Trnd	43.8
Direct Costs/Bushel	\$5.68
Direct (w/Cash Rent)/Bu.	\$8.22
Direct (w/ Rent & Family)/Bu.	\$9.41
Total Costs (w/ Family)/Bu.	\$11.95

Both the average FC bid [\$9.54] and our first "futures" price target cover direct costs, cash rent, & family living, but not fixed costs.

New crop basis bids are \$0.45/bu. weaker than avg.



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Central Kansas 2026 Wheat Example



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KANSAS FARM BUREAU
The Voice of Agriculture

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Thank you so much!

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Preharvest Pricing

Using Options

Options are contracts giving the buyer the RIGHT but not the obligation to a position (at a “strike price”) in the futures market.

- **Puts** provide “sell” futures positions @ the STRIKE price
- **Calls** provide “buy” futures position @ the STRIKE price

Option **premiums** are the “price” of the option, and are what options buyers pay to option sellers (less commissions).

Premiums can be expensive

Options are flexible like a futures contract, available ahead of harvest, with standardized size & quality specifications.

- Alone, a PUT option can provide a futures price floor
- Options manage futures price risk but **NOT** basis risk

Must open a trading account.



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Preharvest Pricing

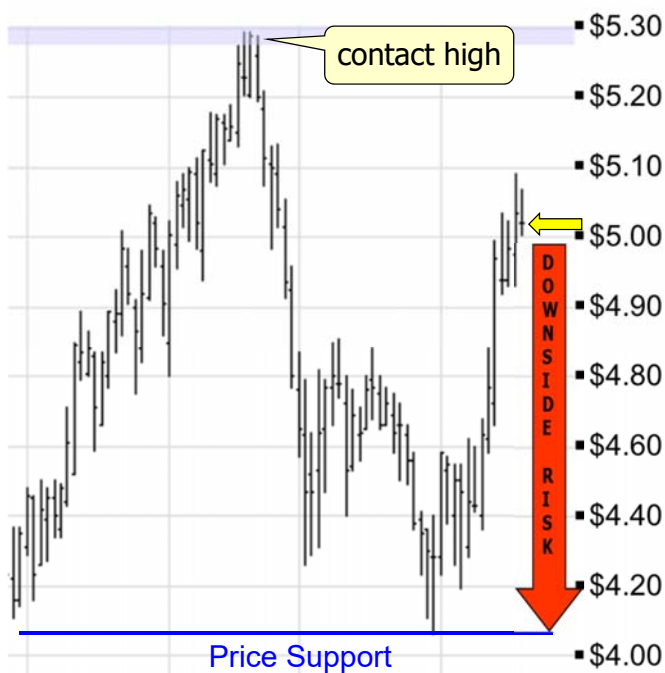
Fixed Price Alternatives

- ❑ Forward Cash Contracts (work with a local buyer)
 - ❑ Short Futures Hedges (work with a broker, sell futures)
 - ❑ Hedge-to-Arrive Contracts (work with a local buyer)
- Each of these essentially “set” a fixed price.
 - So, we need to be satisfied with today’s price. Is it a seasonal high? Does it adequately cover costs? Does it fit in your marketing plan?
 - Note, forward cash and hedge-to-arrive contracts both require delivery.



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Why Use a Fixed Price Alternative?



Current prices

- a) Near a seasonal or contract high price.
- b) Adequately cover costs.
- c) Pricing a percentage as part of your written marketing plan.
- d) Believe there is limited upside but clear downside price risk.

Consider a forward contract, selling futures, or a hedge-to-arrive contract.



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Preharvest Pricing

Set a Price but Retain Upside Price Potential

- ☐ Buy a Put Option (work with a broker)
 - ☐ Minimum Price Contract (work with a local buyer)
 - ☐ Minimum Price Contract - DIY (selling futures OR forward cash contracting, AND buying a call option)
- Each provides a minimum price less than what the “Fixed Price” alternatives offer.
 - Each involve commodity options, allowing you to take advantage of any potential price rallies.
 - Note, if working with a local buy, delivery will likely be required. If not, you’ll have more flexibility with deliver.



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Why Set Price but Retain Upside?



Current prices

- a) Price isn't great but not terrible.
- b) Pricing a percentage as part of your written marketing plan.
- c) Believe there is clear upside price potential, yet downside risk.

Consider buying a put or implementing a minimum price contract



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Option “Collars”

- ❑ This strategy involves buying a put AND selling an OTM call option (partially offsetting the cost of the put)
- Provides a higher floor than the alternatives that retain upside price potential, such as buying a put, or a minimum price contract (by the amount of the call).
- Also establishes a ceiling (at the call strike price). Thus, if prices move above the call strike, you will suffer losses in your brokerage account. But they should largely be offset by increases in crop price.

<https://www.cmegroup.com/education/courses/option-strategies/collars.html>



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Why Use an Option Collar?



Versus Buying a Put

- Buying a \$5.00 Put at a price of \$0.35 has a minimum price of \$4.64 but retains upside potential.
- Selling a \$5.30 Call for \$0.20 increases your minimum price to \$4.83 but caps your upside at \$5.30.



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Central Kansas Corn Example

PREHARVEST	FIXED PRICE ALTs		RETAIN UPSIDE		Option "Collars"	
Marketing Alternatives DEC-25 Corn	Forward Cash Contract (FCC)	Sell Futures (Short Hedge)	Buy a Put Option	Forward Contract & Buy a Call Opt.	Buy the Put & Sell a Call Option	Buy the Put & Sell a Call Option
Futures** Price	\$4.56	\$4.558				
Expected Basis	(\$0.17)	(\$0.10)	(\$0.10)			
Expected Price	\$4.39	\$4.45				
Option Strike			\$4.60	\$4.50	\$4.90	\$5.10
Option Premium			(\$0.35)	(\$0.35)	\$0.20	\$0.15
Minimum Price	\$4.39	\$4.45	\$4.15	\$4.04	\$4.34	\$4.29
Maximum Price	\$4.39	\$4.45	???	???	\$4.64	\$4.79
Estimated Option Costs per Contract			(\$1,725)	(\$1,725)	(\$710)	(\$955)

Low minimum price but with upside potential

Higher minimum but with a cap on price gains



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Central Kansas Soybean Example

PREHARVEST	FIXED PRICE ALTs		RETAIN UPSIDE		Option "Collars"	
Marketing Alternatives NOV-25 Beans	Forward Cash Contract (FCC)	Sell Futures (Short Hedge)	Buy a Put Option	Forward Contract & Buy a Call Opt.	Buy the Put & Sell a Call Option	Buy the Put & Sell a Call Option
Futures** Price	\$10.35	\$10.350				
Expected Basis	(\$0.68)	(\$0.56)	(\$0.56)			
Expected Price	\$9.67	\$9.78				
Option Strike			\$10.40	\$10.20	\$10.80	\$11.00
Option Premium			(\$0.60)	(\$0.64)	\$0.40	\$0.34
Minimum Price	\$9.67	\$9.78	\$9.23	\$9.02	\$9.62	\$9.56
Maximum Price	\$9.67	\$9.78	???	???	\$10.02	\$10.16
Estimated Option Costs per Contract			(\$3,000)	(\$3,215)	(\$995)	(\$1,290)

Low minimum price but with upside potential

Higher minimum but with a cap on price gains



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Monthly, Continuous HRW Wheat Futures

KE - Hard Red Winter Wheat - Monthly OHLC Chart



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Adjusted Production Cost Estimates

2025 Winning the Game Production Cost Estimates			
Crop	Wheat	Corn	Soybeans
Yield @ 20% Over 20-Yr Trnd	54.2	155.0	43.8
Direct Costs/Bushel	\$4.06	\$2.74	\$5.68
Direct (w/Cash Rent)/Bu.	\$5.57	\$3.54	\$8.22
Direct (w/ Rent & Family)/Bu.	\$6.53	\$3.88	\$9.41
Total Costs (w/ Family)/Bu.	\$7.89	\$4.72	\$11.95

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).

* 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.

* Family Living costs are included, along with 1/2 of Non-farm Income.

It's very important to know YOUR costs of production



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