



July 30 Webinar

- ✓ Specifically, from Mark,
 - Review preharvest feedgrain and soybean alternatives and plans
 - Review postharvest wheat alternatives
- ✓ Questions?
 - What's best cash price to sell 2025 wheat?
 - What options ownership would you do to replace fall sales of corn and beans?
- ✓ Grain outlook provided by Dan O'Brien



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Registration Questions

- What's best cash price to sell 2025 wheat? *As high as you can and hopefully covering your cost of production.*

Alternatives

1. Store Unhedged (possibly what many folks consider)
2. Store & Hedge, (store the crop & sell futures or buy a put option)
3. Sell the crop at harvest and move on (What a lot folks do)

Estimated Unhedged Wheat Storage Returns As Of: 7/29/2025						★ Estimated Comm. Unhedged Storage Returns		★ Estimated On Farm Unhedged Storage Returns	
Commercial Storage Costs Begin August 1st	6/27	7/29	Deferred Basis	3-Yr. Avg. Basis	Expected Basis Appreciation	Storage Costs	Storage Returns	Storage Costs	Storage Returns
MAR Wheat Futures	\$5.72	\$5.60							
Colby - Cornerstone Ag	\$4.59	\$4.49	(\$1.11)	(\$0.45)	\$0.66	\$0.00	(\$0.10)	\$0.09	(\$0.19)
Garden City Coop	\$4.59	\$4.44	(\$1.16)	(\$0.34)	\$0.81	\$0.00	(\$0.15)	\$0.09	(\$0.24)
Concordia Coop - East	\$4.79	\$4.59	(\$1.01)	(\$0.30)	\$0.71	\$0.00	(\$0.20)	\$0.10	(\$0.30)
Haven - Producer Ag, MKC	\$4.72	\$4.60	(\$1.00)	(\$0.35)	\$0.65	\$0.00	(\$0.12)	\$0.10	(\$0.22)
Topeka - Cargill	\$5.06	\$4.99	(\$0.61)	(\$0.16)	\$0.45	\$0.00	(\$0.07)	\$0.10	(\$0.17)
Chanute - Beachner	\$4.68	\$4.49	(\$1.11)	(\$0.39)	\$0.72	\$0.00	(\$0.19)	\$0.09	(\$0.29)
Six City Average	\$4.74	\$4.60	(\$1.00)	(\$0.33)	\$0.67	\$0.00	(\$0.14)	\$0.10	(\$0.24)
Commercial Storage @ 7% Interest and \$0.06/bu./mo. storage charge; On Farm @ 7% Interest + 1% Shrink & \$0.05 In/Out Charge									
Estimated Futures Position	\$0.11	to estimate the Net Futures Hedge Position, add this to the Unhedged Storage Returns & 6/27/25 Price							



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Registration Questions

- What's best cash price to sell 2025 wheat? *As high as you can and hopefully covering your cost of production.*

2025 Wheat Postharvest Alternatives, June 27, 2025					2/26/26		
8/1/2025 Storage costs begin to accumulate. Central KS example.	(A)	(B)	(C)	(D)	(\$1.06)	6.8	(E)
	Sell the Grain	Sell Grain, Buy a Call Option	Sell Grain Buy a Call, Sell a Call	Sell Grain Buy a Call, Sell 2 Calls	Current Deferred Basis	Months of Storage	Storage Hedge & Storage Costs
Local Cash Price	\$4.72	\$4.72	\$4.72	\$4.72	March Futures		\$5.78
Buy an Option	March => Call			Call	Expected Basis		(\$0.400)
A-T-M Strike	\$5.80			\$5.80	Interest 7.0%		(\$0.187)
Option Premium	(\$0.40)			(\$0.40)	Mo. Chrg. \$0.000		\$0.000
Sell an Option	March => Call			=> Call	or 1 time: 1% Shrink		(\$0.097)
O-T-M Strike	\$6.60			\$6.60	and \$0.05 In-Out		
Option Premium	\$0.18			\$0.35	Storage to date \$0.00		
Minimum Price	\$4.72	\$4.31	\$4.47	\$4.64	Expected Price		\$5.08
Futures Price to BE w/ (A)	\$6.21	\$6.05	\$5.88	\$5.88	Expected Profit		\$0.36

Cash wheat prices vary across the state, but . . .

(C), the call spread, didn't look too bad to me back on June 30.

Central Kansas Example
Updated comparisons

Postharvest Wheat Alternative Results Beginning June 27, 2025 and as of 7/29

(A) Sell the Grain	\$4.720
(B) Sell & Buy a Call	\$4.627
(C) Sell, Buy a Call, Sell a Call	\$4.665
(E) On Farm Storage Hedge	\$4.613



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Registration Questions

- What options ownership would you do to replace fall sales of corn and beans?

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

Can we cover our
cost of production?

How much of new crop
production have we
already priced?

i.e. the WTG sample plan is
currently 30% priced @ \$4.66;
Expected net cash price of \$4.56



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2025 Preharvest Corn Plan Implementation

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

Currently 30% priced @ \$4.66 ;
Expected net cash price of \$4.56

Examining New Crop Corn Bids 7/29/2025					
Forward Cash Contracts & "Price Target" conversions		Actual New Crop Basis	Fut. Target Equivalent Forw. Contr.	10/15/2025 5-Yr. Avg. New Crop Basis	Current Basis Vs. 5-Yr Avg.
DEC Corn Futures	\$4.110				
Colby - Cornerstone Ag	\$3.76	(\$0.35)	\$4.00	\$0.21	(\$0.56)
Garden City Coop	\$4.16	\$0.05	\$4.40	(\$0.00)	\$0.05
Concordia East - Ag Mark	\$3.71	(\$0.40)	\$3.95	(\$0.11)	(\$0.29)
Haven - Producer Ag, MKC	\$3.75	(\$0.36)	\$3.99	\$0.08	(\$0.44)
Topeka - Gordon, Cargill	\$3.76	(\$0.35)	\$4.00	(\$0.13)	(\$0.22)
Chanute - Beachner	\$3.59	(\$0.52)	\$3.83	(\$0.06)	(\$0.46)
Six Location Average	\$3.79	(\$0.32)	\$4.03	(\$0.00)	(\$0.32)

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

The average FC bid [\$3.79] covers direct costs & cash rent. The "futures" price target of \$4.35 covers direct costs, cash rent, & family living.

New crop basis bids are ~\$0.32/bu. weaker than avg.

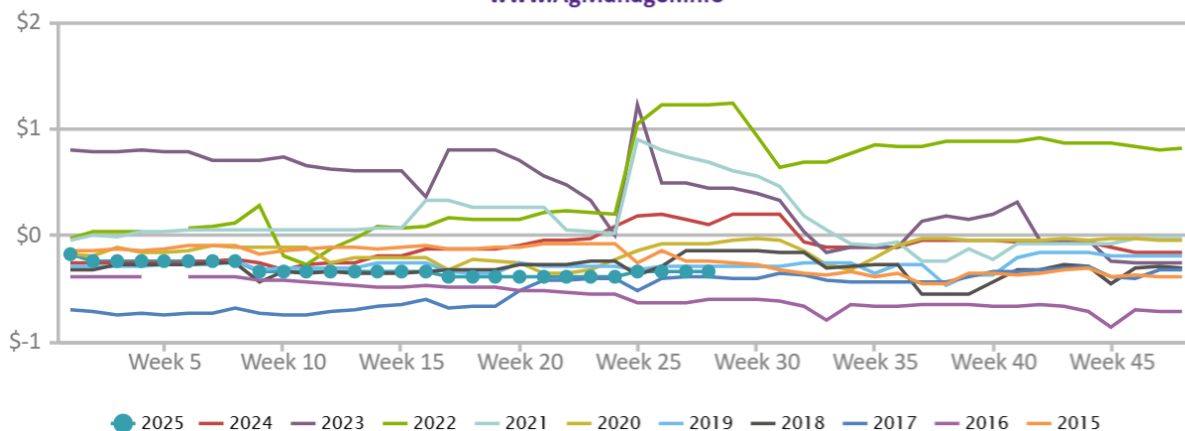


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Is it time to assume a very weak basis at harvest this crop year?

HAVEN , KS: Corn Basis - MID KANSAS COOP

www.AgManager.info



2020 – 2024 Average = \$0.08 basis ~ October 15

2015 – 2019 Average = (\$0.45 ½) basis ~ October 15



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- What options ownership would you do to replace fall sales of corn and beans? **Central Kansas Corn Example**

Examining Preharvest Marketing Alternatives

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	\$4.11	\$4.110				
Expected Basis	(\$0.36)	(\$0.36)	(\$0.36)			
Expected Price	\$3.75	\$3.74				
Option Strike			\$4.35	\$4.10	\$4.50	\$4.60
Option Premium			(\$0.312)	(\$0.162)	\$0.047	\$0.036
Minimum Price	\$3.75	\$3.74	\$3.67	\$3.58	\$3.71	\$3.69
Maximum Price	\$3.75	\$3.74	???	???	\$3.86	\$3.94
Estimated Option Costs per Contract			(\$1,560)	(\$810)	(\$1,325)	(\$1,380)

* Alternatives are graphed on the following slide.

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

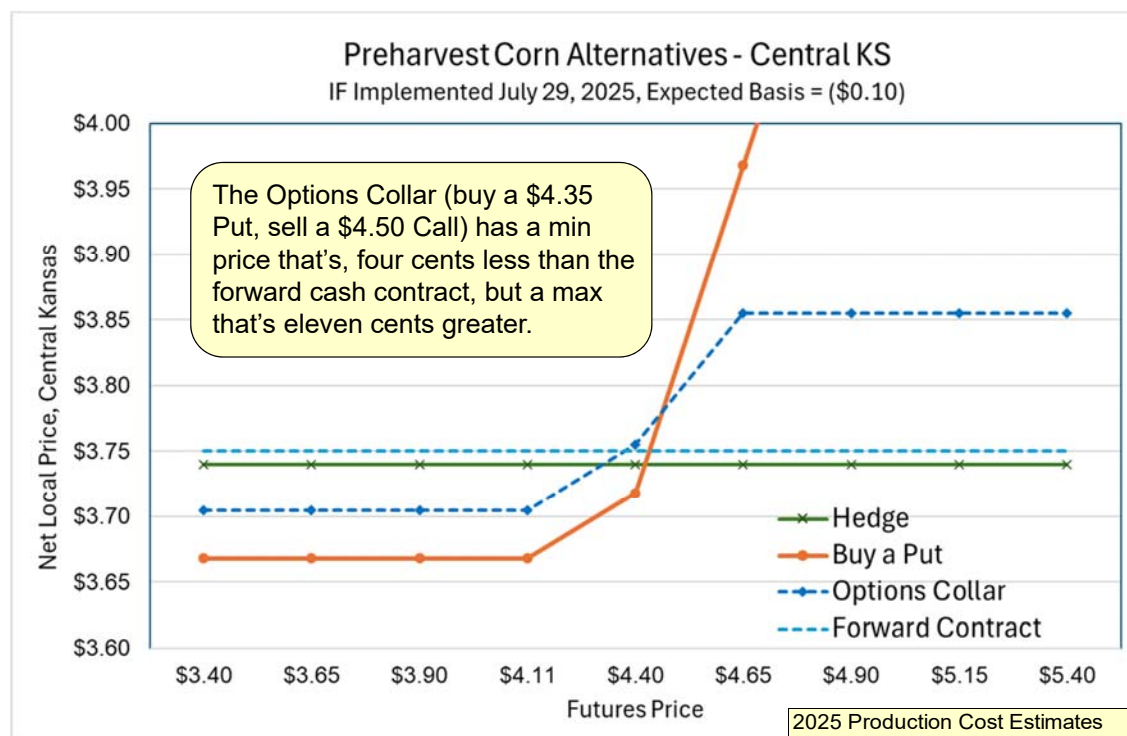
"Buying up the Put (ITM), is more costly but provides a min price, eight cents less than a forward contract but unlimited upside if futures rally.

ALSO selling Calls raises your min price, closer to the forward contract but has some {limited} upside.



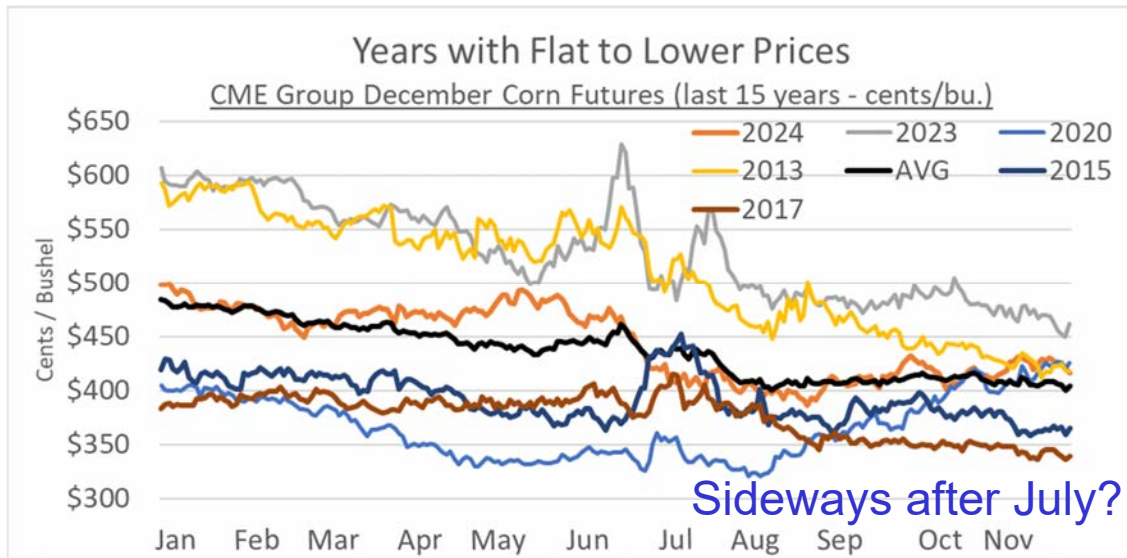
ONLY work with tools you're comfortable with, and a broker/grain buyer you trust.

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Timing

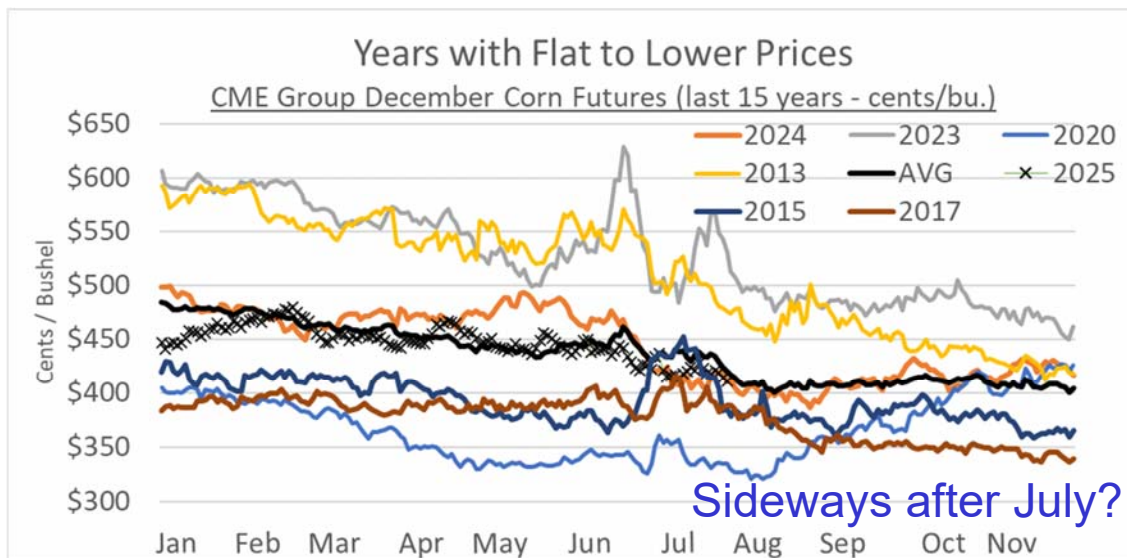


Years when the Preharvest MAX futures price was \$0.35 or less than the Jan 1 price



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Timing



Years when the Preharvest MAX futures price was \$0.35 or less than the Jan 1 price



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IF, we believe the market will trade sideways

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

Currently 30% priced @ \$4.66;
Expected net cash price of \$4.56

ZCZ25 - Corn - 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 30% priced @ \$10.68;
Expected net cash price of \$10.12

Examining New Crop Bean Bids 7/29/2025					
Forward Cash Contracts & "Price Target" conversions			\$10.55	10/25/2025	
		Actual New Crop Basis	Fut. Target Equivalent Forw. Contr.	5-Yr. Avg. New Crop Basis	Current Basis Vs. 5-Yr Avg.
NOV Soybean Futures	\$10.095				
Colby - Cornerstone Ag	\$9.05	(\$1.05)	\$9.51	(\$1.05)	\$0.00
Garden City Coop	\$9.10	(\$1.00)	\$9.56	(\$0.99)	(\$0.01)
Concordia East - Ag Mark	\$9.40	(\$0.70)	\$9.86	(\$0.71)	\$0.02
Haven - Producer Ag. MKC	\$9.41	(\$0.69)	\$9.87	(\$0.56)	(\$0.12)
Topeka - Gordon, Cargill	\$9.50	(\$0.60)	\$9.95	(\$0.45)	(\$0.15)
Chanute - Beachner	\$9.50	(\$0.60)	\$9.95	(\$0.55)	(\$0.05)
Six Location Average	\$9.33	(\$0.77)	\$9.78	(\$0.72)	(\$0.05)

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

The average FC bid [\$9.33] covers direct costs & cash rent. The "futures" price target of \$10.55 covers direct costs, cash rent, & family living.

New crop basis bids are slightly weaker than avg.

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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	\$10.10	\$10.10				
Expected Basis	(\$0.69)	(\$0.56)	(\$0.56)			
Expected Price	\$9.41	\$9.53				
Option Strike			\$10.30	\$10.30	\$10.80	\$11.00
Option Premium			(\$0.40)	(\$0.20)	\$0.08	\$0.06
Minimum Price	\$9.41	\$9.53	\$9.33	\$9.20	\$9.40	\$9.37
Maximum Price	\$9.41	\$9.53	???	???	\$9.90	\$10.07
Estimated Option Costs per Contract			(\$2,010)	(\$1,000)	(\$1,605)	(\$1,730)
** Alternatives are graphed on the following slide.			★	★	★	★

"Buying up the Put (ITM), is more costly but provides a min eight cents less than a forward contract but unlimited upside if futures rally.

ALSO selling Calls raises your min price, closer to the forward contract and has some {limited} upside.



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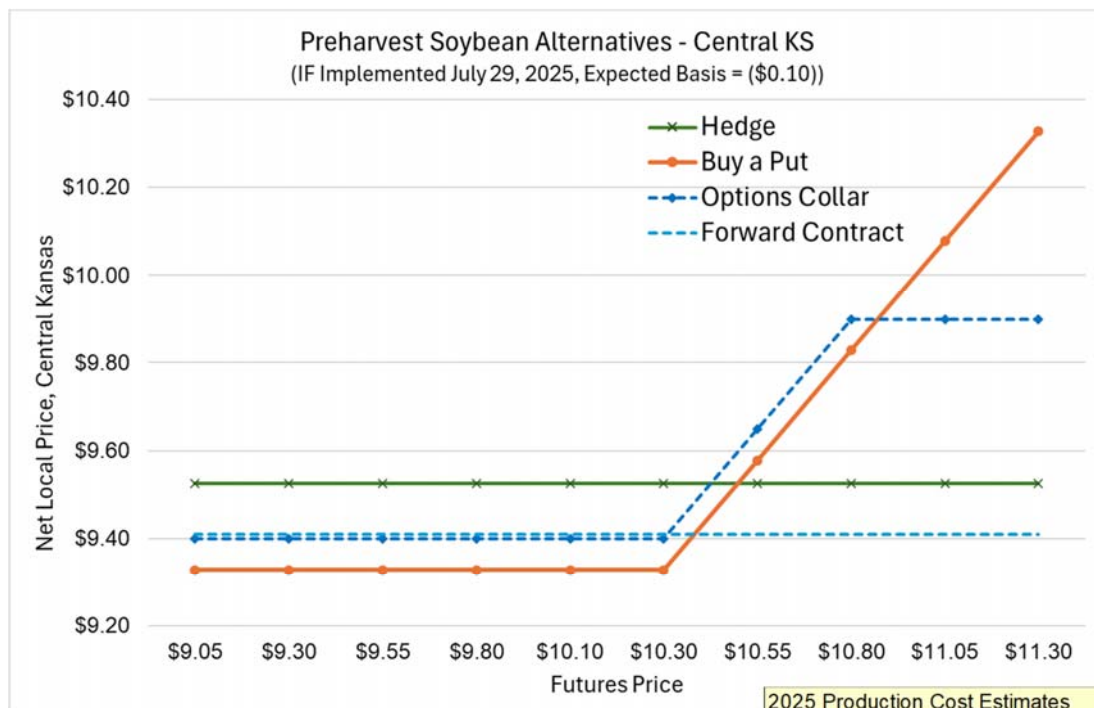
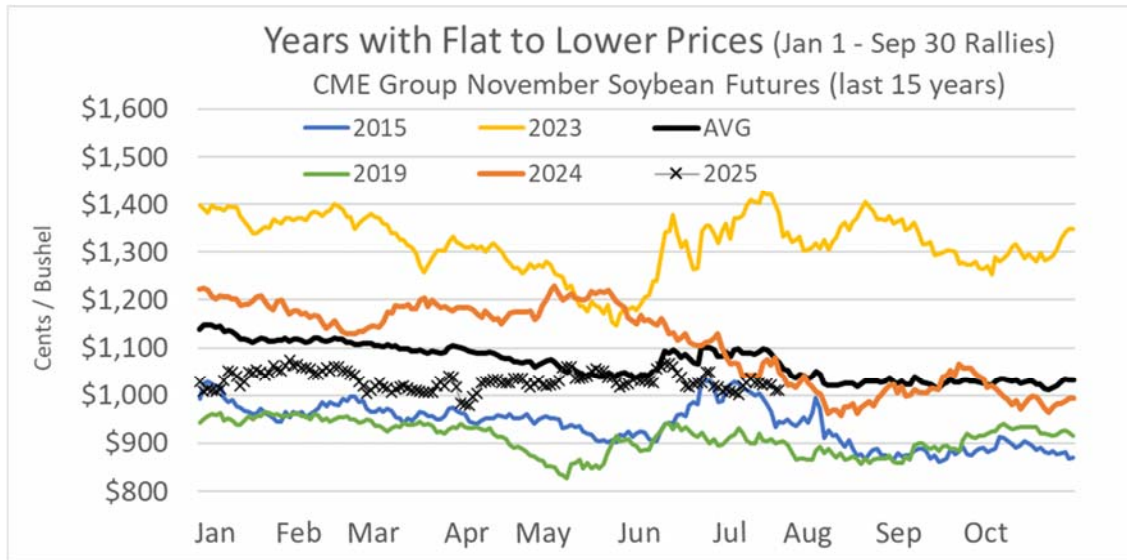


Chart suggested by our good friend Steve Clanton



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Timing



Years when the Preharvest MAX futures price was \$0.50 or less than the Jan 1 price

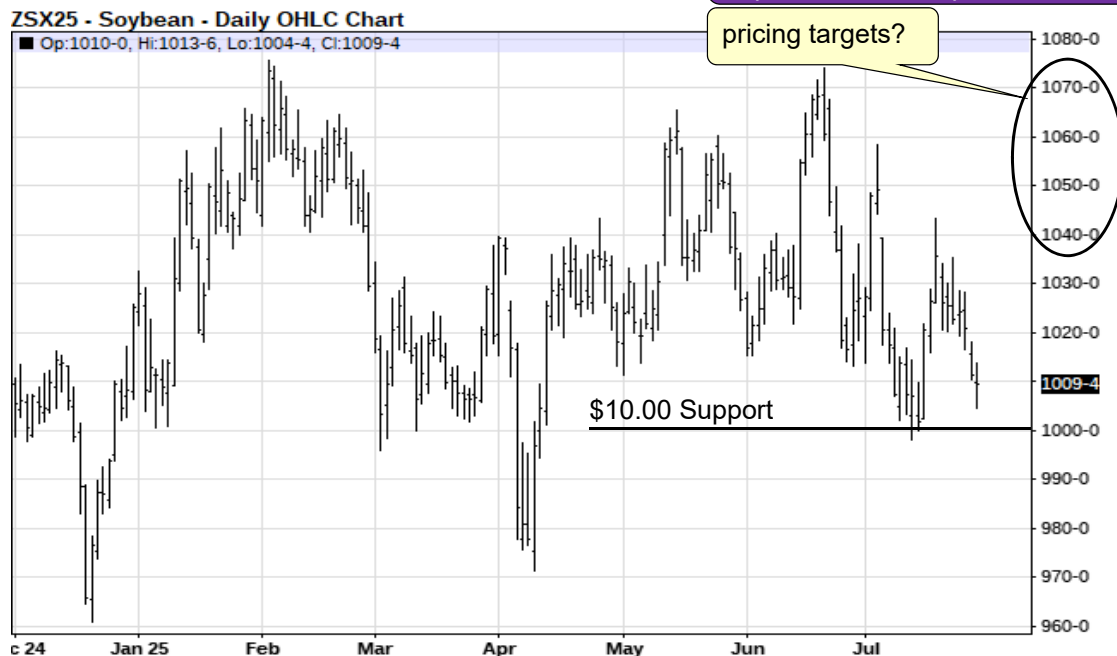


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IF, we believe the market will trade sideways

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

Currently 30% priced @ \$10.68;
Expected net cash price of \$10.12



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2026 Preharvest Wheat Planning

Plan start: Oct 1

2026 JUL CME wheat @ ??? \$5.84 ¼
down \$0.45/bushel vs. 2025's \$6.29 ¾

With an informal wheat marketing plan start date of October 1. What will July 2026 Hard Wheat Futures be trading at? Also note that this will have implications for crop insurance, providing lower revenue guarantees for 2026 wheat.

Very Preliminary 2026 KS Production Cost Estimates			
Crop	Wheat	Corn	Soybeans
Yield @ 20% Over 20-Yr Trnd	54.2	155.0	43.8
Direct Costs/Bushel	\$4.18	\$2.82	\$5.85
Direct (w/Cash Rent)/Bu.	\$5.74	\$3.65	\$8.47
Direct (w/ Rent & Family)/Bu.	\$6.72	\$3.99	\$9.69
Total Costs (w/ Family)/Bu.	\$8.12	\$4.86	\$12.30

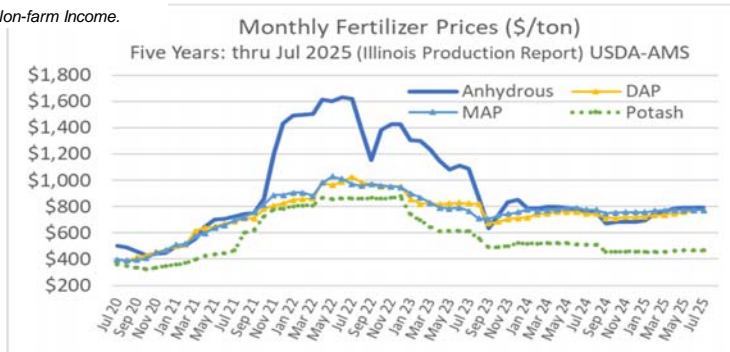
2025 estimates with 3% inflation. Includes irrigated and non-irrigated, multiple rotations, weighted by acres planted, region, and based on KSU Ag Economics Farm Management Guides (www.AglManager.info).

* 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.

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

Tentatively adding 3% to year ago costs of production as nitrogen is roughly 10% greater while potash and diesel are down roughly 7% versus July, 2024.

It's very important to know your costs of production



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Thank you so much!

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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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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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Preharvest Pricing

Option “Collars”

- ❑ This strategy involves buying a put AND selling an OTM call option (partially offsetting the cost of the put)
- Does not lock you into delivery.
- 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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How Low Can Corn Futures Go?

ZC - Corn - Monthly OHLC Chart



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How Low Can HRW Wheat Futures Go?

KE - Hard Red Winter Wheat - Monthly OHLC Chart



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How Low Can Soybean Futures Go?

ZS - Soybean - Monthly OHLC Chart



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