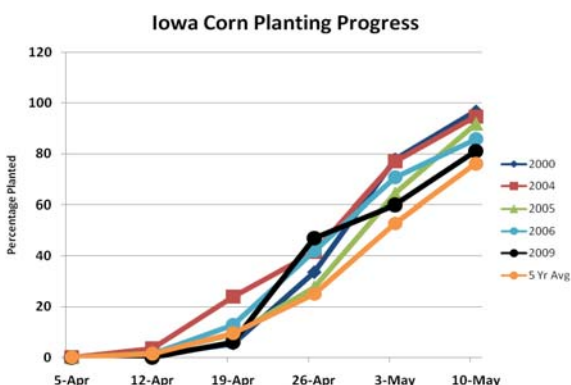


## Selling the Planting Score

Iowa farmers have made great strides in getting the 2009 corn crop planted, despite less than ideal conditions statewide in early April. As of Sunday, May 10th, 81% of the Iowa corn crop had been planted. This compares to the 5-year average of 76%.



Source: USDA National Ag Statistics Service (NASS), Iowa Field Office.

The graph above compares 2009 (the darkest line), which lies just above the 5-year average. Note how both figures compare to 4 other years: 2000, 2004, 2005 and 2006. These 4 years reflect the most rapid corn planting progress in recent history.

### Correlating Planting Date to Final Yields

While the corn planting progress is important, does it mean the earlier the corn is planted the larger the final yield? A review of National Ag Statistics Service (NASS) data for Iowa for these same 4 years is included in the table below:

Year	Final Iowa Corn Yield
2000	144 bu/A
2004	181 bu/A
2005	173 bu/A
2006	166 bu/A

While yields tended to be above trendline in each of these 4 years, only the 2004 final corn yield tended to be above average. This was the Iowa record corn yield and ideal growing conditions during the summer and fall is often credited, not early planting.

### Corn Planting Date Recommendations

According to ISU Extension Agronomist Roger Elmore, corn should be planted when soil temperatures are above 50 degrees and seedbed conditions warrant. He recommends the ideal time to plant corn in Iowa is between April 15th and May 10th.

Elmore noted these lessons learned in 2008, a year when corn planting was delayed across most of Iowa:

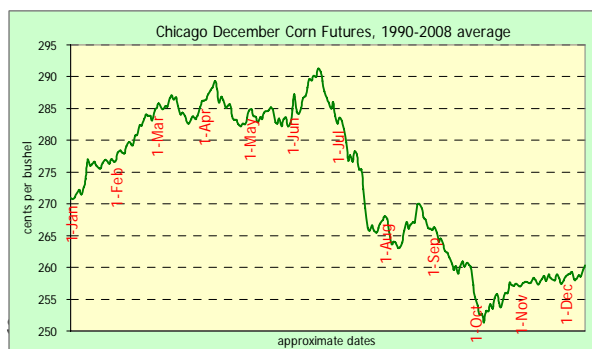
- Predicting planting date responses for any specific year or location is difficult.
- Seedbed conditions at planting are critical for stand establishment and early-season growth.
- Weather conditions following planting result in largely unpredictable yield responses.

### Delayed Corn Planting

While Iowa has 81% of its corn crop planted as of May 10th, much of the Eastern Corn Belt is far behind their 5-year average pace. Nationally, the corn crop was 48% planted as of May 10th, well behind the 71% average. The worst delays are in Illinois, 74% behind the average and Indiana, lagging by 59%. The uncertainty of the national final yield and number of planted corn acres has allowed a "price risk premium" to be built into the new crop December corn futures price.

## Spring Pricing Opportunities

A review of Seasonal Price Trends reflects the fact that the spring typically is the best time to sell new crop corn.



This weekly line graph features weekly corn futures price closes for the December corn futures contract every year from 1990 through 2008. The best time to price new crop corn tends to be during the spring months (March, April, May and June). Futures prices on May 1st were compared to futures prices on October 1st each of these 19 years. The odds are 79% that the May price will be higher than the October price for the December corn futures contract.

## Selling Your Insurance Bushels

Most producers use crop revenue insurance products (CRC or RA-HP). These are typically farm-level products that guarantee the actual production history (APH) yields on a farm times the spring base price. In 2009, that price guarantee for corn is \$4.04/bu. It reflects the average December corn future daily settlement prices for the month of February.

New crop corn pricing opportunities should be considered, especially when December

corn futures are above this \$4.04 level. Producers should have a level of comfort to pre-harvest sell bushels. However, caution should be used in committing too many bushels to delivery. This will likely be through the use of forward cash contracts and/or hedge-to-arrive delivery. Committing bushels beyond the level of coverage times the APH bushels should be cautioned. The use of other futures hedges or options strategies can complement the commitment of bushels to delivery, thus still managing futures price risk.

Should the fall price for December corn futures in the months of October or November be higher than \$4.04/bu, this fall price is used to recalculate the revenue guarantee.

## Conclusion

The new crop December corn futures price has increased nearly 50 cents per bushel since March 1st. As a result, many Iowa and other western corn belt producers who have their 2009 crop planted, may want to do some pre-harvest marketing. This is especially true for a producer that does not have adequate on-farm storage for their 2009 crop and/or fall or winter cash flow needs for their farming operation.

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