

CORN AND SOYBEAN MARKETING PLAN

HARVEST YEAR _____

DATE DEVELOPED _____

DATE REVIEWED _____

DATE REVISED _____

DATE REVIEWED _____

DATE REVISED _____

DATE REVIEWED _____

DATE REVISED _____

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RECOMMENDATIONS FOR USING THIS MARKET PLAN BOOKLET

You may not need to use all of the forms in this booklet because you may have the bottom-line information somewhere else. If so, just supply the important numbers without going through all the entries.

Not all farms have just corn and soybean production. Sometimes the cash costs of oats, hay and pasture have to be borne by another crop or livestock enterprise or offset by some other income source. If you need corn or soybean enterprises to pick up some of these cash costs, make sure to include them in the budgets (possibly under other operating costs). Likewise, some of the overhead costs on the farm need to be prorated among the enterprises.

Hopefully, the forms are largely self-explanatory. Sometimes the blanks are not very long so you may have to abbreviate.

There are extra blanks for entries that need to be changed as the year progresses. For some entries, it might be best to record using a pencil since they may need to be changed later and perhaps changed a few times.

Your corn and soybean information in this booklet is for one crop of each. They are defined by the harvest year. Because the marketing period is much longer than a year, you need to include all marketing transactions associated with these crops in this booklet. For example, your 1996 corn crop may have some production priced in 1995 and/or 1997.

A marketing plan is designed to reduce the emotions of selling (greed and fear) and help you recognize profitable marketing opportunities. Hopefully you will rely less on trying to hit the seasonal high price and be more content with being in the upper 1/3 of the seasonal price range. Also, it is expected that you will monitor the markets more frequently, be more aware of world supplies and demands, and consider what market forecasters are projecting for future prices and productions in setting your price goals.

Don't forget to evaluate your market plan once all of your sales are completed. Mistakes made this time should be considered in your next marketing plan.

Finally, notice the order of the pages. The last two pages are used to record your market transactions. They are put there so that they are easy to find. Likewise, price goals and price projections are near the end of the booklet since they normally need to be updated periodically.

CORN PRODUCTION COSTS

Production costs can be either cash flow costs or economic costs. Cash flow costs represent out-of-the-pocket expenses plus debt retirement and family living needs. The cash flow break-even is the income per bushel needed to cover all cash expenditures.

Economic costs include all cash costs plus depreciation, a return on your investment in land and machinery, and a return to your own labor. The economic cost break-even represents the income needed to cover the value of all resources used in crop production.

For this worksheet, enter the total costs in the appropriate columns. Fuel and lubricant, machinery repairs, and machinery ownership costs are prorated using the following adjustments:

| | Corn | Soybeans | Hay | Corn silage | Small grain | Set aside | |
|------------------------------------|-------|----------|-------|-------------|-------------|-----------|-------|
| Total acres | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Crop factor | 1.0 | 1.0 | 0.9 | 1.2 | 0.6 | 0.2 | _____ |
| Adjusted acres (acres x factor) | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Total acres of all crops | | | | | | | _____ |
| Total adjusted acres for all crops | | | | | | | _____ |

Crop: _____ Acres _____ Yield _____ Production _____

| A. OPERATING COSTS (FOR THIS CROP)* | ECONOMIC | CASH FLOW |
|--|----------|-----------|
| 1. Seed | _____ | _____ |
| 2. Fertilizer | _____ | _____ |
| 3. Lime | _____ | _____ |
| 4. Herbicide | _____ | _____ |
| 5. Insecticide | _____ | _____ |
| 6. Custom hire | _____ | _____ |
| 7. Crop Insurance | _____ | _____ |
| 8. Fuel, lubrication: (\$_____ total for crops)/_____ adjusted acres x _____ adjusted acres in this crop | _____ | _____ |
| 9. Machinery repairs: (\$_____ total for crops)/_____ adjusted acres x _____ adjusted acres in this crop | _____ | _____ |
| 10. Crop drying | _____ | _____ |
| 11. Miscellaneous | _____ | _____ |
| 12. Subtotal (will be the same for both columns) | _____ | _____ |

(continued on other side)

ECONOMIC CASH FLOW

- 13. Return to operating capital _____
 (Subtotal _____ x _____ % return x _____ months
 from planting to harvest)/12
- 14. Interest payment on operating loan for this crop _____
 (Subtotal _____ x _____ % interest x 0.75 x
 _____ months from planting to harvest)/12
- 15. Total operating costs _____

B. MACHINERY OWNERSHIP (TOTAL FOR ALL CROP MACHINERY)*

- 1. Depreciation _____
- 2. Return on investment: \$ _____ invested x _____ % return _____
- 3. Machinery insurance premiums _____
- 4. Debt payments: a. Principal payments _____
 b. Interest payments _____
- 5. Subtotal _____
- 6. Total: Subtotal/ _____ adjusted acres x _____
 adjusted acres in this crop _____

C. LABOR (FOR THIS CROP)*

- 1. Hired labor _____
- 2. Unpaid labor: _____ mo. x \$ _____/mo. x
 _____% devoted to this crop _____
- 3. Family living: \$ _____ x _____ % devoted to this crop _____
- 4. Total _____

D. LAND AND CROP IMPROVEMENTS (TOTAL FOR ALL CROPLAND)

- 1. Return on investment (if owned): \$ _____ x _____% return _____
- 2. Real estate taxes and insurance (if owned) _____
- 3. Debt payments (if owned): a. Principal payments _____
 b. Interest payments _____
- 4. Cash rent (if cash rented) _____
- 5. Depreciation on improvements _____
- 6. Subtotal _____
- 7. Total _____
 (Subtotal x _____ acres in this crop)/_____ total crop acres)

E. TOTAL COSTS (FOR THIS CROP)

- 1. Operating+hired labor costs per unit (A15+C1)/(_____prod.) _____
- 2. Operating+hired labor+machinery ownership costs (E1+B6)/prod. _____
- 3. Operating, hired labor, mach. ownership & land (E2+D7)/prod. _____
- 4. Total costs per unit (A15+B6+C4+D7)/production _____
- 5. Adjustment for deficiency payment (corn only):
 (Total deficiency \$ _____/bushels of corn produced) _____
- 6. Adjustment for set aside acres (corn only):
 (Total cost/bushels of corn produced) _____
- 7. Total adjusted cost per bushel or ton (E4-E5+E6) _____

*Adjust for any custom work you do.

Adapted from FM 1777 by Dennis Thomas, Farm Mgt Field Specialist (712-563-4239), on 10/10/95.

SOYBEAN PRODUCTION COSTS

Production costs can be either cash flow costs or economic costs. Cash flow costs represent out-of-the-pocket expenses plus debt retirement and family living needs. The cash flow break-even is the income per bushel needed to cover all cash expenditures.

Economic costs include all cash costs plus depreciation, a return on your investment in land and machinery, and a return to your own labor. The economic cost break-even represents the income needed to cover the value of all resources used in crop production.

For this worksheet, enter the total costs in the appropriate columns. Fuel and lubricant, machinery repairs, and machinery ownership costs are prorated using the following adjustments:

| | Corn | Soybeans | Hay | Corn silage | Small grain | Set aside | _____ |
|------------------------------------|-------|----------|-------|-------------|-------------|------------------------------------|-------|
| Total acres | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Crop factor | 1.0 | 1.0 | 0.9 | 1.2 | 0.6 | 0.2 | _____ |
| Adjusted acres (acres x factor) | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| | | | | | | Total acres of all crops | _____ |
| | | | | | | Total adjusted acres for all crops | _____ |

Crop: _____ Acres _____ Yield _____ Production _____

A. OPERATING COSTS (FOR THIS CROP)*

ECONOMIC CASH FLOW

| | | |
|---|-------|-------|
| 1. Seed | _____ | _____ |
| | _____ | _____ |
| 2. Fertilizer | _____ | _____ |
| | _____ | _____ |
| | _____ | _____ |
| 3. Lime | _____ | _____ |
| 4. Herbicide | _____ | _____ |
| | _____ | _____ |
| 5. Insecticide | _____ | _____ |
| | _____ | _____ |
| 6. Custom hire | _____ | _____ |
| | _____ | _____ |
| 7. Crop Insurance | _____ | _____ |
| | _____ | _____ |
| 8. Fuel, lubrication: (\$_____ total for crops)/_____ | | |
| adjusted acres x _____ adjusted acres in this crop | | |
| 9. Machinery repairs: (\$_____ total for crops)/_____ | | |
| adjusted acres x _____ adjusted acres in this crop | | |
| 10. Crop drying | _____ | _____ |
| 11. Miscellaneous | _____ | _____ |
| 12. Subtotal (will be the same for both columns) | _____ | _____ |

(continued on other side)

ECONOMIC CASH FLOW

- 13. Return to operating capital _____
 (Subtotal _____ x _____ % return x _____ months
 from planting to harvest)/12
- 14. Interest payment on operating loan for this crop _____
 (Subtotal _____ x _____ % interest x 0.75 x
 _____ months from planting to harvest)/12
- 15. Total operating costs _____

B. MACHINERY OWNERSHIP (TOTAL FOR ALL CROP MACHINERY)*

- 1. Depreciation _____
- 2. Return on investment: \$ _____ invested x _____ % return _____
- 3. Machinery insurance premiums _____
- 4. Debt payments: a. Principal payments _____
 b. Interest payments _____
- 5. Subtotal _____
- 6. Total: Subtotal/ _____ adjusted acres x _____
 adjusted acres in this crop _____

C. LABOR (FOR THIS CROP)*

- 1. Hired labor _____
- 2. Unpaid labor: _____ mo. x \$ _____/mo. x
 _____% devoted to this crop _____
- 3. Family living: \$ _____ x _____ % devoted to this crop _____
- 4. Total _____

D. LAND AND CROP IMPROVEMENTS (TOTAL FOR ALL CROPLAND)

- 1. Return on investment (if owned): \$ _____ x _____% return _____
- 2. Real estate taxes and insurance (if owned) _____
- 3. Debt payments (if owned): a. Principal payments _____
 b. Interest payments _____
- 4. Cash rent (if cash rented) _____
- 5. Depreciation on improvements _____
- 6. Subtotal _____
- 7. Total _____
 (Subtotal x _____ acres in this crop)/_____ total crop acres)

E. TOTAL COSTS (FOR THIS CROP)

- 1. Operating+hired labor costs per unit (A15+C1)/(_____prod.) _____
- 2. Operating+hired labor+machinery ownership costs (E1+B6)/prod. _____
- 3. Operating, hired labor, mach. ownership & land (E2+D7)/prod. _____
- 4. Total costs per unit (A15+B6+C4+D7)/production _____
- 5. Adjustment for deficiency payment (corn only):
 (Total deficiency \$ _____/bushels of corn produced) _____
- 6. Adjustment for set aside acres (corn only):
 (Total cost/bushels of corn produced) _____
- 7. Total adjusted cost per bushel or ton (E4-E5+E6) _____

*Adjust for any custom work you do.

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HOW MANY BUSHELLS FOR SALE?

CORN ESTIMATES

A. Needed for livestock

| <u>Enterprise</u> | <u>Units</u> | <u>Corn/unit</u> | <u>Bushels needed</u> |
|--|--------------|------------------|-----------------------|
| Beef cows--calves sold | _____ | 4 | _____ |
| Beef cows--calves backgrounded on silage | _____ | 19-22 | _____ |
| Beef cows--calves backgrounded on hay | _____ | 32-35 | _____ |
| Beef cows--calves finished on silage | _____ | 49-59 | _____ |
| Beef cows--calves finished on hay | _____ | 69-74 | _____ |
| Finish purchased calves on corn silage | _____ | 45-55 | _____ |
| Finish purchased calves on hay | _____ | 65-70 | _____ |
| Finish purchased yearlings on silage | _____ | 35-45 | _____ |
| Finish purchased yearlings on hay | _____ | 50-57 | _____ |
| Hogs--produce feeder pigs | _____ | 32 | _____ |
| Hogs--farrow to finish | _____ | 108 | _____ |
| Finish purchased feeder pigs | _____ | 10.4 | _____ |
| Dairy--15,000-18,000 lbs. of milk | _____ | 112-134 | _____ |
| Sheep flock--finish lambs | _____ | 10 | _____ |
| Finish feeder lambs | _____ | 3.6 | _____ |
| Other: _____ | _____ | | _____ |
| Other: _____ | _____ | | _____ |
| Total | | | _____ |
| A1. Total needed by next harvest | | | _____ |

B. Available for sale after harvest

Production

| | <u>Potential Yield/Acre</u> | |
|-------------|-----------------------------|------------------|
| Acres _____ | Normal _____ | Production _____ |
| Acres _____ | High _____ | Production _____ |
| Acres _____ | Low _____ | Production _____ |

- C1. Production level chosen _____
- C2. Amount needed for livestock (A1) _____
- C3. Amount for contingency _____
- C5. Left for sale (C1-C2-C3) _____
- Revised estimate for sale Date: _____
- Revised estimate for sale Date: _____
- Revised estimate for sale Date: _____
- Revised estimate for sale Date: _____

SOYBEAN ESTIMATES

Available for sale after harvest

Production

| | <u>Potential Yield/Acre</u> | |
|-------------|-----------------------------|------------------|
| Acres _____ | Normal _____ | Production _____ |
| Acres _____ | High _____ | Production _____ |
| Acres _____ | Low _____ | Production _____ |

- D1. Production level chosen _____
- Revised estimate for sale Date: _____
- Revised estimate for sale Date: _____
- Revised estimate for sale Date: _____
- Revised estimate for sale Date: _____

WILL I HAVE ADEQUATE ON-FARM STORAGE?

| Facility | Capacity (bushels) | Planned use (indicate bushels) | |
|--|-----------------------|--------------------------------|-----------------|
| | | Corn storage | Soybean storage |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| A. Totals (bu.) | _____ | _____ | _____ |
| B. New-crop (bu.) | _____ | _____ | _____ |
| C. Amount to be sold at harvest or stored off-farm (B-A) | _____ | _____ | _____ |

WHAT ARE THE MARKETING TOOLS AVAILABLE TO ME?

Consider your knowledge, time and expenses to monitor prices and crop situations (e.g., market newsletters, listening to the radio, DTN, Farmdatya, attending seminars, etc.), condition of on-farm storage facilities, source of cash for commodity trades, and discipline to price when price goals are met. Check all that apply.

- Seal new-crop corn under CCC loans at \$_____/bu.
- Grain reserve at \$_____/bu plus \$_____/bu. storage payment
- Forward contracts at elevators
- Minimum price contracts at elevators
- Hedge-to-arrive contracts at elevators
- Basis contracts at elevators
- Price-later contracts at elevators
- Hedging in the futures market
- Purchase call options after cash sale, hedge or forward contract
- Buy a put option
- Option fence (buy a put, sell a call)
- Scale-up marketing on uptrending prices
- Standing sales offer price to elevator
- Standing offer to commodity broker
- Other: _____
- Other: _____
- Other: _____
- Other: _____

ARE THERE ANY MARKETING STRATEGIES I PLAN TO FOLLOW?

MAXIMUM BUSHEL STRATEGIES (E.G., WILL NOT FORWARD CONTRACT ABOVE 50% OF EXPECTED SALES UNTIL MY PRODUCTION KNOWN WITH CERTAINTY, ETC.)

MARKETING TOOL STRATEGIES (E.G., BUYING CORN PUTS IN MAY, FORWARD CONTRACTING SOYBEANS AT PLANTING TIME AND LATER BUYING CALL OPTIONS, ETC.)

PRICE LEVEL STRATEGIES (E.G., DEPENDING ON OUTLOOK AND CASH PRODUCTION COSTS, START FORWARD PRICING WHEN PRICES 20 CENTS ABOVE EXPECTED CASH COSTS AND SCALING UP WITH INCREASING PRICES, ETC.)

TIMING STRATEGIES (E.G., DEPENDING ON OUTLOOK AND CASH PRODUCTION COSTS, 0% OF PROJECTED SALES BEFORE PLANTING, 50% OF SALES PRICED BY JULY 1, 50% PRICED AFTER HARVEST, ETC.)

TAX PLANNING CONSIDERATIONS

Do I need to shift crop income into the next tax year to reduce my tax obligations this year?

If so, specify the tool to be used:

- Unpriced crop storage
- Priced crop storage(forward contract, hedge, put option)
- Delayed payment contract
- Other: _____
- Other: _____

What other actions could be taken to reduce tax obligations this tax year?

- Purchase feed and/or supplies for the next tax year
- Do some fertilization and/or liming this fall
- Increase contributions to a retirement plan
- Purchase needed farm machinery and equipment
- Do some qualifying soil conservation work
- Do some needed maintenance on buildings and/or machinery
- Other: _____
- Other: _____

CORN CROP SELLING NEEDED TO MEET CASH FLOW NEEDS

Look at your cash flow projections for this year. Record the information on cash flow needs in the first four columns of the appropriate month. Record actual sales information in the last four columns. If actual incomes are much below projections, you may need to revise your marketing plan. This could also occur if the new crop costs or yields are considerably off early estimates or unforeseen expenses occur that must be covered by corn sales.

| | <u>Projected cash flow needs</u> | | | | Bushels sold | <u>Actual sales</u> | | | |
|------|----------------------------------|-------|--------|---------------------|--------------|---------------------|--------|---------------------|--|
| | Bushels sold | Price | Income | Cumulative Bu. sold | | Price | Income | Cumulative Bu. sold | |
| Sep. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Oct. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Nov. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Dec. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Jan. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Feb. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Mar. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Apr. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| May. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Jun. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Jul. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Aug. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Sep. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Oct. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Nov. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Dec. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Jan. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Feb. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Mar. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Apr. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| May. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Jun. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Jul. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Aug. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Sep. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Oct. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Nov. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |
| Dec. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | |

SOYBEAN CROP SELLING NEEDED TO MEET CASH FLOW NEEDS

Look at your cash flow projections for this year. Record the information on cash flow needs in the first four columns of the appropriate month. Record actual sales information in the last four columns. If actual incomes are much below projections, you may need to revise your marketing plan. This could also occur if the new crop costs or yields are considerably off early estimates or unforeseen expenses occur that must be covered by soybean sales.

| | Projected cash flow needs | | | | Bushels sold | Actual sales | | |
|------|---------------------------|-------|--------|---------------------|--------------|--------------|--------|---------------------|
| | Bushels sold | Price | Income | Cumulative Bu. sold | | Price | Income | Cumulative Bu. sold |
| Sep. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Oct. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Nov. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Dec. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Jan. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Feb. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Mar. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Apr. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| May. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Jun. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Jul. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Aug. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Sep. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Oct. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Nov. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Dec. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Jan. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Feb. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Mar. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Apr. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| May. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Jun. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Jul. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Aug. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Sep. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Oct. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Nov. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Dec. | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

WHAT ARE MY CROP STORAGE COSTS?

| | Corn | Soybeans |
|--|----------|----------|
| 1. Price objective for delivery out of the field (Corn price = No. 2 price - drying costs - shrink costs) _____ - _____ - _____ | \$ _____ | \$ _____ |
| 2. Added costs if grain stored: | | |
| a. Initial storage charge for commercial storage (not common) | \$ _____ | \$ _____ |
| b. Extra handling for on-farm storage (1.5 cents fixed, 0.5 variable) | \$ _____ | \$ _____ |
| c. Extra shrink and drying costs needed for safe corn storage: | | |
| (1) Moisture level dried to _____% | | xxx |
| (2) Extra shrinkage: _____points of moisture below 15% x _____shrink factor (.0125 for on-farm, .0130-.0135 for elevator) x \$ _____ harvest No. 2 price (see line 1) | \$ _____ | xxx |
| (3) Extra drying: _____points of moisture below 15% x \$ _____cost per point (roughly 1 cent per point variable on-farm) | \$ _____ | xxx |
| d. Total added costs | \$ _____ | \$ _____ |
| 3. Initial price objective for grain put into storage (1 + 2d) | \$ _____ | \$ _____ |
| 4. Interest charge per month: (\$ _____ harvest price x _____ interest rate)/100/12* | \$ _____ | \$ _____ |
| 5. Storage charge per month (unless covered in 2a): \$ _____ per day x 30 days | \$ _____ | \$ _____ |

6. Fill out the following table. For most farmers in Iowa, the first month will be November. Make sure the name corresponds to both corn and soybeans. Then fill out the interest column based on item 4 above. For the first month, it would be that figure. For the second month, it would be twice that figure, etc. Use the same procedure for the storage columns using the number in item 5 unless charges change. The price objective for each month after harvest is the sum of the previous month's price objective plus the additional interest and storage costs.

| Month (name) | Corn | | | Soybeans | | |
|-----------------|----------|---------|--------------------|----------|---------|--------------------|
| | Interest | Storage | Price Objective | Interest | Storage | Price Objective |
| Harvest | | | \$ _____ (3) | | | \$ _____ (3) |
| 1 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 2 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 3 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 4 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 5 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 6 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 7 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 8 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 9 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 10 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 11 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |
| 12 _____ | _____ | _____ | \$ _____ | _____ | _____ | \$ _____ |

*Interest rates often use operating note rates, returns on alternative investments (e.g., CD's) or a combination.
NOTE: LONG-TERM STORAGE MAY INVOLVE SOME QUALITY DETERIORATION & SHRINK LOSSES (1% OF THE HARVEST PRICE).

EVALUATION OF MY MARKETING PLAN

What were the actual prices available?

Corn: High When: _____ Price: _____ Soybeans: High When: _____ Price: _____
Low When: _____ Price: _____ Low When: _____ Price: _____
Marketing year ave. Price: _____ Marketing year ave. Price: _____

What were your production costs per bushel?

Corn: Cash flow cost: _____ Soybeans: Cash flow cost: _____
Economic cost: _____ Economic cost: _____

What prices did you receive?

Corn: High When: _____ Price: _____ Soybeans High When: _____ Price: _____
Low When: _____ Price: _____ Low When: _____ Price: _____
Marketing year ave. Price: _____ Marketing year ave. Price: _____

Did you meet cash flow obligations when due?

Did you cover cash flow production costs?

Did you cover economic production costs?

Were you in the upper 1/3 of the marketing year prices? (Rough estimate: subtract 1/3 of the difference between the high and low prices from the high price to find the bottom of this price range.)

What would I do differently in marketing my crops?

CONTINGENCY PLANS

Source of financing margin calls for hedges or selling options

Savings Borrowing Three-way agreement with lender and broker

Handling possible crop short-falls

With hail and/or multi-peril insurance
 Buying back forward pricing positions
 Covering forward sales with call option purchases
 Limiting contracts involving delivery to 50 percent or _____ percent of a normal year's production until yield is reasonably known

Will I reverse a sales position if prices rise substantially?

Yes No Possibly under extremely unusual conditions

How will I do that?

Buy back forward sales
 Buy call options to retain ownership
 Use option fences

PRICE PROJECTIONS

| CORN | | | SOYBEANS | | |
|----------------|-------|-----------------|----------------|-------|-----------------|
| Date projected | Price | Period Covered* | Date projected | Price | Period Covered* |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

IOWA SEASONAL PRICE PATTERNS

(Seasonal average equals 100)

| | Sep. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. |
|-----------------|------|------|------|------|------|------|------|------|-----|------|------|------|
| <u>Corn</u> | | | | | | | | | | | | |
| Non-short crop | 97 | 93 | 93 | 95 | 96 | 93 | 101 | 104 | 106 | 108 | 107 | 101 |
| Short crop | 100 | 100 | 101 | 104 | 102 | 101 | 101 | 101 | 101 | 99 | 97 | 93 |
| <u>Soybeans</u> | | | | | | | | | | | | |
| Non-short crop | 98 | 95 | 96 | 96 | 96 | 96 | 99 | 100 | 103 | 106 | 108 | 107 |
| Short crop | 104 | 102 | 103 | 103 | 102 | 98 | 101 | 103 | 104 | 100 | 92 | 85 |

PRICE GOALS

| Date | <u>Corn price needed to cover:</u> | | Corn price | <u>Soybean price needed to cover:</u> | | Soybean price |
|-------|------------------------------------|------------|-------------|---------------------------------------|------------|---------------|
| | Economic costs | Cash costs | Projections | Economic costs | Cash costs | Projections |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |

RECORD OF CORN MARKETING TRANSACTIONS

Bushels for sale : _____

| Trans- action Number | Month & day | Delivery Date | Bushels | Accumulated Bushels | Tool Involved ¹ | Trans- action Link(#) | Projected Price Set ² | Later canceled Date | canceled Cost ³ | Actual Price Received ⁴ |
|----------------------------|----------------|------------------|---------|------------------------|-------------------------------|-----------------------------|--|------------------------|-------------------------------|--|
| x | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| y | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 1 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 3 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 4 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 5 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 6 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 7 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 8 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 9 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 10 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 11 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 12 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 13 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 14 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 15 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 16 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 17 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 18 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 19 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 20 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 21 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 22 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 23 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 24 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 25 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 26 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 27 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 28 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |

¹CFC=cash forward contract, BC=basis contract, PLC=price later contract, MPC=minimum price contract, HTA=hedge-to-arrive contract, MPHTA=minimum price hedge-to-arrive contract, DPC=delayed payment contract, POB=put option bought, POS=put option sold, COB=call option bought, COS=call option sold, SH=short hedge, LH=long hedge.

²Price level adjusted for transaction costs.

³Penalties plus transaction costs. A negative number.

⁴Price adjusted for transaction costs.

RECORD OF SOYBEAN MARKETING TRANSACTIONS

Bushels for sale : _____

| Trans- action Number | Month & day | Delivery Date | Bushels | Accumulated Bushels | Tool Involved ¹ | Trans- action Link(#) | Projected Price Set ² | Later canceled Date | canceled Cost ³ | Actual Price Received ⁴ |
|----------------------------|----------------|------------------|---------|------------------------|-------------------------------|-----------------------------|--|------------------------|-------------------------------|--|
| x | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| y | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 1 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 3 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 4 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 5 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 6 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 7 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 8 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 9 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 10 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 11 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 12 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 13 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 14 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 15 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 16 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 17 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 18 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 19 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 20 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 21 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 22 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 23 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 24 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 25 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 26 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 27 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |
| 28 | ___/___ | _____ | _____ | _____ | _____ | _____ | \$ _____ | _____ | \$ _____ | \$ _____ |

¹CFC=cash forward contract, BC=basis contract, PLC=price later contract, MPC=minimum price contract, HTA=hedge-to-arrive contract, MPHTA=minimum price hedge-to-arrive contract, DPC=delayed payment contract, POB=put option bought, POS=put option sold, COB=call option bought, COS=call option sold, SH=short hedge, LH=long hedge.

²Price level adjusted for transaction costs.

³Penalties plus transaction costs. A negative number.

⁴Price adjusted for transaction costs.

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