Marketing New Crop

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Cost of Production

- In marketing new crop bushels, good records can help determine your cost of production. Estimate your profit margin and compare to harvest delivery prices.

Cost Estimate assuming
Yield of 180 bu. per acre = $4.23/bu.
Seasonal Corn Futures

• New Crop December Corn futures prices tend to peak in the spring and early summer months.

![Chicago December Corn Futures, 1990-2015 average](image)

Seasonal Soybean Patterns

• New Crop November Soybean futures prices tend to peak in the spring and summer months.

![Index of Chicago November Soybean Futures, 1990-2015](image)
Crop Insurance Coverage

Revenue Protection (RP) = Covered over 95% of Iowa’s Insured Acres in 2015

<table>
<thead>
<tr>
<th></th>
<th>Corn</th>
<th>Soybeans</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARP/AYP</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>YP</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>RPHPE</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>RP</td>
<td>96%</td>
<td>95%</td>
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Marketing Strategy

- Pre-Harvest Sell for Delivery up to 136 Bu/A
- Price Guarantee is Higher of the Projected Price (Feb. avg.) vs. Harvest Price (Oct. avg.)
  - Slight Basis Risk
  - Must Plant the Crop
- Prevented Planting = 60% of Spring Revenue Guarantee

Selling Insurance Bushels

<table>
<thead>
<tr>
<th></th>
<th>170 Bu/A Actual Production History (APH)</th>
<th>Deductible 20% = 34 Bu/A</th>
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<tbody>
<tr>
<td>RP @ 80% Level of Coverage 136 Bu/A Guarantee X $4.10/bu Projected Price = $558/A Revenue Guarantee</td>
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Key points:
New Crop Marketing

- Good records can help determine your cost of production. Estimate your profit margin and compare to harvest delivery prices. Lock in profit margins when they’re available and avoid cost of ownership.
- Seasonal futures price patterns favor new crop futures to peak during the spring and summer months. Utilize revenue protection crop insurance to compliment your pre-harvest marketing plan.