Conquer Marketing Concerns

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IOWA FARM BUREAU

Build Your Knowledge

• Determine Your Own Cost of Production, Local Basis, Futures Carry and Cost of Grain Ownership
• Compare Marketing Alternatives & Strategies
• Learn how the Basic Marketing Tools Work
  – Cash Sales, Forward Contracts, Futures Hedging and Options
• Participate in the Iowa Commodity Challenge
• Develop Your Own Crop Market Plan.
Crop Marketing Matrix

- Store & wait
- Delayed price contract
- Minimum price contract (open basis)

Up
Futures Price

1. Basis contract
2. Sell Cash Bushels and Buy Futures or Call Option
3. Minimum price contract (fixed basis)

Expected Change
Basis

Strongen
Basis

1. Hedge
2. Non-roll hedge to arrive
3. Buy put option

Futures Price
Down

1. Cash sale now
2. Forward Contract

Comparing Marketing Alternatives

- Cash Market
- Option
- Hedge or Forward Contract

- - - Market + + +

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Key points:
Conquer Marketing Concerns

• Understand the Basics: Cost of Production, Basis, Futures Carry and the Cost of Grain Ownership
• Use a Variety of Marketing Strategies & Tools
• Develop and Implement a Crop Market Plan
  – Use of Seasonal Patterns, Crop Insurance, Determining Profit Margins, Covering Expenses and Meeting Cash Flow Needs.