

Pre-Harvest Marketing New Crop

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Marketing Considerations:

- Making new crop sales using the seasonal price trends that favors higher futures prices in the spring and early summer months
- Comparing On-farm versus Commercial Storage costs for bushels not delivered at harvest. These include drying/shrink costs and the likely wider basis for bushels stored commercially.
- A New Crop Marketing Plan that reflects your estimated cost of production, reasonable profit margin and cash flow needs.

Cost of Crop Production

- In marketing new crop bushels, good records can help determine your cost of production. Use your Actual Production History (APH) prior to pollination as your best estimate for yield expectations.
- Example: ISU Publication A1-20, January 2018.

Estimated Costs of Crop Production in Iowa - 2018

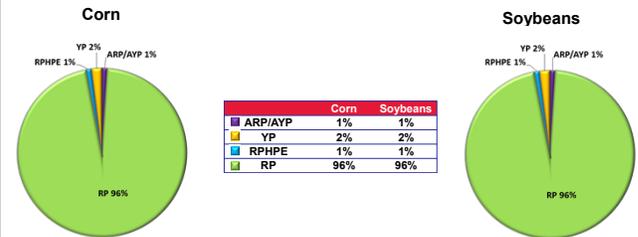
Corn Following Soybeans

	2017		2018		2019	
	Fixed	Variable	Fixed	Variable	Fixed	Variable
Preharvest Machinery **	\$19,000	\$17,700	\$19,000	\$17,700	\$19,000	\$17,700
Seed & Chemical, etc.	None	None	None	None	None	None
Seed @ 1.50 per bushel	25,000	500,000	25,000	500,000	25,000	500,000
Fertilizer @ 25.00 per bu.	5,000	125,000	5,000	125,000	5,000	125,000
Pesticides @ 10.00 per bu.	500	12,500	500	12,500	500	12,500
Planting @ 10.00 per bu.	500	12,500	500	12,500	500	12,500
Harvest @ 10.00 per bu.	500	12,500	500	12,500	500	12,500
State (county cost)	0.00	0.00	0.00	0.00	0.00	0.00
Marketing	200,000	200,000	200,000	200,000	200,000	200,000
Crop Insurance	0.00	0.00	0.00	0.00	0.00	0.00

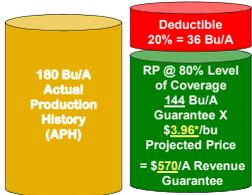
Cost Estimate assuming a yield of 180 bu/A = **\$3.48/bu.**

Iowa Crop Insurance Coverage (2017)

Revenue Protection (RP) = 96% of Insured Acres



Pre-Harvest Marketing Corn Bushels with Revenue Protection (RP)

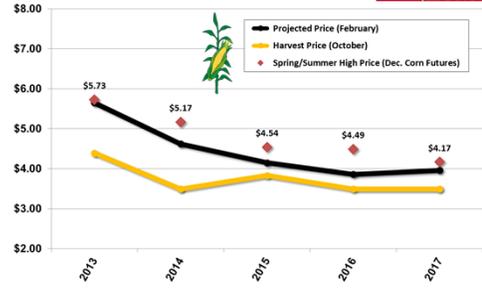


*Dec. Futures Avg. in Feb.

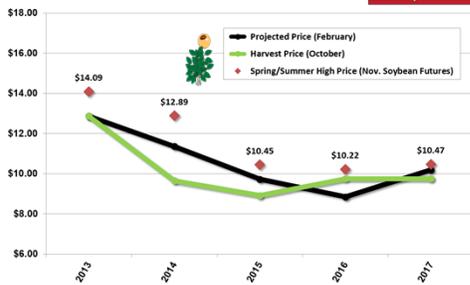
- Marketing Strategy**
- **Pre-Harvest Sell for Delivery up to 144 Bu/A**
 - **Price Guarantee is the Higher of the Projected/ Base Price vs. Harvest Price**
 - Slight Basis Risk
 - Must Plant the Crop
(Prevented Planting = 55% of Production for Corn, Still 60% for Soybeans)



Comparing Corn Crop Insurance Prices vs. Seasonal Futures Highs



Comparing Soybean Crop Insurance Prices vs. Seasonal Futures Highs



Key points:



- Know your cost of production, profit margin and cash flow needs.
- Understand how Revenue Protection Crop Insurance works and the ability to pre-harvest market a portion of your guaranteed bushels for delivery.
- Utilize the potential for Seasonal Futures Highs when above the Projected Price.
- Have a New Crop Marketing Plan and the discipline to implement that Plan.





Thanks for joining the

