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.

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

Iowa Crop Insurance Coverage (2017)

- Revenue Protection (RP) = 96% of Insured Acres

Corn

Soybeans

- RP 96%
Pre-Harvest Marketing Corn Bushels with Revenue Protection (RP)

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)

RP @ 80% Level of Coverage
- 160 Bu Actual Production History (APH)
- Detachable 20% @ 36 Bu/A
- Projected Price = $3.96/bu

Guarantee = 144 Bu/A

Deductible = 20% = 36 Bu/A

= $570/A Revenue Guarantee

*Dec. Futures Avg. in Feb.

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 IOWA COMMODITY CHALLENGE