By December, two goals a farmer holding unpriced old crop soybeans should have in mind is 1) meeting their cash flow needs and 2) obtaining a better cash price minus storage costs than was offered at harvest.

In the line graph below, the cash soybean prices at a Central Iowa elevator is reflected weekly with a bold green line starting with the harvest on Oct. 2 and running through Dec. 18, 2019. Soybean storage assumptions are based on the $8.34 per bushel cash price at harvest. On-farm storage, the gold dashed-line, is estimated at 1¢ per bushel per month and is anchored to this harvest cash price. Commercial storage is the red-dotted line is expected at 16¢ for the first 90 days and 2.8¢ per bushel for each month after that. Interest is accruing on $8.34 per bushel cash at a rate of 6.25% annual percentage rate. Note that the green line spent most of the fall below the cost of ownership lines but is now approaching positive returns to both on-farm and commercial storage.

Source: Iowa Commodity Challenge, Dec. 18, 2019

### Soybeans: Cost of Ownership Trends (Central Iowa Elevator)

![Soybeans: Cost of Ownership Trends](source)

### Basis Considerations

The 2019 basis trend (bold dark line) versus the March soybean futures contracts reflects the strongest (less negative) basis since 2015 at this same elevator. Understanding soybean basis trends where you deliver your cash soybeans is a key to making cash sales. Typically, basis strengthens by mid-December as farmers and local elevators slow their delivery of bushels, yet processors need soybeans to grind.

Processors may be forced to “push more attractive basis bids” to guarantee the delivery of an adequate supply of soybeans around the holidays. The best soybean basis of the winter could be at a soybean crush facility during these last couple weeks of December and the first few days of January.

Source: Iowa Commodity Challenge, Dec. 18, 2019
Setting March Futures Price Objectives

Let’s use Fibonacci retracements of the fall futures price movement to determine reasonable futures price objectives for the March ’20 soybean contract. The Sept. 9 low was $8.79¼, and the Oct. 14 high was $9.70. That’s a difference of $.90¼ per bushel. The Fibonacci retracement calculation would multiply this amount times 61.8%, 78.6%, and 100% as representative retracement levels for March ’20 soybean futures this winter.

Reasonable futures price objectives would be around $9.35, $9.50, and $9.70 per bushel, respectively. The $9.35 per bushel objective was reached Dec. 16. Consider marketing additional unpriced soybeans, especially those in commercial storage and sales needed for cash flow as March ’20 futures prices reach $9.50 and $9.70 levels.

March ’20 Soybeans Fibonacci Retracements

1. Break the total amount of grain into smaller units.

Instead of thinking of your marketing plan as selling all of your bushels at once, sell incrementally in smaller quantities. Most farmers think in 1,000- or 5,000-bushel quantities, which allows multiple sales, and, therefore, the opportunity to take part in unforeseen rallies (or avoid sudden declines in futures prices).

2. Set reasonable futures and cash price targets.

When determining price targets for unpriced old crop bushels in storage, you’ll want to set both cash price targets above the price you could have obtained at harvest, plus any additional expenses accrued by storage and interest.

It’s essential to set realistic targets for both futures and cash prices, so you need to know your local basis trends. Setting prices too high or too low may be detrimental to your plan.

3. Set sales deadlines.

If prices don’t rise enough to meet your price target, set sales deadlines to ensure you’re proactive about making sales. Deadlines allow you to cease storage expenses while prices decline.

4. Know your contracts

There are several types of contracts you can use to sell grain. Work with your local merchandiser or commodity broker to determine what marketing contracts to apply.

5. Share your plan with someone else

Once you’ve written down your plan, share it with someone such as a spouse or business partner, merchandiser, or ag lender. They can keep you accountable for your marketing goals.

5-Step Crop Marketing Plan

Most successful marketers write down their marketing plan and share it with others to be held more accountable for actually making sales. Jessica Groskopf, UNL Extension Educator, provides the following five steps on how to write a crop marketing plan.