Farmers still holding unpriced old crop corn will want to move beyond price outlook. Start by understanding your local basis, cost of grain ownership, and set both price and time objectives. Also, consider meeting how best to meet your cash flow needs this winter while hopefully obtaining a better cash price minus storage costs than was offered at harvest.

In the line graph below, the 2019 cash corn prices at a Central Iowa elevator are reflected weekly with a bold green solid line starting with the harvest on Oct. 2. Corn storage assumptions are based on the cash corn price at harvest for $3.57 per bushel. 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 cost assumptions are the red-dotted line at 16¢ for the first 90 days and 2.8¢ per bushel for each month after that. Interest is accruing on the harvest cash price at a rate of 6.25% annual percentage rate (APR).

**Basis Considerations**

The 2019 basis trend (bold dark line) versus the March corn futures reflects the strongest (less negative) basis in these six years at this same Central Iowa elevator. Understanding corn basis trends where you deliver your cash corn is a key to timing cash sales. Typically, basis strengthens annually by mid-December as farmers and local elevators slow their delivery of bushels, yet corn is needed daily for processing into ethanol and feed.

Processors may be forced to “push more attractive basis bids” to guarantee the delivery of an adequate supply of corn around holiday weekends or during adverse weather or road conditions. The best corn basis of the winter could be at an ethanol plant or feed mill in late December and early January, especially if nearby corn futures prices remain flat.
Setting March Corn Futures Price Targets

Let’s say you need to marketing some unpriced corn this winter. See the use of a 100-day moving average line on the March ’20 corn futures chart below. Note that resistance at the $3.90 level. Until futures prices close above this level for at least two consecutive days in a row, expect $3.90 to be strong resistance for this contract.

Above that $3.90 level, consider the use of Fibonacci retracement levels. Fall futures price daily movement can help determine reasonable futures price objectives for the March ’20 corn futures contract. The Sept. 9 low was $3.65¾, and the Oct. 14 high was $4.10. That’s a difference of $.44¼ per bushel. The Fibonacci retracement calculations would multiply this amount times 61.8%, 78.6%, and 100% as representative retracement levels for March ’20 corn futures that move into delivery by Feb. 28.

Reasonable futures price target would be around 3.93, $4.00, and $4.10 per bushel, respectively. Consider additional pricing corn at these futures price levels, especially those in commercial storage, sales needed for cash-flow purposes, and on-farm stored corn with quality concerns.

5-Step Crop Marketing Plan

Consider these five steps in developing a written crop marketing plan for unpriced old corn that you’re storing and needs to be marketed.

1. Break the total amount of grain into smaller increments. Don’t think 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 increments, which allows multiple sales by the truckload. Therefore, the opportunity to take part in futures price rallies as well as avoiding sudden drops 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. Consider any additional expenses accrued by storage and interest charges. It’s essential to set realistic targets for both futures and cash prices. You need to know your local basis trends. Setting prices too high or too low may be detrimental to your marketing plan.

3. Set sales deadlines. If prices don’t rise enough to meet your price targets, have sales deadlines to ensure you’re proactive about making these sales. Deadlines allow you to cease storage expenses and interest charges.

4. Know your contracts. There are several types of contracts you can use to sell these bushels. Work with your local merchandiser and/or commodity broker to determine what contracts are available and the potential price risk and reward that each provides.

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