Expect tight 2018 profit margins for both corn and soybeans as U.S. ending stocks by August are forecasted to be at levels not seen in decades. Dry conditions in Argentina reduced the size of their corn and soybean crops and prompted a short-covering rally that continued into early March. Since mid-January, old crop soybean futures prices rallied more than $1.20 per bushel and closed more than $10.80 per bushel.

Treat fall and winter weather rallies in the southern hemisphere as an opportunity to finish old crop sales (especially old crop soybeans) and make additional corn sales. These rallies have little impact on U.S. production, but mostly impact demand for global exports available over the next six months.

Seasonal Futures Trends
Having price and time objectives are critical. Consider seasonality of both futures and cash prices. Corn futures prices tend to rally in the late winter or early spring months and peak by late June or early July. This reflects the period of the greatest uncertainty for crop production primarily in the northern hemisphere. Soybean futures prices typically move higher in the late fall and winter months when southern hemisphere production is threatened. Then soybean prices typically rally again in the late spring and early summer months, reflecting...
uncertainty of northern hemisphere production. With large U.S. soybean planted acres anticipated, the weather rallies in the southern hemisphere could actually prove to be the calendar year highs.

**Making New Crop Sales**

Having a large number of unpriced old crop corn and soybeans can limit focusing on new crop sales when weather rallies occur.

Begin with understanding revenue protection crop insurance, when new crop corn futures are above the 2018 projected prices of $3.96 per bushel and $10.16 per bushel for soybeans, respectively. Those prices are the simple average of December ’18 corn futures and November soybean futures in the month of February.

Since mid-January, new crop soybeans rallied by more than $.70 per bushel. The November ’18 futures traded at the similar prices levels as the November ’17 futures, in the $10.47 per bushel price level. Remember, U.S. soybean ending stocks are expected to increase along.

**November ’18 Soybean Futures**

![November '18 Soybean Futures](source)

New crop December ’18 corn futures have rallied by more than $.25 since mid-January, mostly due to short-covering of futures contracts by commodity funds. By early March, futures were trading more than $4 per bushel, the highest levels since August of 2018 and above the projected price of $3.96 per bushel.

**December ’18 Corn Futures**

![December '18 Corn Futures](source)

Source: www.jimwyckoff.com  March 2, 2018

**Market Planning**

Have your price and time objectives for marketing both old and new crop bushels in place. Consider using spot cash sales and hedge-to-arrive for old crop bushels as basis tends to strengthen in the spring months.

For new crop bushels, consider forward cash contracts and hedge to arrive (HTA) contracts for bushels you plan to deliver at harvest, depending on your expectation for basis. For bushels don’t want to commit to delivery but want to protect the futures price, consider using hedges or buying put options.

Dry weather conditions in the southern plains and wet conditions in the southeastern Corn Belt will have a large impact on final U.S. planted acres. Soybean planted acres could easily be