

2023 Corn Markets & Strategies

'Winning-The-Game' Grain Marketing Workshop

Marysville, Kansas

Monday, February 13, 2023

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Department of Agricultural Economics



Corn Market Perspective

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Corn Market Outlook ²⁰²³ in Kansas, the U.S. & Globally

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1) “Tight!” 2023 Global Corn, Oilseed & Wheat Stocks

- *The importance of South America’s 2023 corn & soybean crops!!*
- Occurring &/or Anticipated in 2023:
 - Drought in Argentina & *large crops* in Brazil
 - *Smaller Crops & Exports* from Ukraine & *uncertainty* re: China

World Corn Production

Country or Region	2021/2022 estimate	2022/2023 forecast	Change from January 12	Change from 2021/2022
----- Million Tons -----				
World	1,216.0	1,151.4	-4.6	-64.6
United States	382.9	348.8	--	-34.1
Foreign	833.1	802.6	-4.6	-30.5
Argentina	49.5	47.0	-5.0	-2.5
Brazil	116.0	125.0	--	9.0
Mexico	26.8	27.6	--	0.8
Canada	14.6	14.5	--	-0.1
European Union	71.0	54.2	--	-16.8
Serbia	6.0	5.4	--	-0.6
FSU-12	63.7	46.4	0.1	-17.3
Ukraine	42.1	27.0	--	-15.1
Russia	15.2	14.0	--	-1.2
South Africa	16.1	16.7	--	0.6
China	272.6	277.2	--	4.6
India	33.6	32.0	--	-1.6

-- No change.

February 8, 2023

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Argentina Corn Supply-Demand

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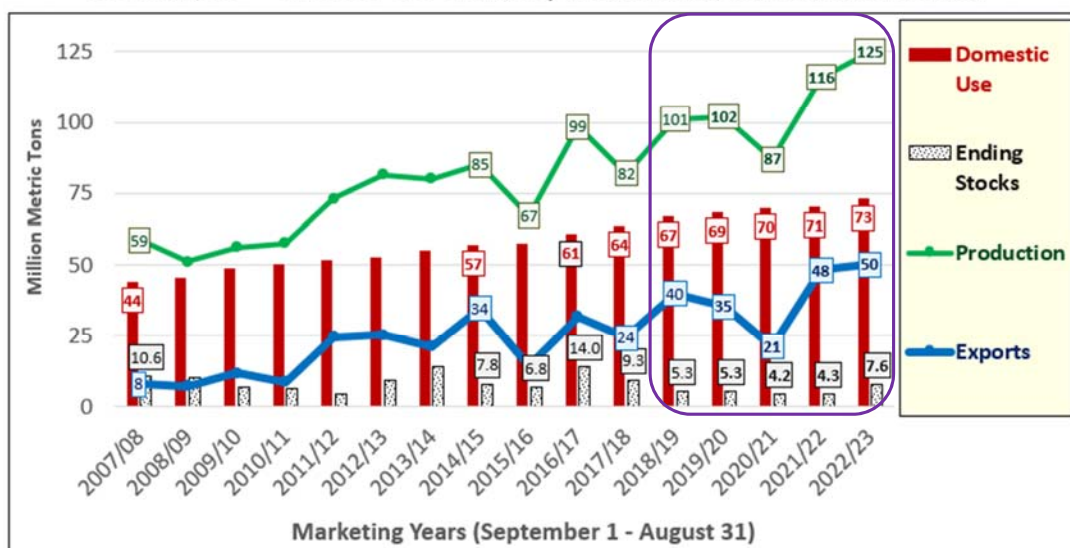
MY 2007/08 – “Current” MY 2022/23, as of the February 8, 2023 USDA WASDE report



Brazil Corn Supply-Demand

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MY 2007/08 – “Current” MY 2022/23, as of the February 8, 2023 USDA WASDE report



South America Corn-Soybean Calendar

□ South America Planting Influences ⇒ “Bid for Acres”

• Brazil & Argentina Corn & Soybean Crop Calendar

○ Brazil

- Corn: 1st crop *Planting* – October-December ⇒ Harvest: February-June
- Soybeans: *Planting* – October-December ⇒ Harvest: March-June
- Corn: 2nd crop *Planting* – January-February ⇒ Harvest: March-June

○ Argentina

- Corn: *Planting* – mid September-December ⇒ Harvest: mid March-early June
- Soybeans: 1st crop *Planting* – November-December ⇒ Harvest: Late March-early May
- Soybeans: 2nd crop *Planting* – December-early Jan. ⇒ Harvest: mid April – mid June

Ukraine Corn Supply-Demand

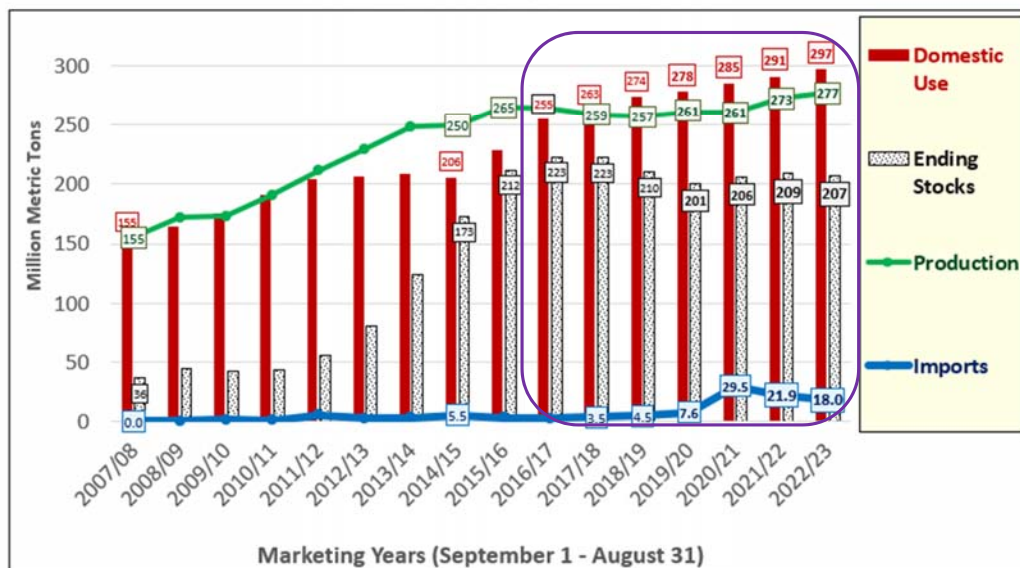
MY 2007/08 – “Current” MY 2022/23, as of the February 8, 2023 USDA WASDE report



China Corn Supply-Demand

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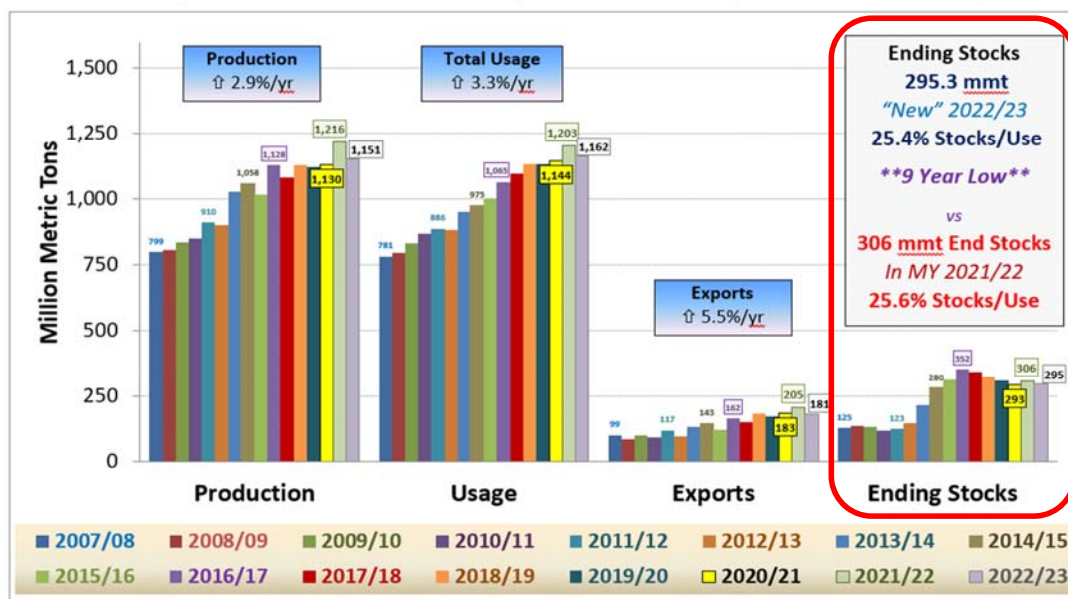
MY 2007/08 – “Current” MY 2022/23, as of the February 8, 2023 USDA WASDE report



World Corn Supply-Demand

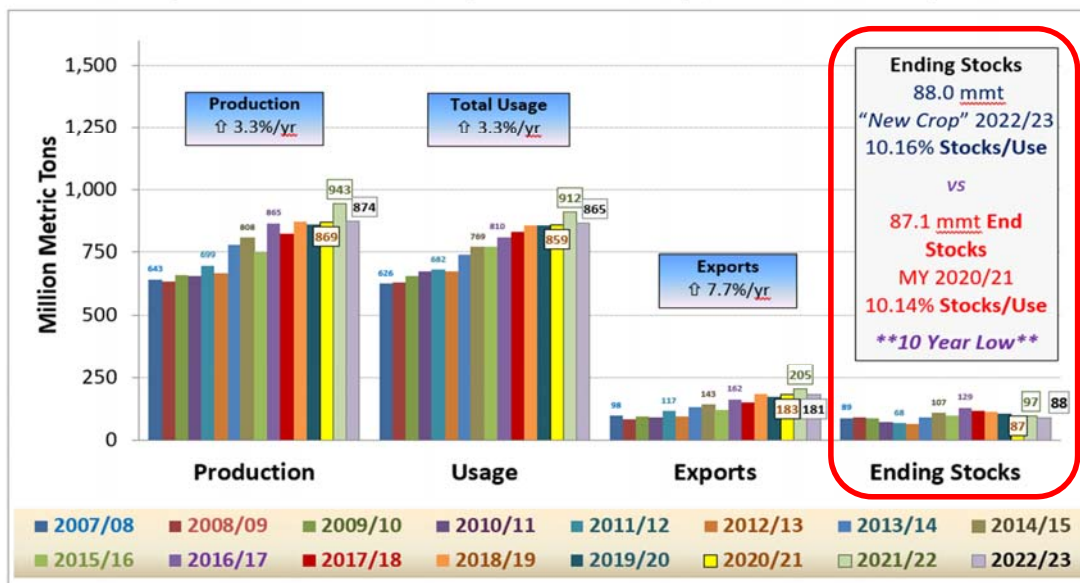
10

MY 2007/08 – “Current” MY 2022/23 as of the February 8, 2023 USDA WASDE Report



"World Less-China" Corn Supply-Demand

MY 2007/08 – "Current" MY 2022/23 as of the February 8, 2023 USDA WASDE Report



World vs "World Less-China" Corn % Stocks-to-Use

MY 2007/08 through "Current" MY 2022/23, as of the February 8, 2023 USDA WASDE report.



2) Carryover impact of the Crop Production damage in the Western-Central Plains during 2022-2023

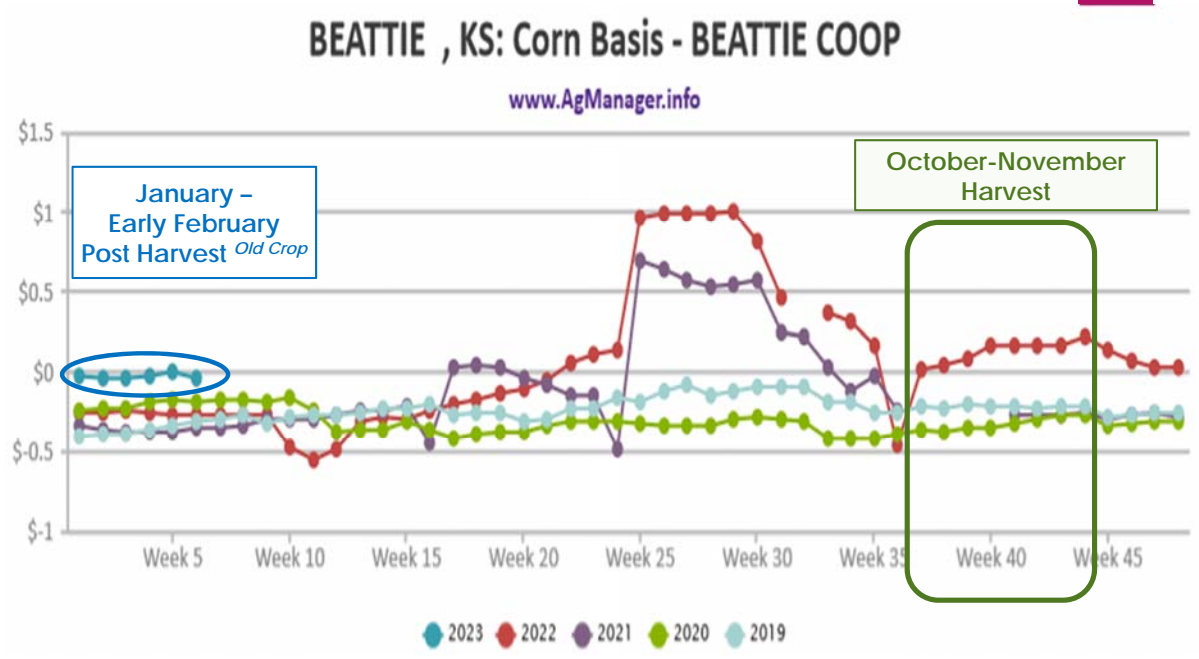
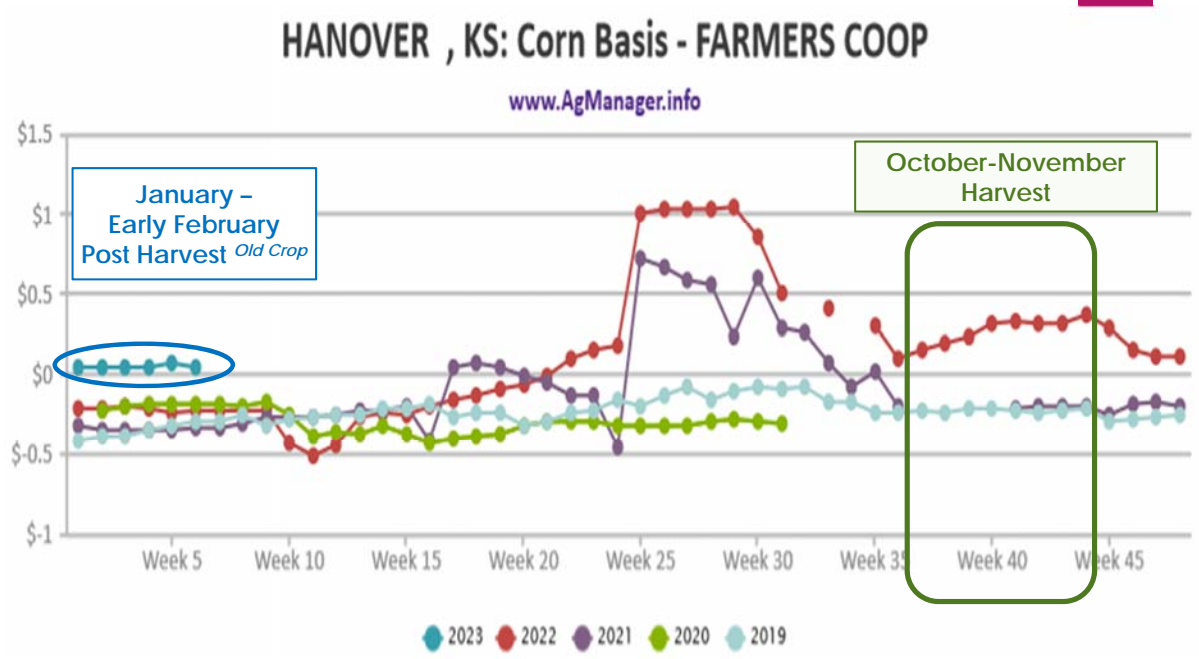
- *Western Kansas / OK / TX / NE*

→ Stronger Corn & Soybean **BASIS** throughout the U.S. Corn Belt

► Q? 2023 U.S. Corn, Soybean & Wheat Production?

→ *Seasonal risk in Spring-Summer 2023 – Dry subsoils in many areas*

Kansas Cash & Futures Prices						
Date						
2/10/2023 (closes)						
Grain Futures Contracts	Closing \$					
MAR 2023 Corn (2023 Load contract)	\$6.8050					
DEC 2023 Corn (2023 Harvest Contract)	\$5.9600					
2/10/2023 (closes)	Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators					
	Representing the highest bids available at each location					
Cash Market Spot & FC Bids	Colby ^{Area}	Salina ^{Area}	Topeka ^{Area}	Garden City ^{Area}	Hutchinson ^{Area}	Columbus ^{Area}
	NW KS	NC KS	EC-NE KS	SW KS	SC KS	SE KS
Corn Spot Cash\$	\$7.56	\$7.45	\$7.18	\$8.00	\$7.69	\$7.60
Corn Spot Cash Basis	\$0.76	\$0.65	\$0.38	\$1.20	\$0.89	\$0.80
Corn Harvest FC\$; Fall ²⁰²³	\$5.86	\$5.76	\$5.56	\$6.41	\$5.96	\$5.66
Corn Harvest FCS Basis	(\$0.10)	(\$0.20)	(\$0.40)	\$0.45	\$0.00	(\$0.30)
"New Crop" Soybean vs Corn \$ Ratio	2.19	2.30	2.36	2.02	2.22	2.33



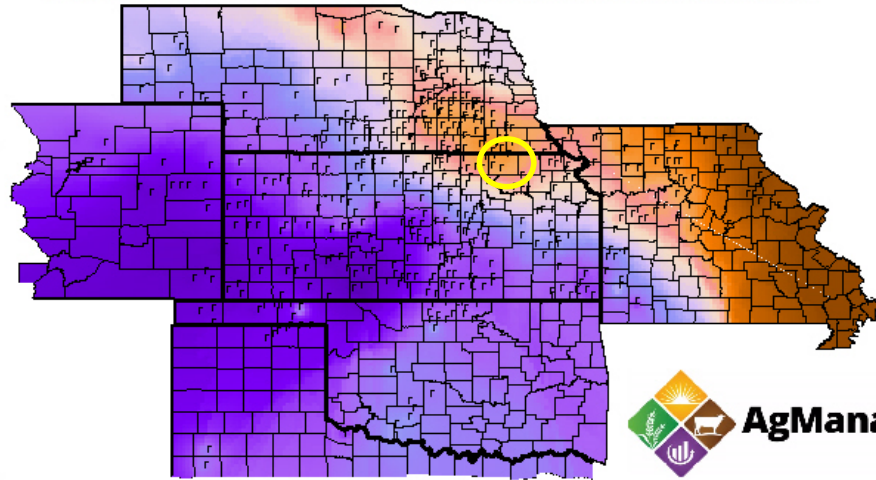
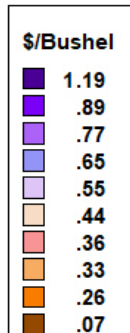
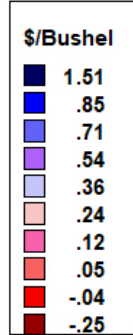
Corn Basis, 02-08-2023

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Corn Basis Deviation, 02-08-2023

Basis Deviation = Current Basis - 3 Year Average Basis (2020, 2021, 2022)

CBT Mar
Futures
Price: \$6.79



Grain Market Outlook 2023

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3) Continuance of dry La Nina Weather Pattern in 2023???

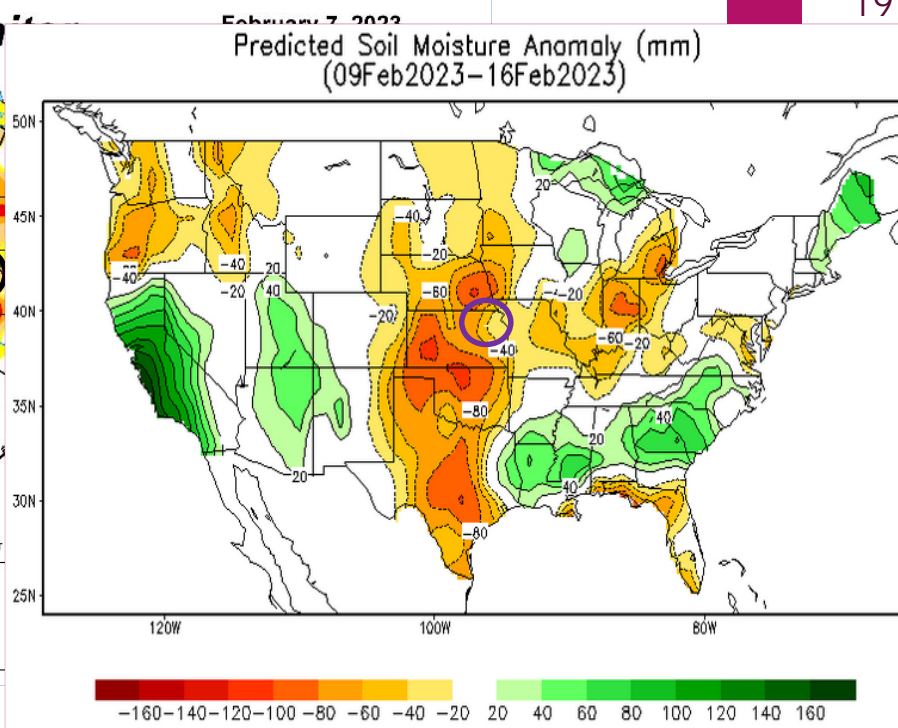
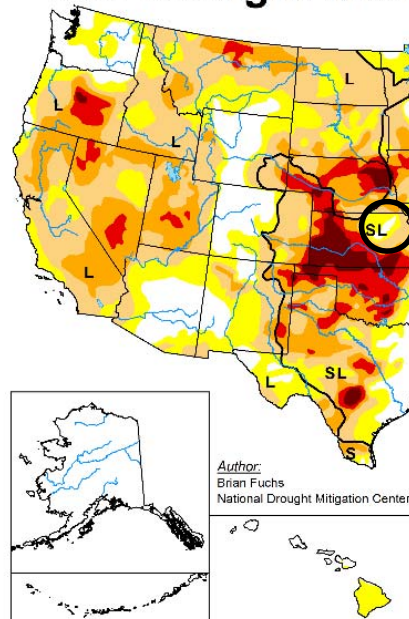
- “La Nina is expected to continue into winter, with equal chances of La Nina & ENSO-neutral during January-March 2023. In February-April 2023, there is a 71% Chance of ENSO-neutral.”

U.S. Climate Prediction Center / NCEP January 3, 2023

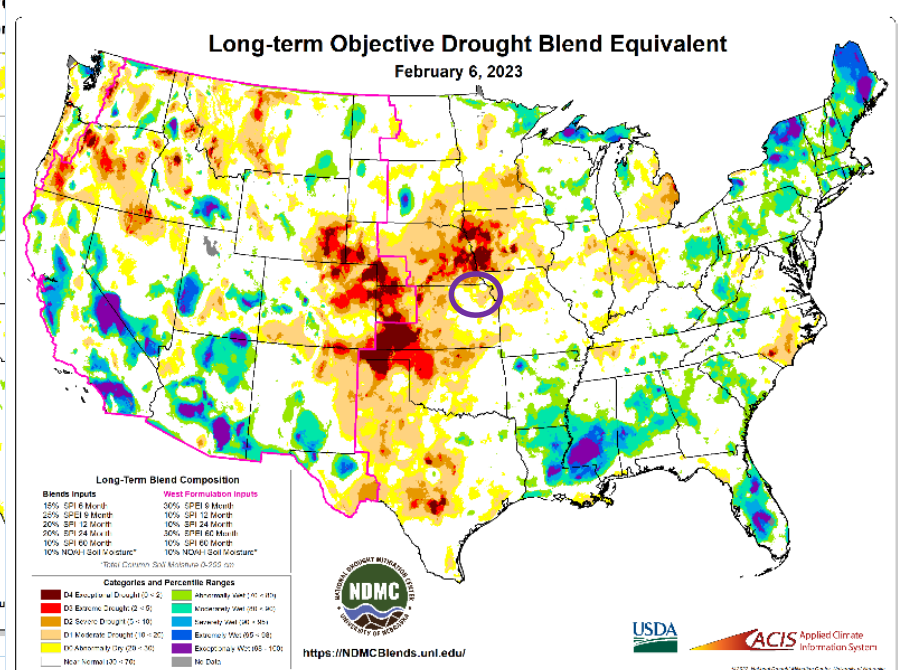
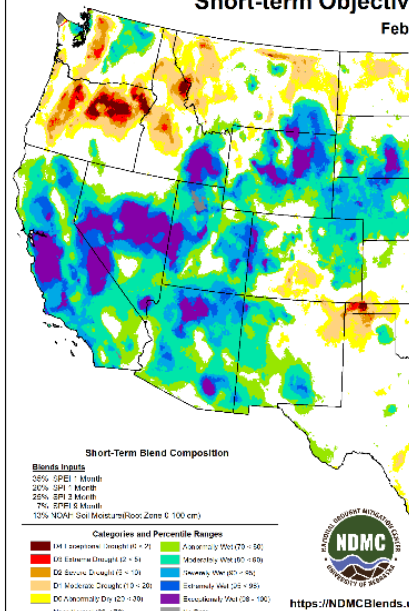
- “La Nina is breaking down, and an El Nino is forecast to emerge in 2023. Returning after several years, an El Nino can completely change the weather patterns for the weather seasons of 2023 & 2024.”

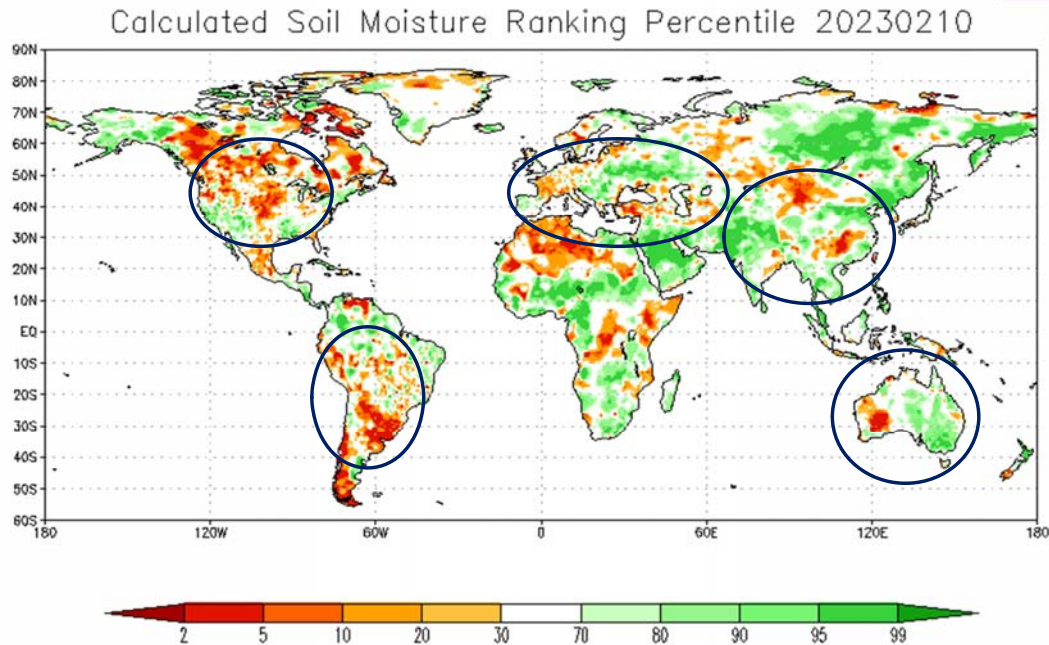
Severe Weather Europe, Andrej Flis January 11, 2023

U.S. Drought Monitor



Short-term Objective Drought Blend Equivalent





Grain Market Outlook ²⁰²³

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4) Moderating Fertilizer \$'s & other Crop Input costs

- Lower natural gas \$'s, but continued supply-chain challenges*



Illinois Production Cost Report

AMS Livestock, Poultry and Grain Market News
IL Dept. of Ag Market News

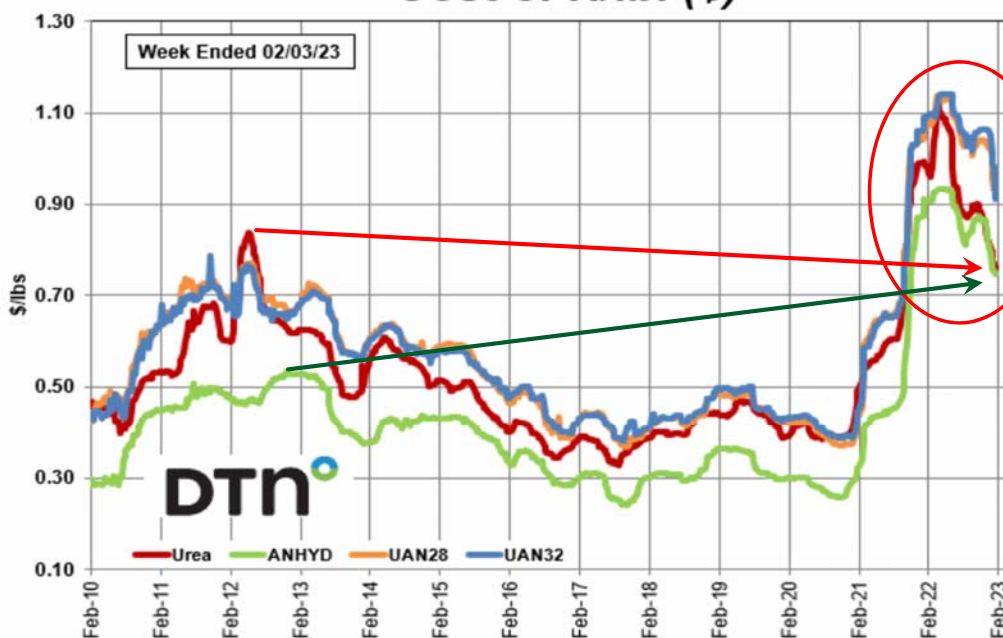
February 9, 2023

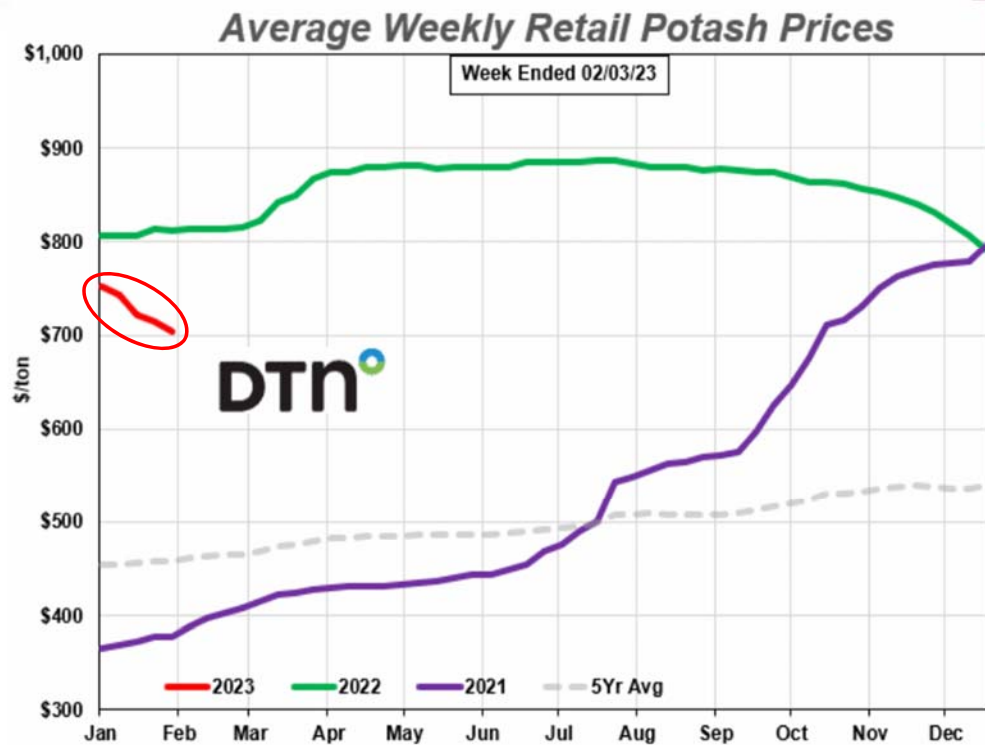
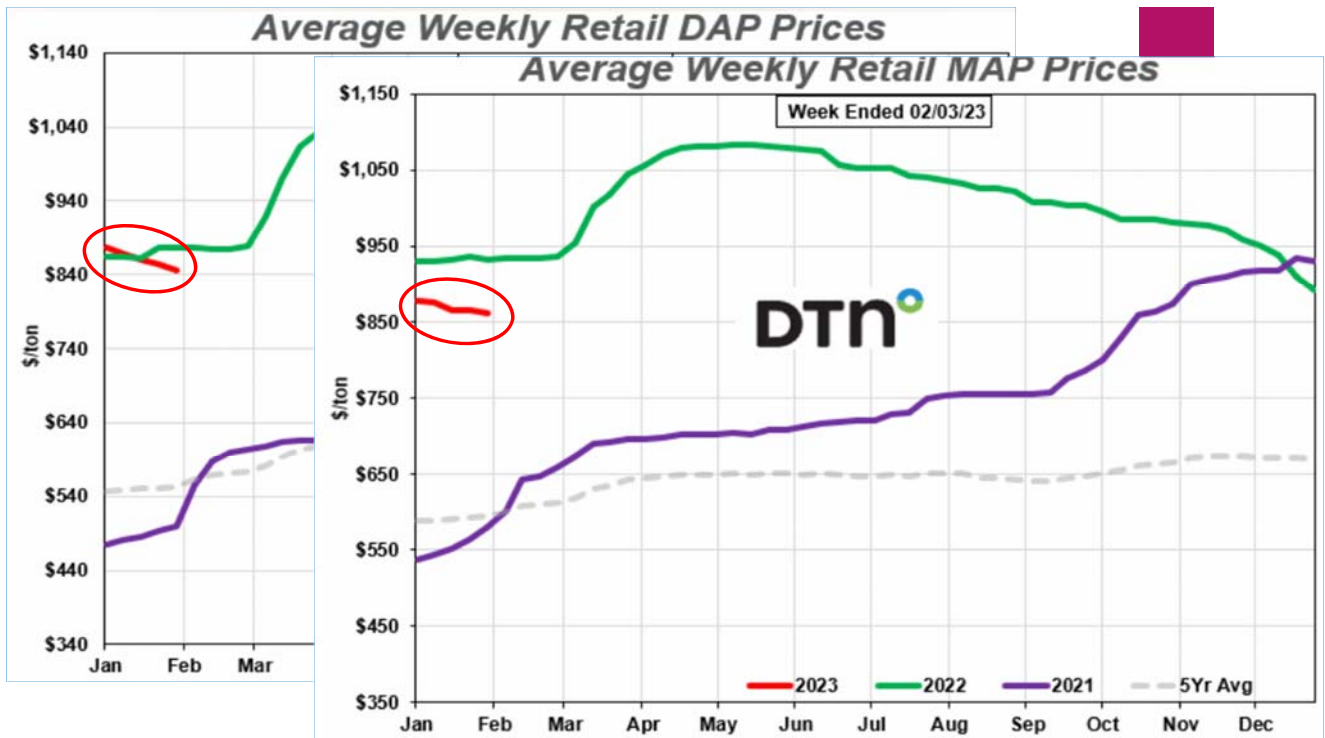
Product	Sale Type	Price Range	Average
Anhydrous Ammonia	Ask - FOB	1135.00-1320.00	1255.00
Urea 46-0-0	Ask - FOB	610.00-690.00	655.00
Liquid Nitrogen 28-0-0	Ask - DELV(Applied)	550.00-620.00	571.03
DAP (Diammonium Phosphate 18%N 46%P)	Ask - FOB	800.00-850.00	828.00
MAP (Monoammonium Phosphate 11%N 52%P)	Ask - FOB	790.00-860.00	833.33
Potash (Potassium)	Ask - FOB	625.00-775.00	665.83

\$NATGAS Natural Gas - Continuous Contract (EOD) CME

10-Feb-2023

© StockCharts.com

**Cost of N/lb. (\$)**



What to anticipate in Year 2023

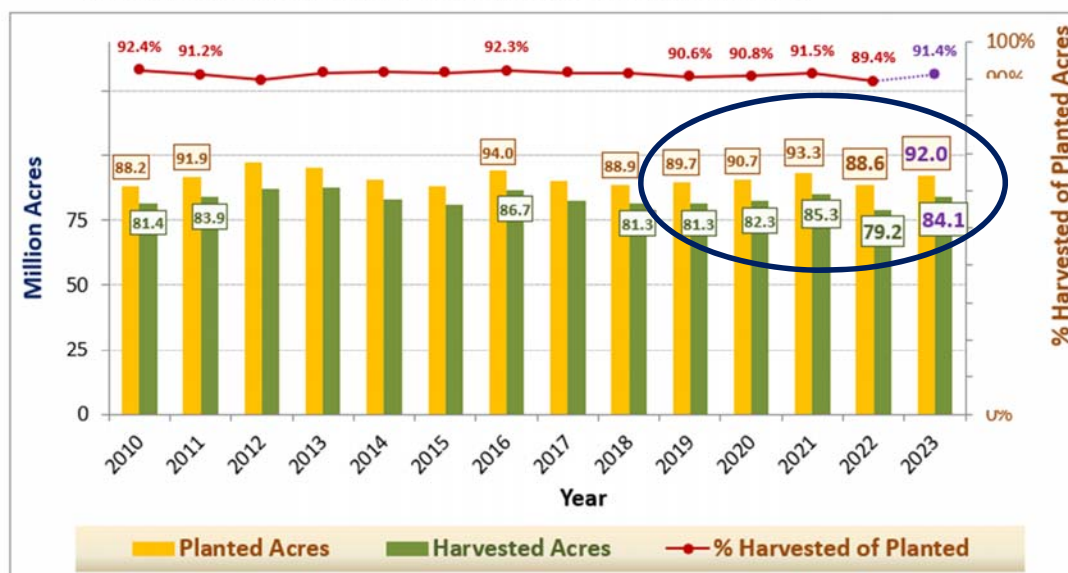
5) 2023 Spring Planting of Feedgrains & Oilseeds

- **"New Crop" 2023 Prices favoring Corn Acres in 2023**
 - **NOV²⁰²³ Soybean futures** @ \$13.78 ³/₄ /bu ^{2/10/2023 close}
 - **DEC²⁰²³ Corn futures** @ \$5.96 /bu ^{2/10/2023 close}
- **2023 "New Crop" Soy/Corn \$ Ratio** = $\$13.78 \frac{3}{4} \div \$5.96 = 2.31$ (vs 2.52 Avg)
- **Plus** lower fertilizer / crop input costs will encourage higher **2023 U.S. Corn Acres** – \approx **92 million acres**
 - Compared to: 88.6 mln. ac.²⁰²²; 93.3 mln. ac.²⁰²¹; 90.7 mln. ac.²⁰²⁰

++ Corn

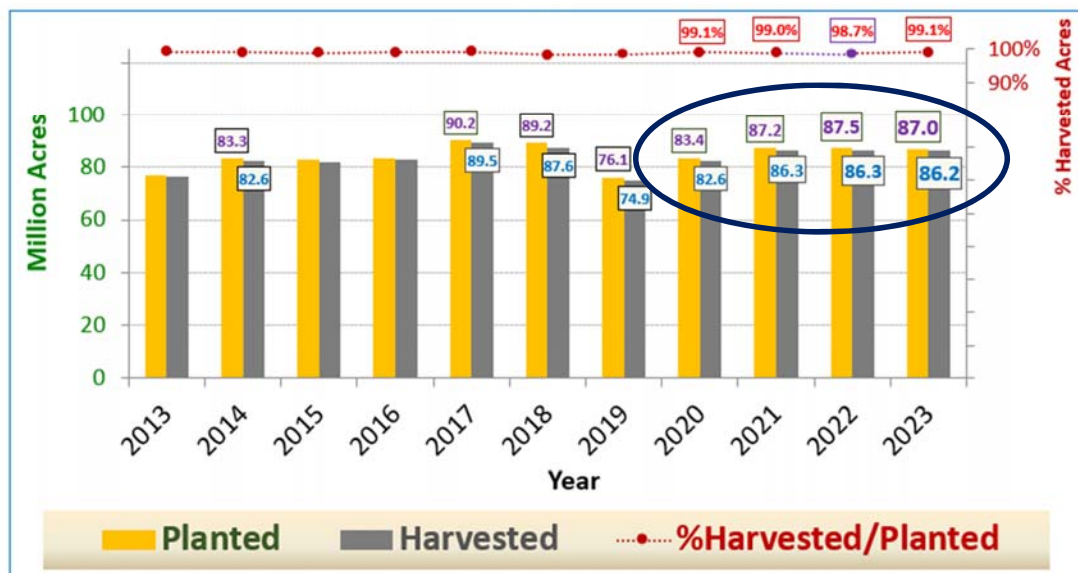
U.S. Corn Acreage for 2010-2023

As of the February 8, 2023 USDA NASS & WASDE Reports



U.S. Soybean Acreage for 2013-2023

Years 2013-2023 as of the February 8, 2023 USDA WASDE & NASS Reports



What to anticipate: Year 2023 (2nd of 3)

6) Are grain markets *at risk* to fall sharply in late 2023?

- With "tight" beginning stocks across these crops – less risk of major declines UNTIL at least late spring – early summer
- THEN the *risk* to grain sellers is that crop markets will discount the possibility of *"short crops"* in 2023

⇒ IF in Summer 2023 U.S. & Foreign crop prospects are *"OK-to-Good"*, THEN grain markets likely *"slide" lower* into Fall 2023

What to anticipate: Year 2023

7) USDA Reports ⇒ *Often a “driver” of grain market volatility*

- WASDE: Jan. 12, 2/8***, 3/8, 4/8, 5/12, 6/9, 7/12, 8/11, 9/12.....
- Planted Area: Prospective Plantings – May 31, Acreage – June 30

➤ “Strong” Demand-Pull for Feedgrains in Kansas ²⁰²³

- Summer demand for “New Crop” supplies (i.e. “users scrambling!”)
- *Possibility of strong Summer 2023 Corn Market Volatility IF a short crop happens in 2023* ⇒ What are the odds?

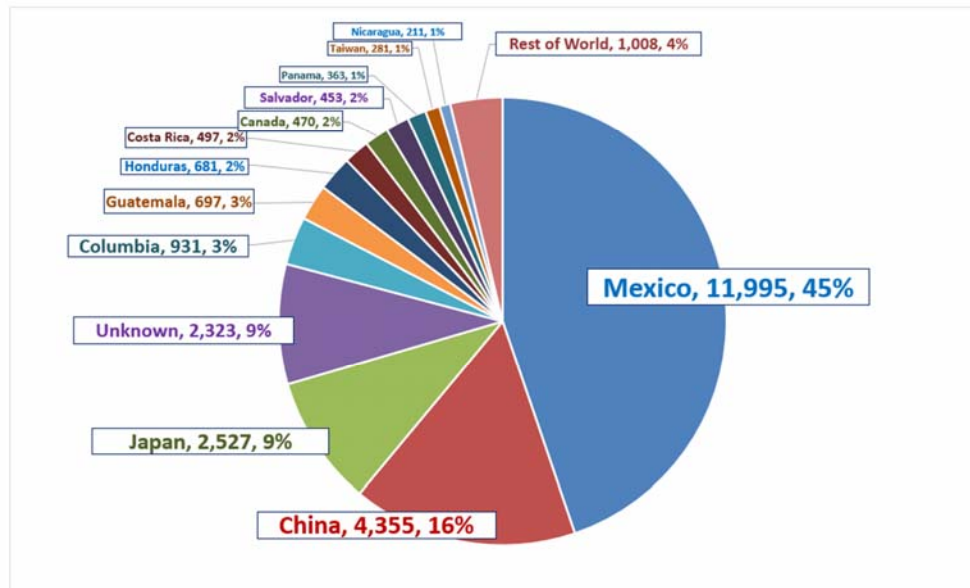
U.S. Corn Supply and Demand

Item	2021/2022 estimate	2022/2023 forecast	Change from January 12	Change from 2021/2022
Planted area (million acres)	93.3	88.6	--	-4.7
Harvested area (million acres)	85.3	79.2	--	-6.1
Yield (bushels per acre)	176.7	173.3	--	-3.3
----- Million bushels -----				
Beginning stocks	1,235	1,377	--	142
Production	15,074	13,730	--	-1,344
Imports	24	50	--	26
Total supply	16,333	15,157	--	-1,176
Feed and residual	5,718	5,275	--	-443
Food, seed, and industrial	6,766	6,690	-25	-76
Ethanol	5,326	5,250	-25	-76
Domestic use	12,484	11,965	-25	-519
Exports	2,471	1,925	--	-546
Total use	14,956	13,890	-25	-1,066
Ending stocks	1,377	1,267	25	-110
----- Percent -----				
Stocks to use ratio	9.2	9.1	0.2	-0.1
----- Dollars per bushel -----				
Average market price	6.00	6.70	--	0.70
-- No change.				

February 8, 2023

U.S. Corn Export Outstanding Sales + Shipments

"Current" MY 2022/23 as of the 2/2/2023 USDA U.S. Export Forward Purchases (1,000 mt)



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National Daily Ethanol Report

Agricultural Marketing Service
Livestock, Poultry, and Grain Market News

February 10, 2023

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Grain

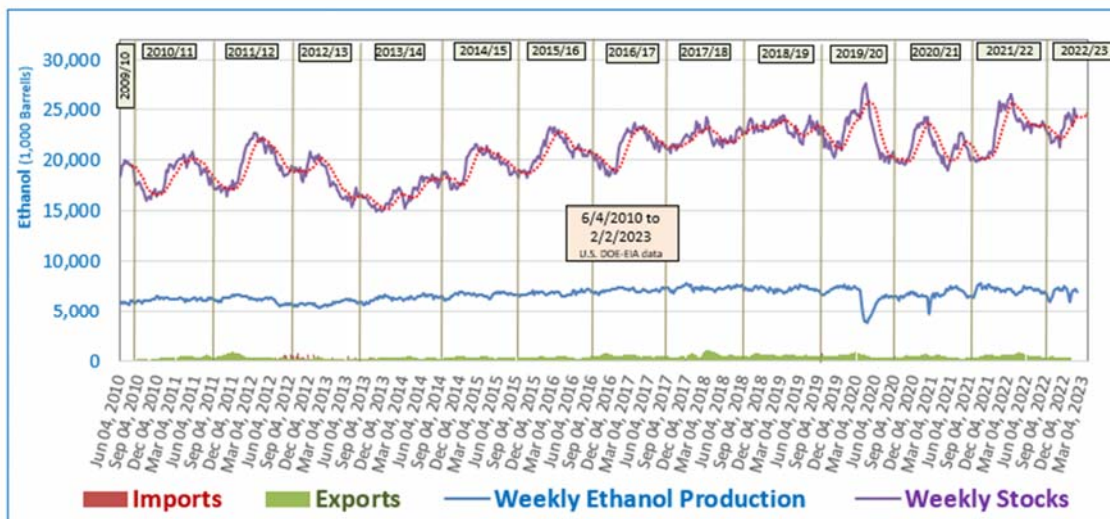
US #2 Yellow Corn -Bulk

Ethanol Plant

State/Province/Region	Sale Type	Basis (C/bu)	Basis Change	Price (\$/Bu)	Price Change	Average
Illinois	Bid	-13.00H to 40.00H	UNCH	6.5775-7.1075	DN 0.0775	6.8161
Indiana	Bid	-15.00H to 13.00H	UNCH-DN 2	6.5575-6.8375	DN 0.0775-DN 0.0975	6.7675
Iowa East	Bid	-20.00H to 10.00H	UNCH	6.5075-6.8075	DN 0.0775	6.6666
Iowa West	Bid	5.00H to 50.00H	UNCH-UP 2	6.7575-7.2075	DN 0.0775-DN 0.0575	7.0216
Kansas	Bid	40.00H to 85.00H	DN 5	7.1075-7.5575	DN 0.1275	7.3575
Michigan	Bid	-30.00H to -17.00H	UNCH	6.4075-6.5375	DN 0.0775	6.4650
Minnesota	Bid	-25.00H to 31.00H	UNCH	6.4575-7.0175	DN 0.0775	6.7892
Missouri	Bid	5.00H to 50.00H	UNCH	6.7575-7.2075	DN 0.0775	6.9200
Nebraska	Bid	20.00H to 85.00H	UNCH	6.9075-7.5575	DN 0.0775	7.1106
Ohio	Bid	-10.00H to 12.00H	UNCH	6.6075-6.8275	DN 0.0775	6.7225
South Dakota	Bid	-10.00H to 50.00H	UNCH	6.6075-7.2075	DN 0.0775	6.8606
Wisconsin	Bid	-45.00H to -17.00H	UNCH	6.2575-6.5375	DN 0.0775	6.3875

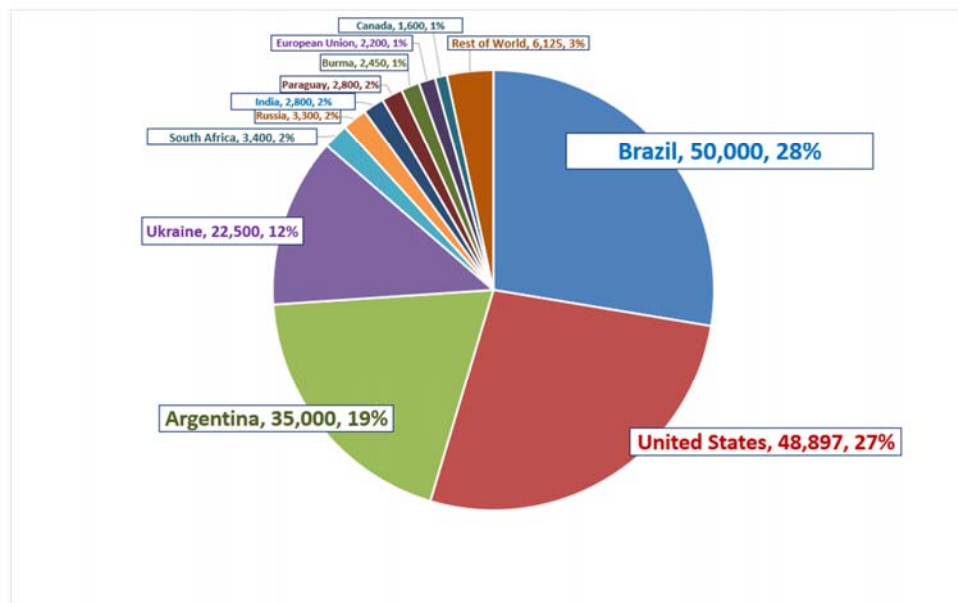
U.S. Ethanol Production & Stocks *Weekly*

Based on U.S. DOE – EIA on U.S. Ethanol Industry Trends as of February 3, 2023



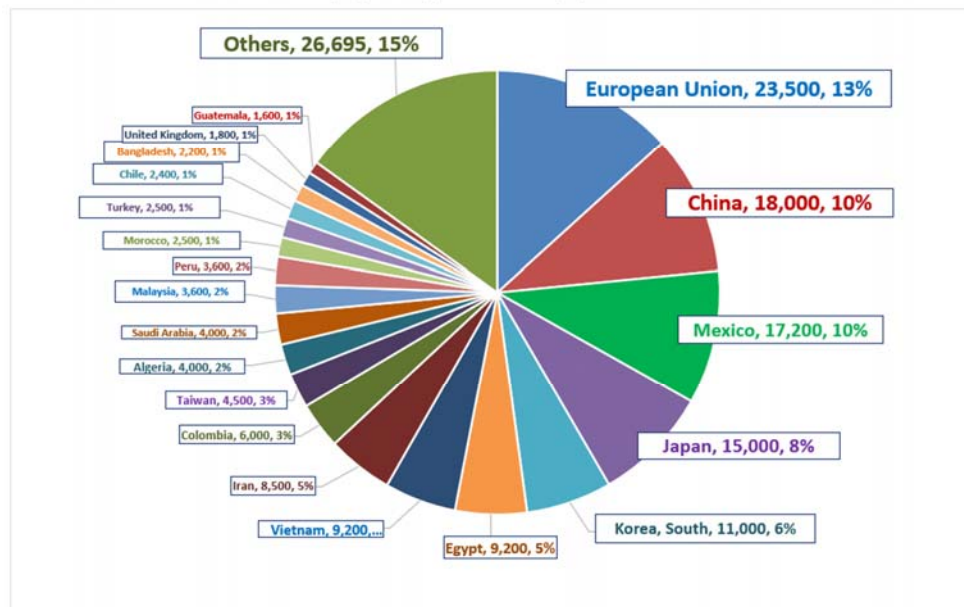
Corn Exporters – Top Countries in “Current” MY 2022/23

USDA FAS PSD-Online, (1,000 mt); as of February 8, 2023



Corn Importers - Top Countries: "Current" MY 2022/23

Source: USDA FAS PSD-Online, (1,000 mt); as of February 8, 2023



U.S. Corn Supply-Demand Balance Sheet

"Current" MY 2022/23 & Proj. "New Crop" MY 2023/24 as of the 2/8/2023 USDA WASDE + KSU Ests.

Item	USDA 2022/23 1/12/2023 WASDE 172.3 bu/ac 13.730 bb crop	A. USDA "New Crop" MY 2023/24 Scenario #1 "High Yields" = 181.5 bu/ac 15.265 bb crop	B. USDA "New Crop" MY 2023/24 Scenario #1 "Average Yields" = 176.0 bu/ac 14.802 bb crop
% Probability of Occurring (KSU)	75% ^{KSUest}	35% ^{KSUest}	65% ^{KSUest}
Planted Area (million acres)	88.579	92.000	92.000
Harvested Area (million acres)	79.207	84.100	84.100
% Harvested/Planted Area	89.42%	91.41%	91.41%
Yield / harvested acre (bu/ac)	172.3	181.5	176.0
Million Bushels			
Beginning Stocks (million bushels)	1,377	1,267	1,267
Production (million bu.)	13,730	15,265	14,802
Imports (million bu.)	50.0	25.0	25.0
Total Supply (million bu.)	15,157	16,556	16,094
Ethanol for fuel Use (million bu.)	5,250	5,325	5,325
Food & Industrial Use (million bu.)	1,419.4	1,419.4	1,419.4
Seed Use (million bu.)	30.6	30.6	30.6
Exports (million bu.)	1,925	2,275	2,275
Feed & Residual Use (million bu.)	5,275	5,700	5,700
Total Use (million bu.)	13,890	14,750	14,750
Ending Stocks (million bu.)	1,267	1,806	1,344
% Ending Stocks-to-Use	9.12%	12.07%	9.11%
Days of Supply (% S/U x 365 days)	33.3 days	44.1 days	33.3 days
U.S. Corn Average Farm Price (\$/bushel)	\$6.70 ^{USDA} \$6.61 ^{KSU}	\$5.70 ^{USDA}	\$6.70 ^{KSU}

U.S. Corn End Stocks & % Stocks-to-Use

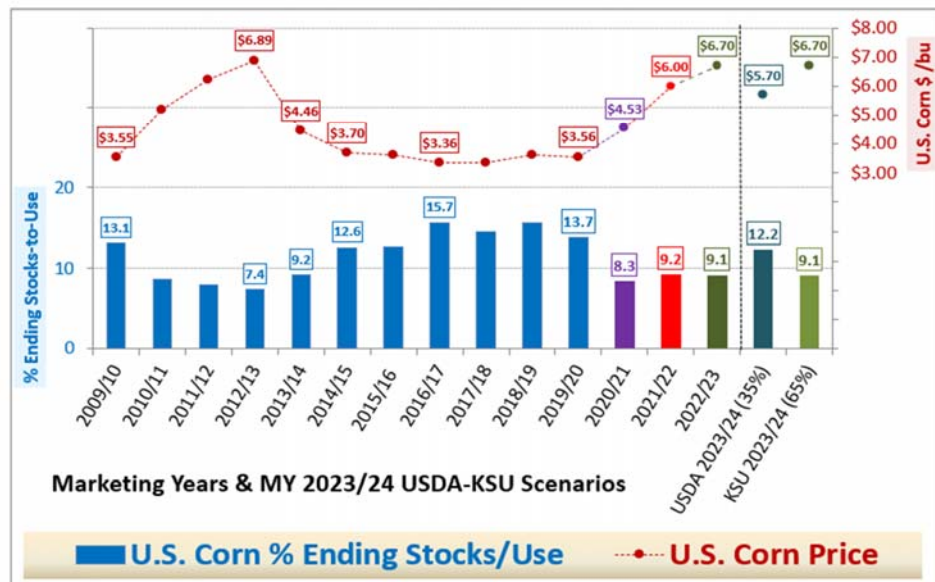
MY 2012/13 thru "New Crop" MY 2023/24^{Est} as of the February 8, 2023 USDA Reports



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U.S. Corn % Stocks/Use vs Corn Price

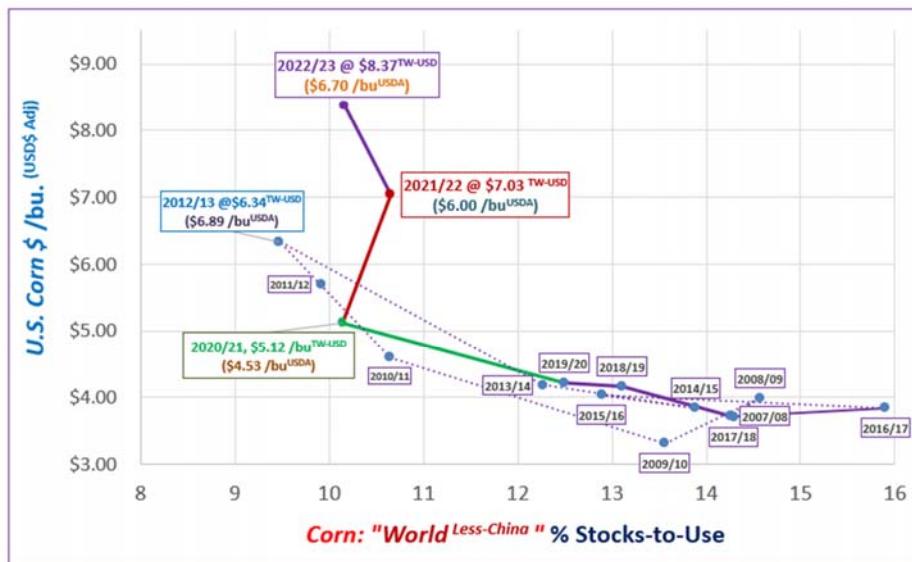
MY 2009/10 – "New Crop" MY 2023/24 as of the February 8, 2023 USDA WASDE



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U.S. Corn \$USD\$ Adj. vs "World Less-China" % S/U

MY 2007/08 – "Current" MY 2022/23 as of the February 8, 2023 USDA WASDE Report



Corn Market Prices



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CME Corn Futures <i>2/10/2023 Closes</i>			
Month	Close	Change	Carry /mo
Mar^{Lead} 23	\$6.80 ½	↑ \$0.09 ¾	---
May 23	\$6.78 ¼	↑ \$0.09 ¼	<i>-\$0.01¹²⁵</i>
July 23	\$6.66 ½	↑ \$0.07 ¾	<i>-\$0.05⁸⁷⁵</i>
Sept 23	\$6.10	↑ \$0.05 ¾	<i>-\$0.28²⁵</i>
Dec^{Hvst} 23	\$5.96	↑ \$0.05 ½	<i>-\$0.04⁶⁶⁷</i>
Mar 24	\$6.03 ¼	↑ \$0.05 ½	<i>+\$0.02⁴¹⁷</i>
May 24	\$6.07	↑ \$0.05	<i>+\$0.01⁸⁷⁵</i>
July 24	\$6.06 ½	↑ \$0.05	<i>-\$0.00²⁵</i>

CME Corn Futures

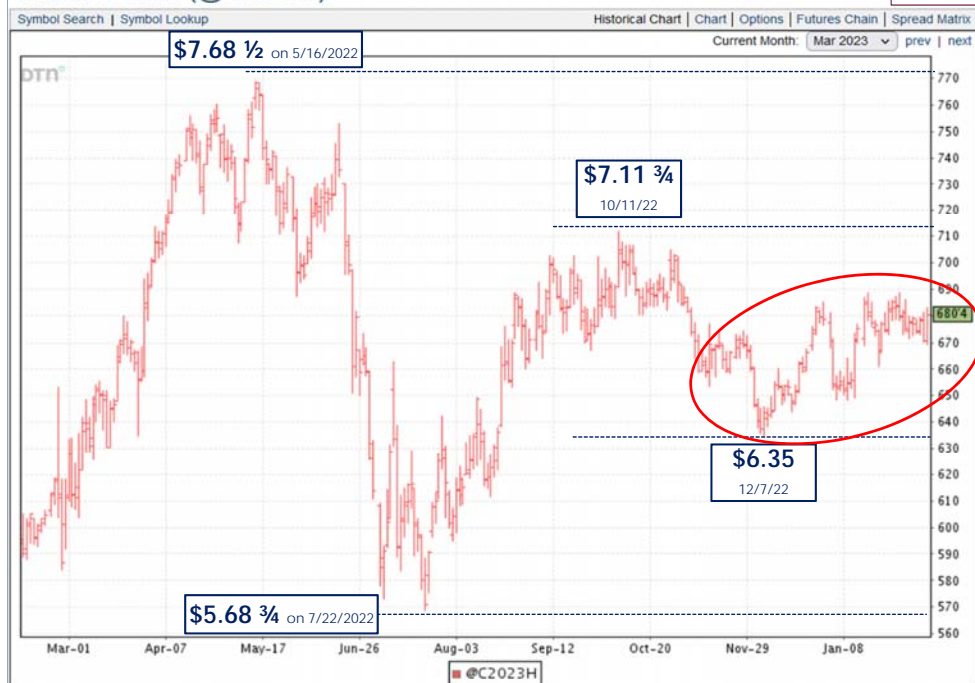
"Old Crop"
MARCH 2023
OHLC \$'s

\$6.80 ½ /bu

Market Close

Friday,
2/10/2023

ELEC. CORN (@C2023H)



CME Corn Futures

"New Crop"

DEC 2023

OHLC \$'s

\$5.96 /bu

Market Close

Friday,

2/10/2023



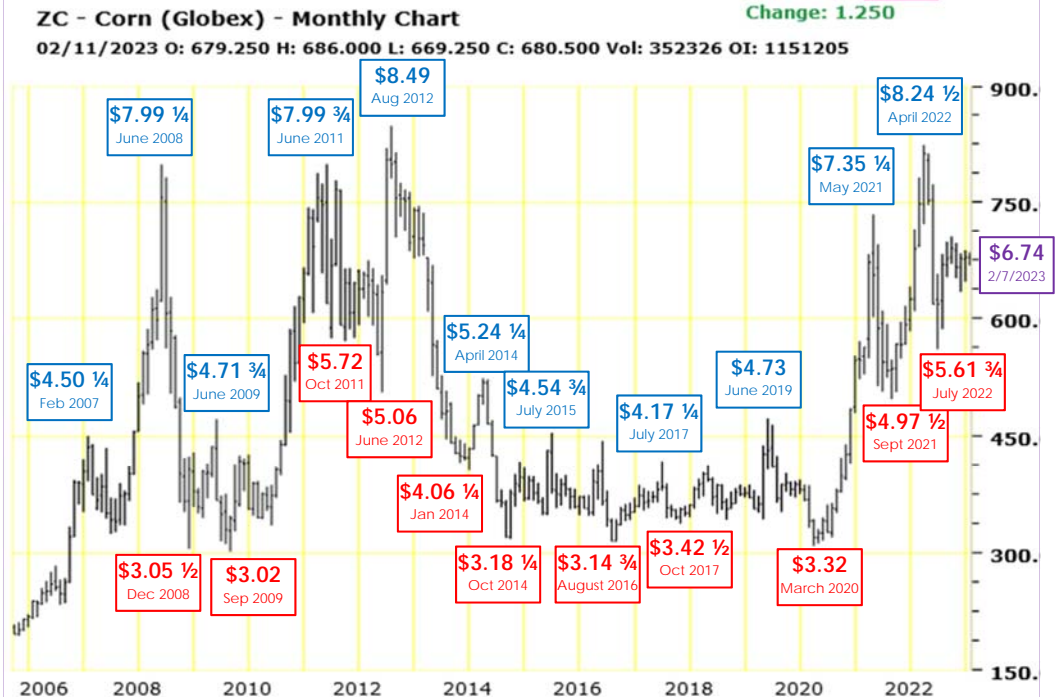
CME Corn Futures Continuous Weekly to 2/10/2023



CME Corn Futures

Monthly
"Continuous"
OHLCs

Dec²⁰⁰⁵
to
Feb²⁰²³



Corn Futures Seasonal \$'s & Volatility since 2014

CORN CVOL HISTORY (CVL)

Zoom 1M 3M 6M 1Y 2Y 3Y 5Y YTD ALL

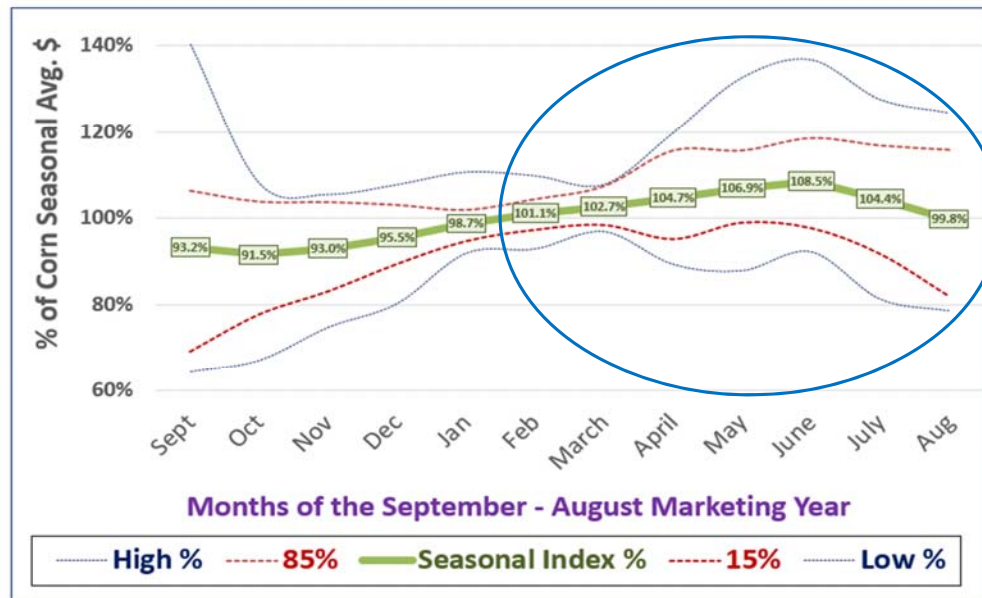
Oct 1, 2013 → Feb 8, 2023



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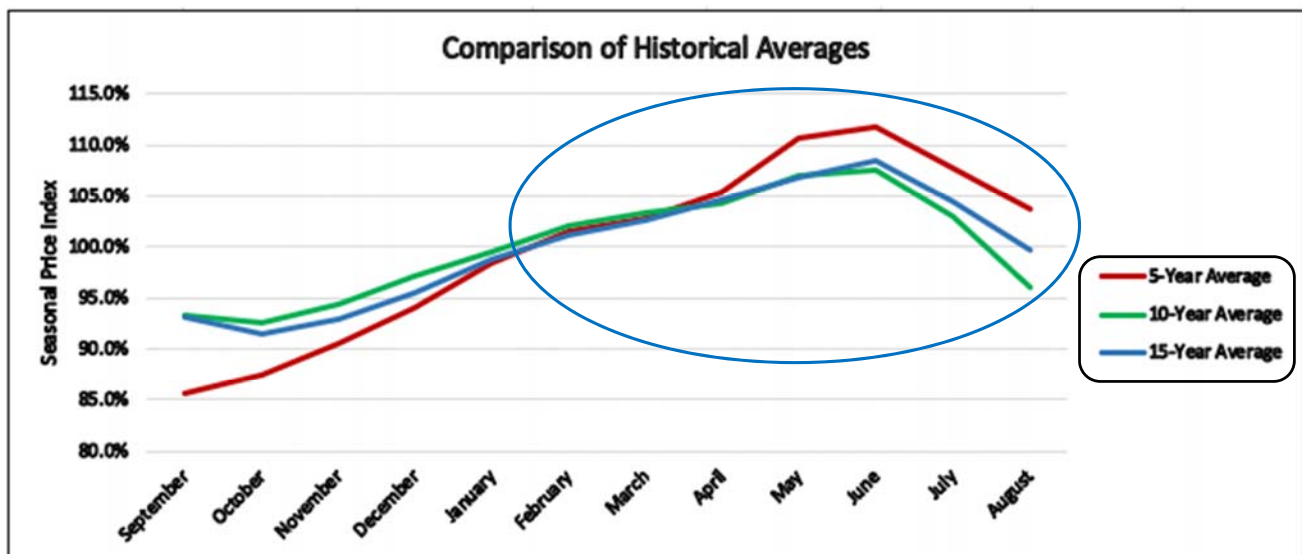
Corn Seasonal Price Index *Northeast KS*

Last 23 Marketing Years: 1999/2000 through 2021/2022



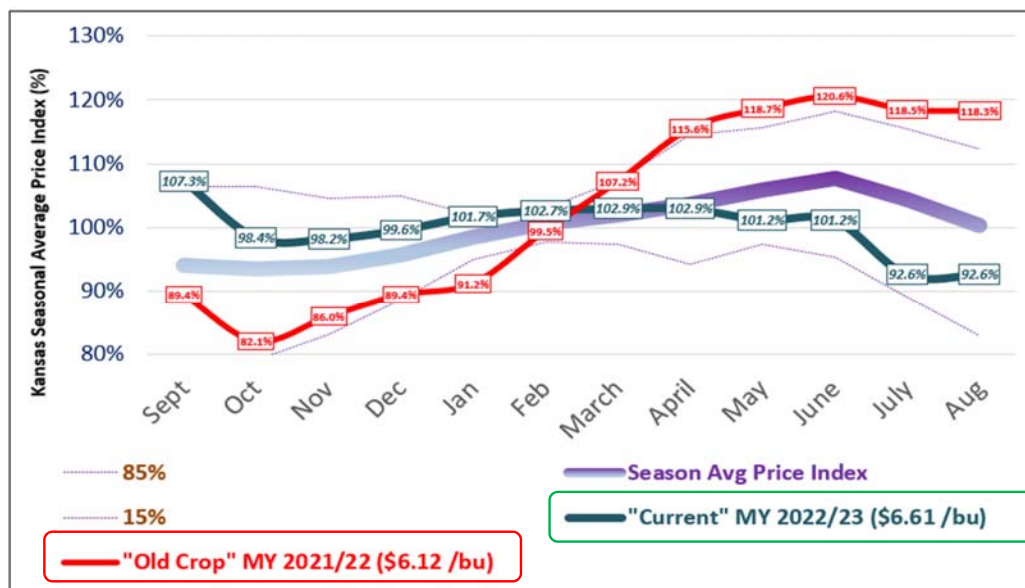
Corn: Seasonal Average Price Index

For the last 5, 10, & 15 Years in Northeast Kansas



Corn Seasonal Prices *Kansas-U.S.*

Long Term Seasonal \$ Trends + MY 2021/22 & "Current" MY 2022/23 As of 2/10/2023



USDA Corn \$ Forecasts:

"Old Crop"
MY 2021/22
= \$6.00 /bu ^{U.S.}

"Current"
MY 2022/23
= \$6.70 /bu ^{U.S.}

My DTN Cash Bids

Friday, February 10, 2023

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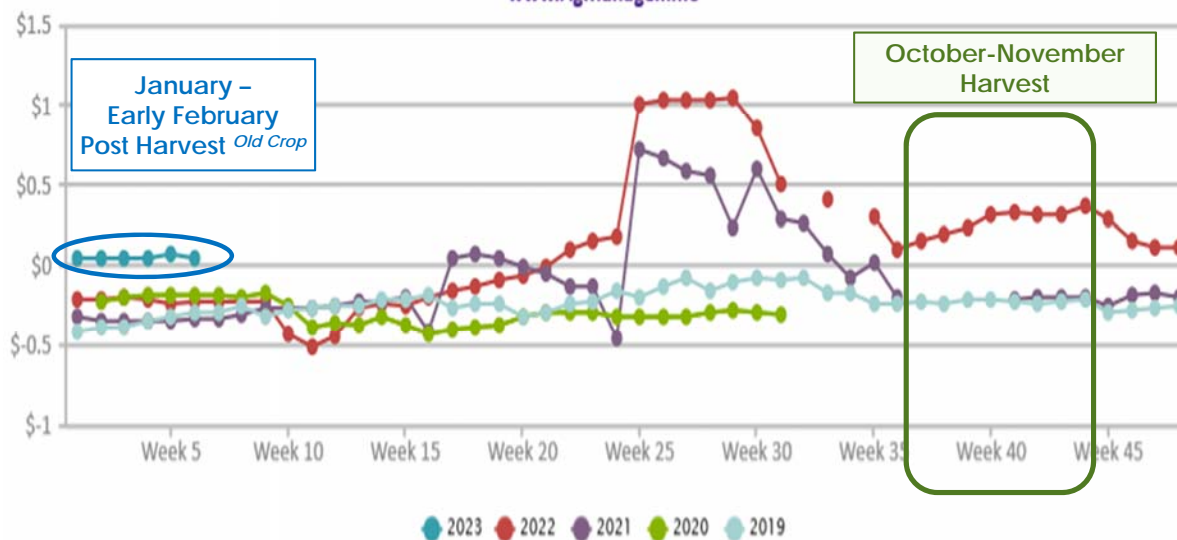
Elevator/Location	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Sep 2023	Oct 2023	Nov 2023
FARMERS COOP HERKIMER, KS	6.77	6.80	6.83	6.87	6.83	6.83	---	---	5.63
HOME CITY GRAIN HOME, KS	6.76	---	---	---	---	---	---	---	---
FARMERS COOP- MARIETTA MARIETTA, KS	6.77	6.80	6.83	6.87	6.83	6.83	---	---	5.63
FARMERS COOP BLUE RAPIDS, KS	6.85	6.88	6.91	6.95	6.91	6.91	---	---	5.71
FARMERS COOP WATERVILLE, KS	6.85	6.88	6.91	6.95	6.91	6.96	---	---	---
FARMERS COOP BEATTIE, KS	6.77	6.80	6.83	6.87	6.83	6.83	---	---	5.63
FARMERS COOP SHUTTLE FRANKFORT, KS	6.92	6.96	6.98	7.01	6.96	6.97	---	---	5.78
FARMERS COOP HANOVER, KS	6.85	6.88	6.91	6.95	6.91	6.91	---	---	5.71
FARMERS COOP FRANKFORT, KS	6.77	6.80	6.83	6.87	6.83	6.83	---	---	5.63
FARMERS COOP BARNESTON, NE	6.73	6.76	6.79	6.83	6.79	6.79	---	---	5.59

Elevator
New Crop
FC Basis:

\$0.18 to
\$0.37
under
DEC²³

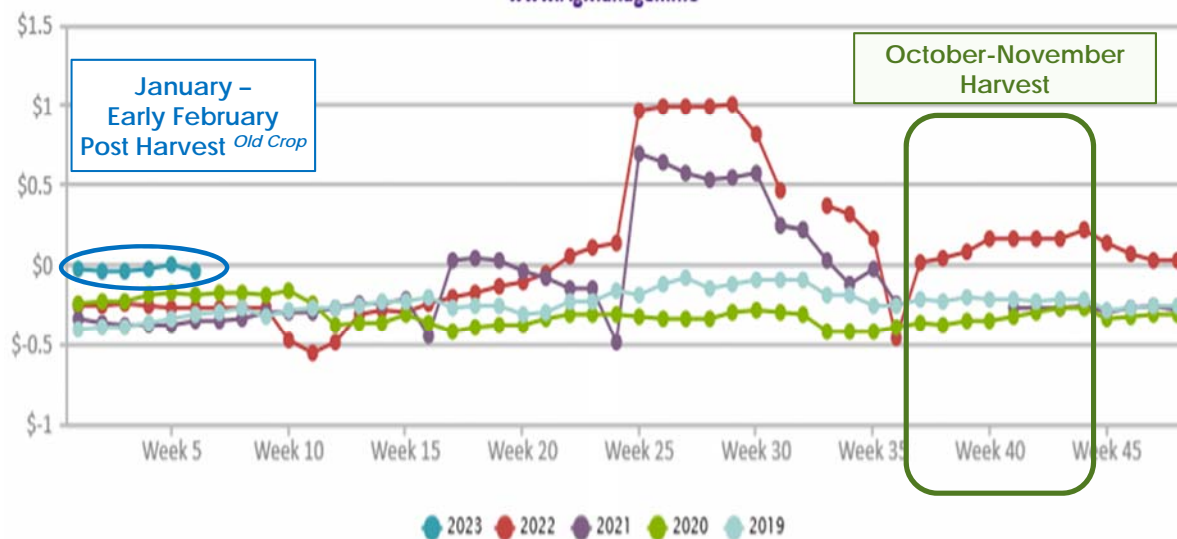
HANOVER , KS: Corn Basis - FARMERS COOP

www.AgManager.info



BEATTIE , KS: Corn Basis - BEATTIE COOP

www.AgManager.info



2023 Corn Cost-Return Budget in Northeast Kansas

-----Average yields

55

Item	unit	price	quantity	amount	Sub-total
INCOME					
Product					
Corn - Northeast KS	bu	\$6.03	145.00	\$874.35	\$874.35
--TOTAL INCOME--					\$874.35
DIRECT EXPENSES					
Additional labor					\$0.96
Crop consulting					\$7.57
Crop insurance					\$27.38
Custom Operations					\$19.32
Diesel					\$15.71
Fertilizers					\$204.96
Fungicides					\$30.72
Herbicides					\$115.43
Miscellaneous					\$10.28
Operator labor					\$6.25
Repair & Maintenance					\$14.81
Seeds					\$84.15
Interest on operating capital		8% percent on direct expenses			\$21.50
--TOTAL DIRECT EXPENSES--					\$559.05
-----Total direct expenses per bu \$3.86					
FIXED EXPENSES					
Cash rent					\$125.00
Capital recovery (depreciation + interest)					\$52.40
--TOTAL FIXED EXPENSES--					\$177.40
-----Total expenses per bu \$5.08					
RETURNS ABOVE DIRECT EXPENSES					\$315.30
RETURNS ABOVE TOTAL SPECIFIED EXPENSES					\$137.90

2023 Corn Costs Northeast KS

Yield = 145 bu /ac

Total Direct Expenses
= \$3.86 /bu

Total of ALL Expenses
= \$5.08 /bu

2023 Irrigated Corn (center-pivot) Cost-Return Budget

-----North Central Kansas (Average yields)

56

Item	unit	price	quantity	amount	Sub-total
INCOME					
Product					
Corn - North Central KS	bu	\$5.97	240.00	\$1,432.80	\$1,432.80
--TOTAL INCOME--					\$1,432.80
DIRECT EXPENSES					
Additional labor					\$0.81
Crop insurance					\$17.53
Custom Operations					\$29.76
Diesel					\$22.91
Fertilizers					\$265.29
Herbicides					\$110.63
Irrigation energy (NG)					\$53.20
Irrigation labor					\$8.10
Miscellaneous					\$12.10
Operator labor					\$6.99
Repair & Maintenance					\$23.50
Seeds					\$133.02
Interest on operating capital		8% percent on direct expenses			\$27.41
--TOTAL DIRECT EXPENSES--					\$712.66
-----Total direct expenses per bu \$2.97					
FIXED EXPENSES					
Cash rent					\$195.00
Capital recovery (depreciation + interest)					\$251.62
--TOTAL FIXED EXPENSES--					\$446.62
-----Total expenses per bu \$4.83					
RETURNS ABOVE DIRECT EXPENSES					\$720.14
RETURNS ABOVE TOTAL SPECIFIED EXPENSES					\$273.52

2023 Irrigated Corn Northeast KS

Yield = 240 bu /ac

Total Direct Expenses
= \$2.97 /bu

Total of ALL Expenses
= \$4.83 /bu

15 acre-inches of water applied
300 foot well depth
\$ 6.95 fuel cost per acre-inch of water applied
.71 Mcf of natural gas per acre-inch of water applied
\$ 9.75 per Mcf for cost of natural gas
10.7 Mcf of fuel used in total

2023 Preharvest Marketing Plan

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**KANSAS STATE
UNIVERSITY**

Department of Agricultural Economics

Preharvest Marketing Plan

WINNING THE GAME

Objective: Buy crop insurance to protect my production risk and price ____% of my anticipated crop (based on APH yield) or _____ bushels.

Price _____ bushels at \$_____ cash price (\$_____ - _____ futures)
(contract month) using _____

Price _____ bushels at \$_____ f/ _____ c, or by _____, 2023, using _____

Price _____ bushels at \$_____ f/ _____ c, or by _____, 2023, using _____

Price _____ bushels at \$_____ f/ _____ c, or by _____, 2023, using _____

Price _____ bushels at \$_____ f/ _____ c, or by _____, 2023, using _____

Price _____ bushels at \$_____ f/ _____ c, or by _____, 2023, using _____

Price _____ bushels at \$_____ f/ _____ c, or by _____, 2023, using _____

Plan starts on _____ . Completed by _____ .

Ignore decision dates and make no sale if prices are lower than \$_____ (month/commodity) futures / \$_____ local cash price.

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Sample Pre-Harvest Marketing Plan

Objective: Buy crop insurance to protect production risk and price 75% of our 67,000-bushel APH (**50,000 bu.**).

Using five, Increments

Price 10,000 bushels at \$4.30 December futures/\$4.15 cash
or by April 15

Price 10,000 bushels at \$4.50 fut./4.35 cash, or by May 15

Price 10,000 bushels at \$4.60 fut./4.45 cash, or by Jun 15

Price 10,000 bushels at \$4.75 fut./4.60 cash, or by Jul 15

Price 10,000 bushels at \$5.00 fut./4.85 cash, or by Aug 15

Plan starts on January 1, 2023.

Ignore decision dates and **make no sale if prices are lower than \$4.00 local cash price.**

Exit all options positions by October 1



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What Would YOU Change?

**50% is
Plenty!**

Objective: Buy crop insurance to protect production risk and price 75% of our 67,000-bushel APH (50,000 bu.).

Using five increments

Price 10,000 bushels at \$4.30 December futures/\$4.15 cash
or by April 15

Price 10,000 bushels at \$4.50 fut./4.35 cash, or by May 15

Price 10,000 bushels at \$4.60 fut./4.45 cash, or by Jun 15

Price 10,000 bushels at \$4.75 fut./4.60 cash, or by Jul 15

Price 10,000 bushels at \$5.00 fut./4.85 cash, or by Aug 15

Plan starts on January 1, 2022.

Ignore decision dates and make no sale if prices are lower than \$4.00 local cash price.

Exit all options positions by October 1

**Different prices,
increments, dates?**

**What's Your
Price Outlook?**



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✓ What's a Realistic Max Price Target?

Let's start with the seasonals

Preharvest: On average, 25% of KS corn is harvested by the last week of September; and 25% of KS milo by mid-October.

Fifteen Years: CME December Corn Futures				
2008/22	Jan 1 Price	Preharvest Max Price	Change	Percent Change
2008	\$4.80	\$7.88	\$3.08	64%
2009	\$4.56	\$4.73	\$0.17	4%
2010	\$4.45	\$5.22	\$0.77	17%
2011	\$5.53	\$7.75	\$2.23	40%
2012	\$5.90	\$8.39	\$2.49	42%
2013	\$5.92	\$5.94	\$0.01	0%
2014	\$4.48	\$5.13	\$0.65	14%
2015	\$4.20	\$4.52	\$0.32	8%
2016	\$3.77	\$4.49	\$0.72	19%
2017	\$3.84	\$4.15	\$0.31	8%
2018	\$3.87	\$4.27	\$0.40	10%
2019	\$3.98	\$4.69	\$0.70	18%
2020	\$4.05	\$4.05	\$0.00	0%
2021	\$4.35	\$6.37	\$2.02	46%
2022	\$5.48	\$7.66	\$2.18	40%

WINNING THE GAME

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2023	\$6.07	\$6.07	\$0.00	0%
------	--------	--------	--------	----

Let's put'em in order of "Change"

33% of the time;
prices rise \$2.00 or
more (>40%)

67% of the time;
prices rise \$0.40 or
more (>10%)

87% of the time;
prices rise \$0.17 or
MORE

13% of the time;
there was no change

Fifteen Years: CME December Corn Futures				
2008/22	Jan 1 Price	Preharvest Max Price	Change	Percent Change
2008	\$4.80	\$7.88	\$3.08	64%
2012	\$5.90	\$8.39	\$2.49	42%
2011	\$5.53	\$7.75	\$2.23	40%
2022	\$5.48	\$7.66	\$2.18	40%
2021	\$4.35	\$6.37	\$2.02	46%
2010	\$4.45	\$5.22	\$0.77	17%
2016	\$3.77	\$4.49	\$0.72	19%
2019	\$3.98	\$4.69	\$0.70	18%
2014	\$4.48	\$5.13	\$0.65	14%
2018	\$3.87	\$4.27	\$0.40	10%
2015	\$4.20	\$4.52	\$0.32	8%
2017	\$3.84	\$4.15	\$0.31	8%
2009	\$4.56	\$4.73	\$0.17	4%
2013	\$5.92	\$5.94	\$0.01	0%
2020	\$4.05	\$4.05	\$0.00	0%

WINNING THE GAME

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Preharvest Marketing Plan



Objective: Buy crop insurance to protect my production risk and price 50 % of my anticipated crop (based on APH yield) or 60,000 bushels.

Price 5,000 bushels at \$ \$5.90 cash price (\$ - DEC 2023 futures) (contract month) using FC, Hedge, Basis Contract

Price 5,000 bushels at \$ \$6.15 f/ \$5.95 c, or by 3/15/23, 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$6.40 f/ \$6.20 c, or by 4/15/23, 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$6.65 f/ \$6.45 c, or by 5/15/23, 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$6.90 f/ \$6.70 c, or by 6/1/23, 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$7.15 f/ \$6.95 c, or by 6/15/23, 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$7.40 f/ \$7.20 c, or by 7/15/23, 2023, using FC, Hedge, Basis Contract

Plan starts on February 14, 2023. Completed by July 15, 2023.

Ignore decision dates and make no sale if prices are lower than \$ \$5.25 Cost+ Minimum \$??? (month/commodity) futures / \$ \$??? local cash price.

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Sample Pre-Harvest Corn Marketing Plan



Objective: Buy up crop insurance coverage to 80% to protect production risk; and preharvest price 80% of APH.

Using five increments

Price 20% at \$6.10 December futures, or by March 15

Price 20% at \$6.30 December futures, or by April 15

Price 20% at \$6.90 December futures, or by May 15

Price 30% at \$7.50 December futures, or by June 15

Price 10% at \$8.25 December futures, or by July 15

Ignore decision dates and make no sale if prices are lower than **\$5.50 local cash** price.

Exit all options positions prior to Harvest



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Preharvest Marketing Plan



Objective: Buy crop insurance to protect my production risk and price 50 % of my anticipated crop (based on APH yield) or 60,000 bushels.

Price 5,000 bushels at \$ \$5.90 cash price (\$ - DEC 2023 futures) (contract month) using FC, Hedge, Basis Contract

Price 5,000 bushels at \$ \$6.15 f/ \$5.95 c, or by 3/15/23 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$6.40 f/ \$6.20 c, or by 4/15/23 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$6.65 f/ \$6.45 c, or by 5/15/23 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$6.90 f/ \$6.70 c, or by 6/1/23 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$7.15 f/ \$6.95 c, or by 6/15/23 2023, using FC, Hedge, Basis Contract

Price 10,000 bushels at \$ \$7.40 f/ \$7.20 c, or by 7/15/23 2023, using FC, Hedge, Basis Contract

Plan starts on February 14, 2023. Completed by July 15, 2023.

Ignore decision dates and make no sale if prices are lower than \$ \$5.25 Cost+ Minimum \$??? (month/commodity) futures / \$ \$??? local cash price.

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Questions?

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