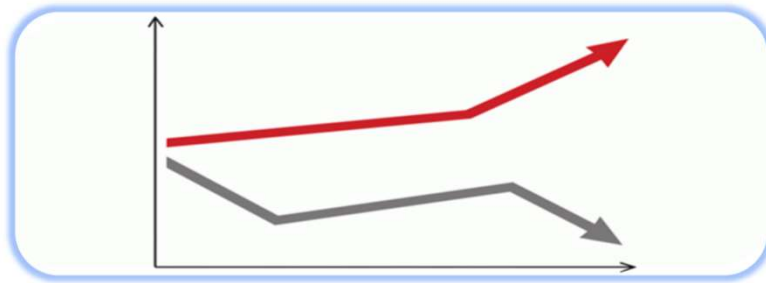


Third Thursday: 2021-22 Crop Marketing Series



Ed Kordick
Farmer Education Program Manager
ekordick@ifbf.org
www.iowafarmbureau.com

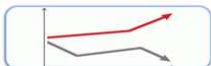


3

Third Thursday: 2021-22 Crop Marketing Series

Each webinar will include:

1. Educational topic from “Five Common Mistakes in Grain Marketing”
2. Corn and soybean market update (futures, cash, basis)
3. 2021-22 Iowa Commodity Challenge marketing plan update



4

Third Thursday: 2021-22 Crop Marketing Series

Live at 1:00 pm, also recorded for later viewing

- Nov. 18, 2021: Thinking you avoid storage costs when you sell grain and buy a call
- Dec. 16, 2021: Failure to understand and track your basis
- Jan. 20, 2022: The reluctance towards pre-harvest pricing
- Feb. 17, 2022: Lack of an exit strategy
- March 17, 2022: Holding grain in storage too long
- April 21, 2022: Five Common Mistakes in Grain Marketing: Wrap-up with Ed Usset.



7

HOLDING GRAIN IN STORAGE TOO LONG

How long do you store grain?

8

Hank Holder



Hank is our perennial bull, always convinced that prices are about to surge higher. But Hank only has enough storage for one crop, so each year he is forced to sell last years' crop before harvest, to make room for the new crop. His price is the following harvest price, less storage costs.



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Hank Holder



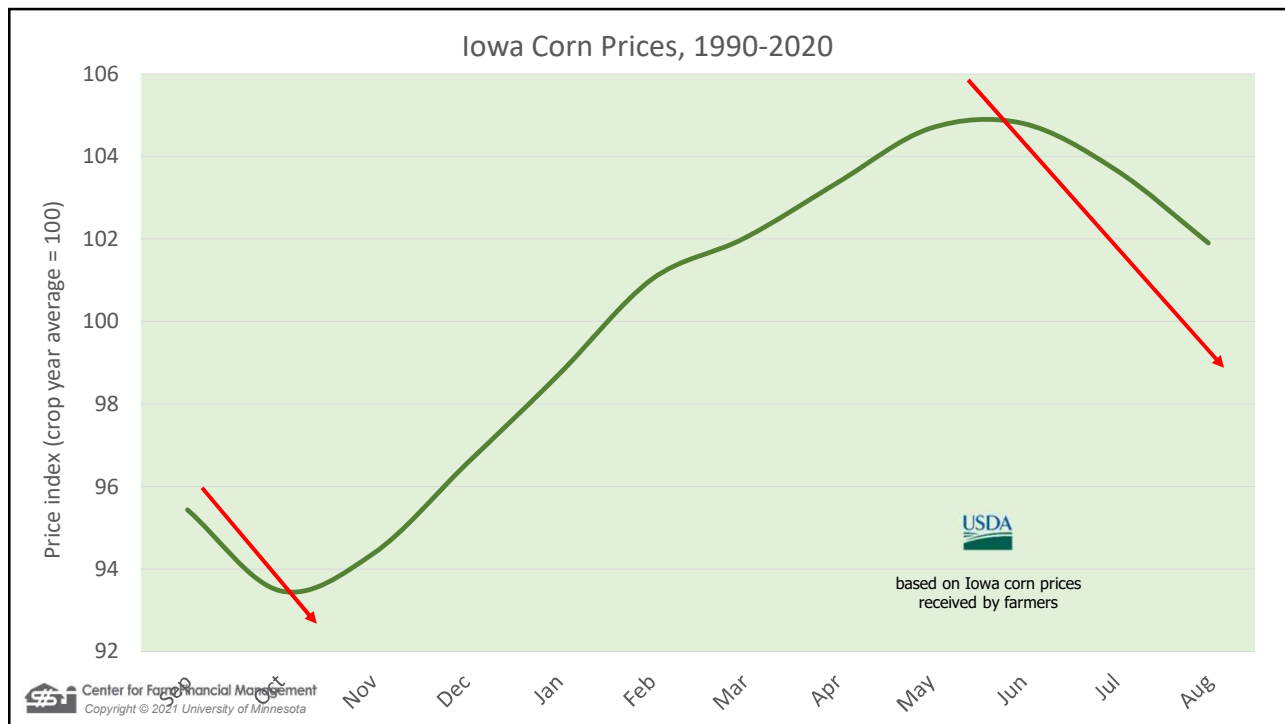
Hank breaks The 11th Commandment of Grain Marketing

"Thou shall not hold unpriced corn or soybeans in the bin beyond July 1"

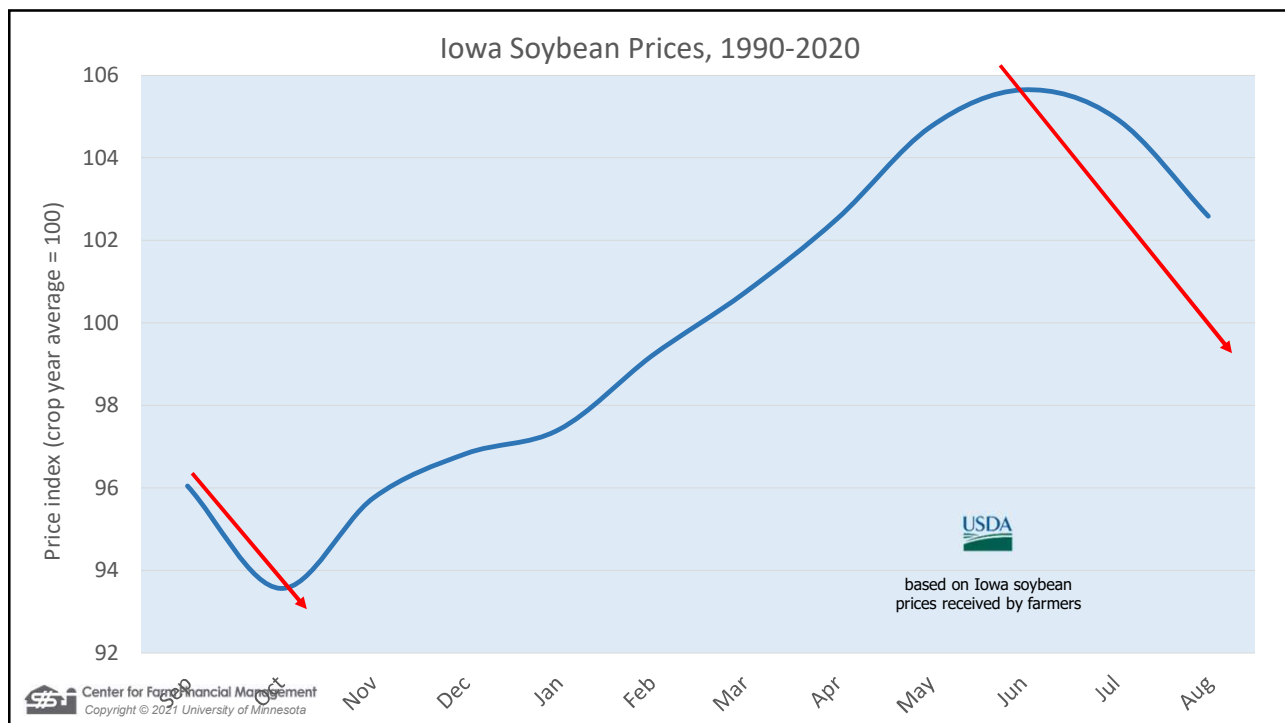


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May Sellers





May has on-farm storage. After harvest, she holds her corn and soybeans in the bin to sell late May. Her final price is net of variable storage costs.





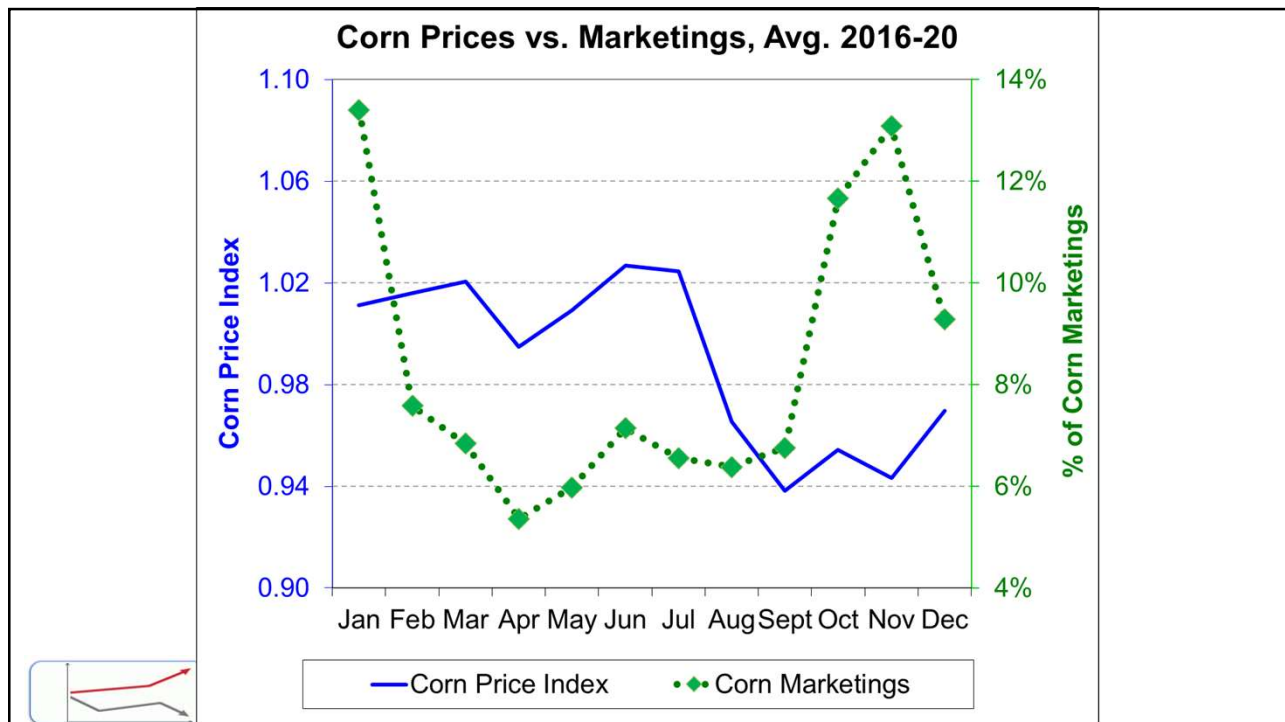
Barney may be our benchmark, but let's compare Hank Holder to May Sellers – two producers doing the same thing.

IOWA AVERAGE CORN PRICES, 1989-2020

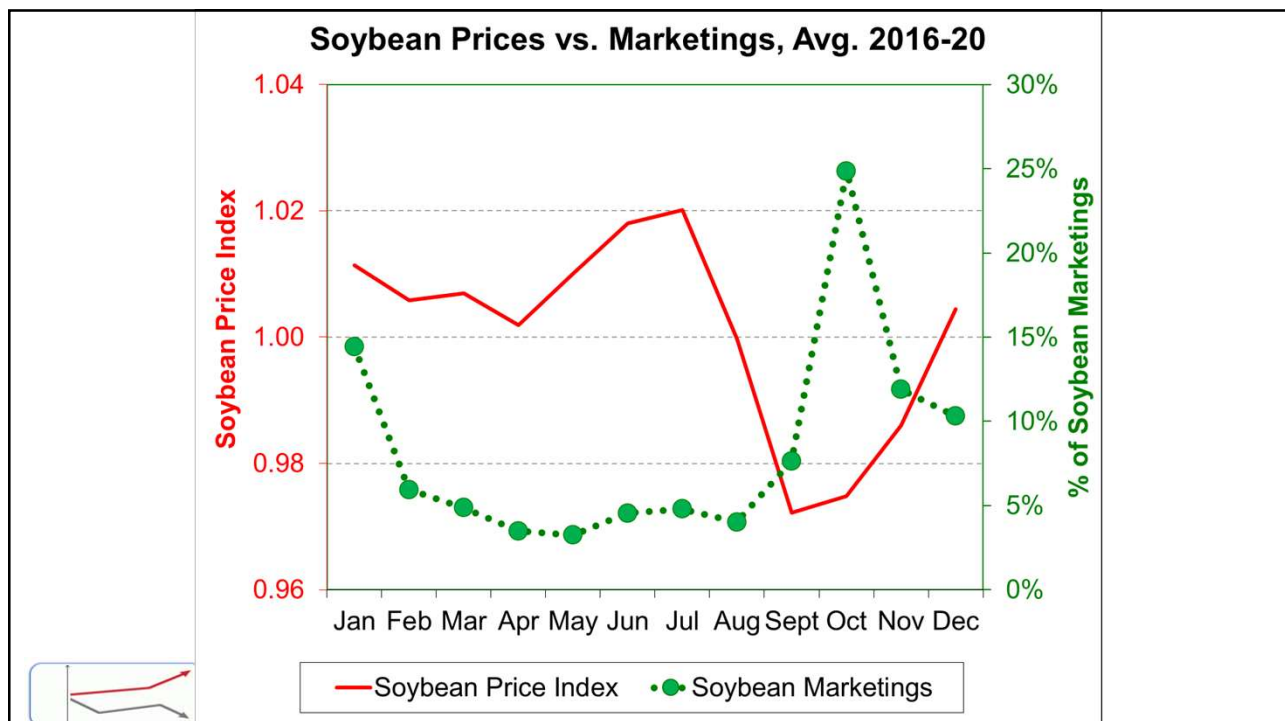
			
	May	Hank	May's advantage
corn	3.14	2.72	0.42
years >Hank	23		
years >10%	19	4	

IOWA AVERAGE SOYBEAN PRICES, 1989-2020

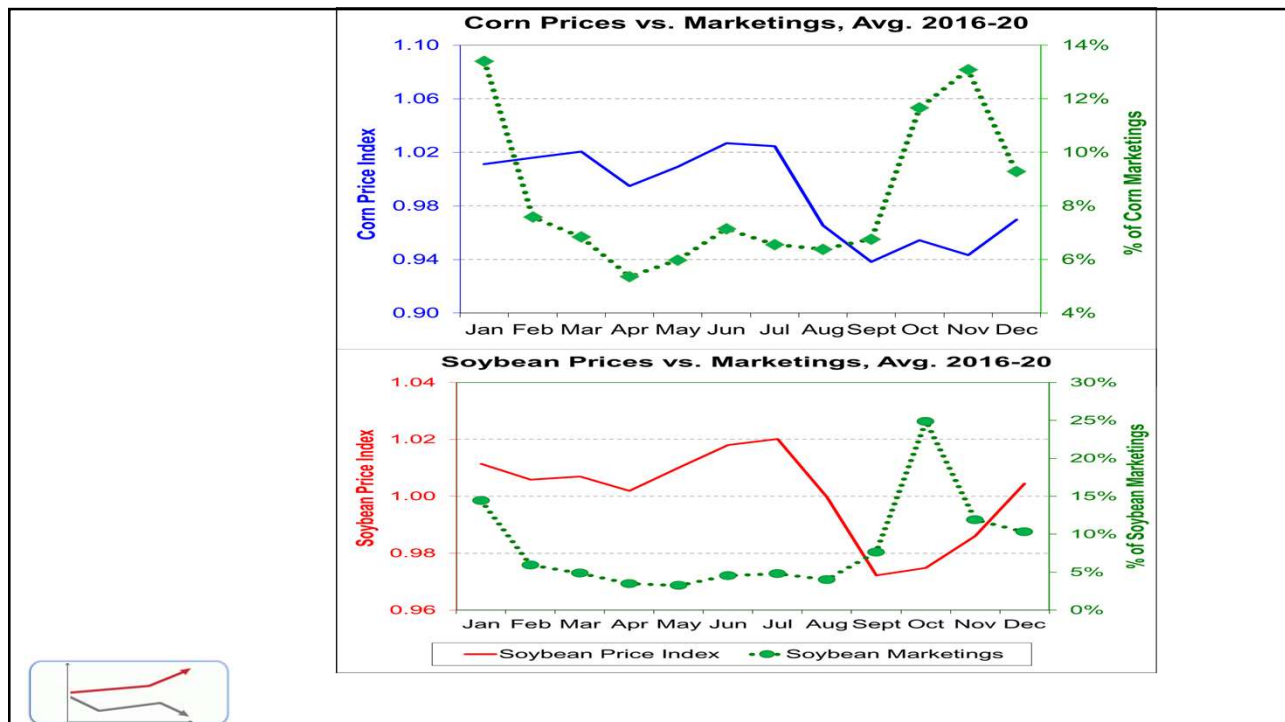
			
	May	Hank	May's advantage
soybeans	7.82	6.90	0.92
years >Hank	23		
years >10%	18	3	



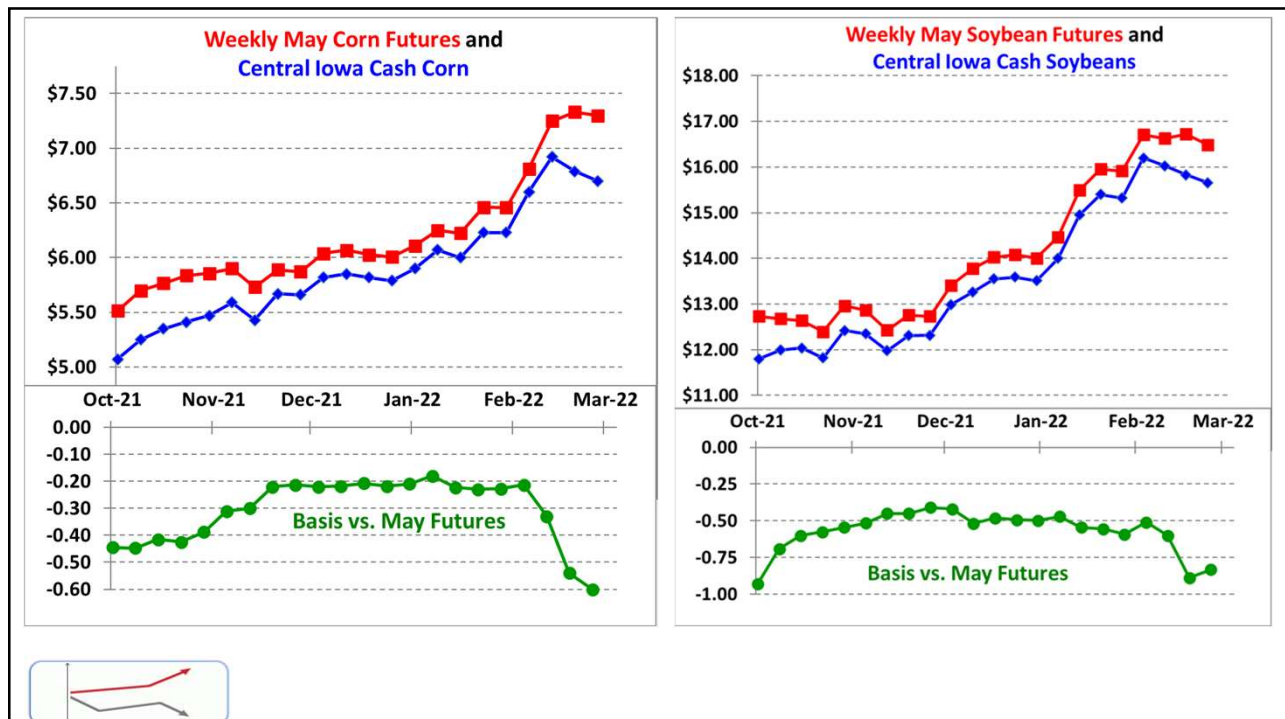
17



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Third Thursday: 2021-22 Crop Marketing Series

Holding grain in storage too long

Summary Points:

- Crops are meant to be sold and a disciplined exit plan can help.
- Price history indicates that exit plans using seasonal patterns yield results (not guaranteed any one year!)
- Deadline dates offer discipline.
- Old crop exit plans can help you focus on marketing next crop.
- Holding too long risks increase as market prepares for new crop.



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MARKETING IS NOT EASY!

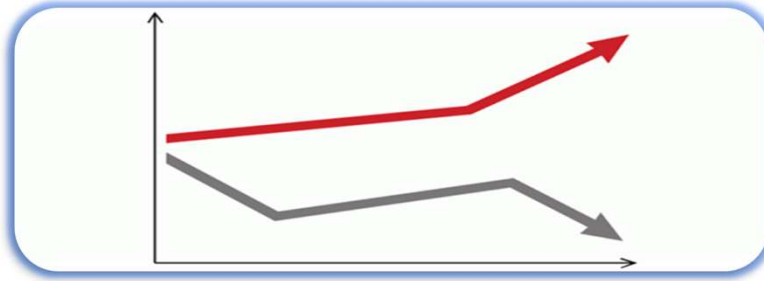
An approach that works **over** time is
not guaranteed to work **every** time.

MARKETING WILL NEVER BE EASY!

Nothing is 100%

22

2021 Crop Corn and Soybean Market Update: Futures, Cash, Basis



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Weekly Tracking Table (Old Crop)

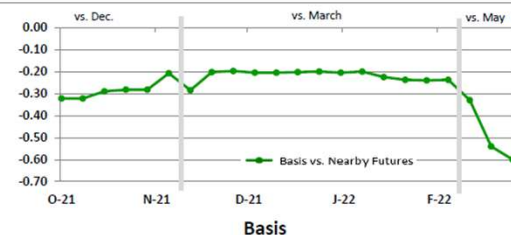
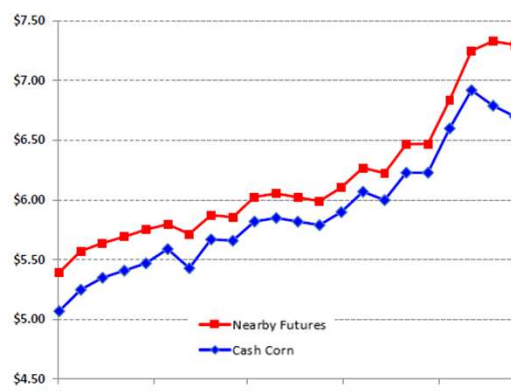
Corn Location: Bondurant

Date	Spot Cash Price	NEARBY Futures Price	BASIS	March Cash Contract	March Contract Basis	March Futures Price	May Futures Price	July Futures Price
10/20/21	5.07	5.39	Dec -0.32	5.22	-0.26	5.48	5.52	5.52
10/27/21	5.25	5.57	Dec -0.32	5.38	-0.28	5.66	5.70	5.70
11/03/21	5.35	5.64	Dec -0.29	5.48	-0.24	5.72	5.77	5.77
11/10/21	5.41	5.69	Dec -0.28	5.57	-0.22	5.79	5.84	5.85
11/17/21	5.47	5.75	Dec -0.28	5.59	-0.23	5.82	5.86	5.87
11/24/21	5.59	5.80	Dec -0.21	5.69	-0.17	5.86	5.90	5.91
12/01/21	5.43	5.72	Mar -0.29	5.48	-0.23	5.72	5.73	5.74
12/08/21	5.67	5.87	Mar -0.20	5.67	-0.20	5.87	5.89	5.89
12/15/21	5.66	5.86	Mar -0.20	5.66	-0.20	5.86	5.87	5.87
12/22/21	5.82	6.03	Mar -0.21	5.82	-0.21	6.03	6.04	6.03
12/29/21	5.85	6.06	Mar -0.21	5.85	-0.21	6.06	6.07	6.05
01/05/22	5.82	6.02	Mar -0.20	5.82	-0.20	6.02	6.03	6.00
01/12/22	5.79	5.99	Mar -0.20	5.79	-0.20	5.99	6.01	5.98
01/19/22	5.90	6.11	Mar -0.21	5.90	-0.21	6.11	6.11	6.07
01/26/22	6.07	6.27	Mar -0.20	6.07	-0.20	6.27	6.25	6.19
02/02/22	6.00	6.23	Mar -0.23	6.00	-0.23	6.23	6.22	6.17
02/09/22	6.23	6.47	Mar -0.24	6.25	-0.22	6.47	6.46	6.41
02/16/22	6.23	6.47	Mar -0.24	6.25	-0.22	6.47	6.46	6.41
02/23/22	6.60	6.84	Mar -0.24	6.60	-0.24	6.84	6.81	6.75
03/02/22	6.92	7.25	May -0.33				7.25	6.94
03/09/22	6.79	7.33	May -0.54				7.33	7.08
03/16/22	6.70	7.30	May -0.60				7.30	6.97

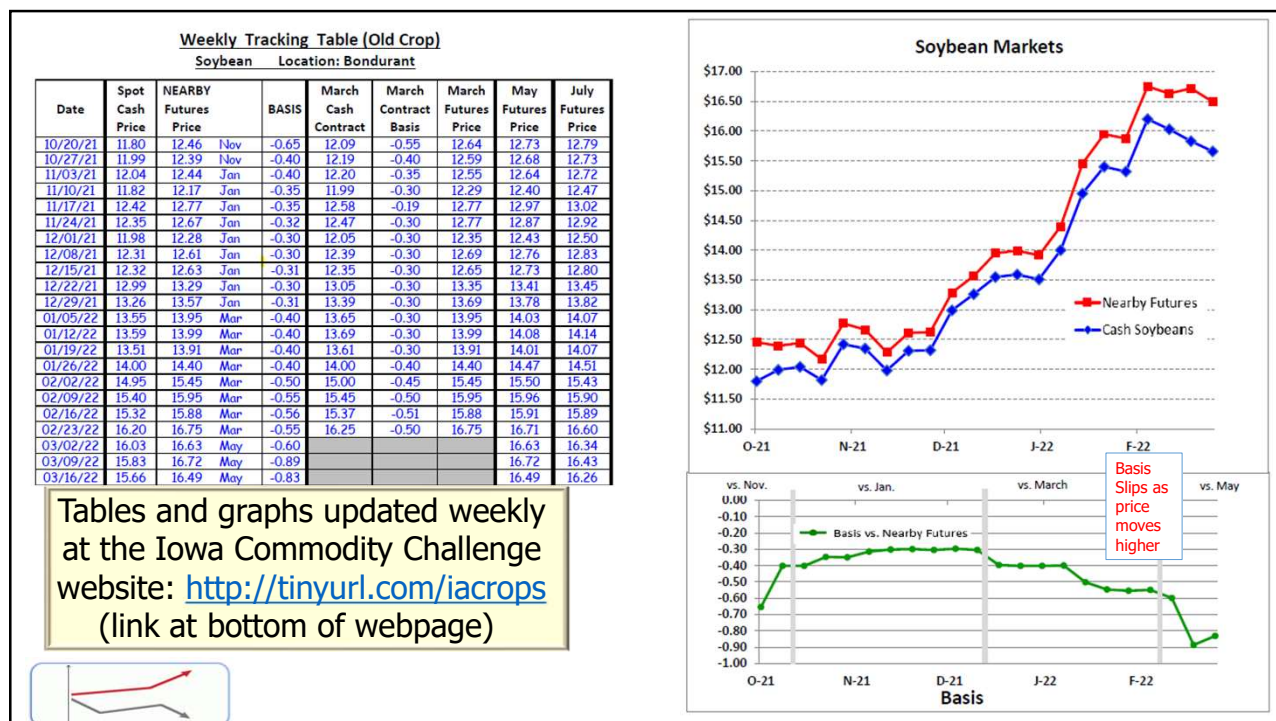
Tables and graphs updated weekly at the Iowa Commodity Challenge website: <http://tinyurl.com/iacrops> (link at bottom of webpage)



Corn Markets

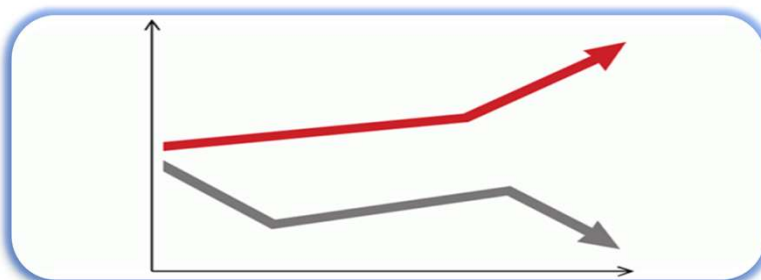


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Example 2021-22 Crop Marketing Plans Summary



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2021-22 Iowa Commodity Challenge: Example Marketing Plans

Summary:

	Corn Price Average	Soybean Price Average
Diverse Marketer	\$ 5.32	\$ 12.54
Crop Storer *	\$ 5.53	\$ 13.08
Futures Buyer *	\$ 5.50	\$ 12.93
Call Option Buyer *	\$ 5.58	\$ 13.17
Harvest Seller	\$ 5.00	\$ 11.76
Ending Price less storage*		
*storage 15 cents corn	\$ 6.55	
*storage 30 cents soybeans		\$ 15.36

Hindsight is always 20/20, but what if example players had spread out their sales.

* Remember the general goal was 10% above harvest price and they act with all bushels.

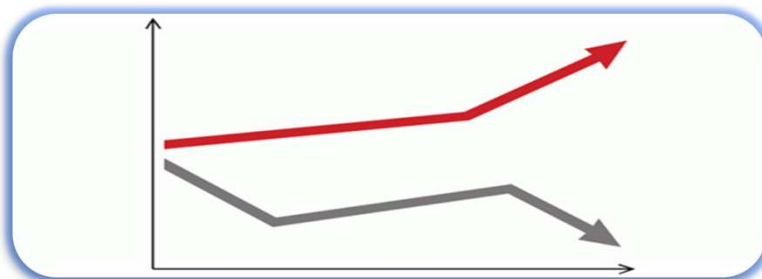
What if they had scaled in at 10%, 20%, 30%, 40%, etc. ??

Food for thought !

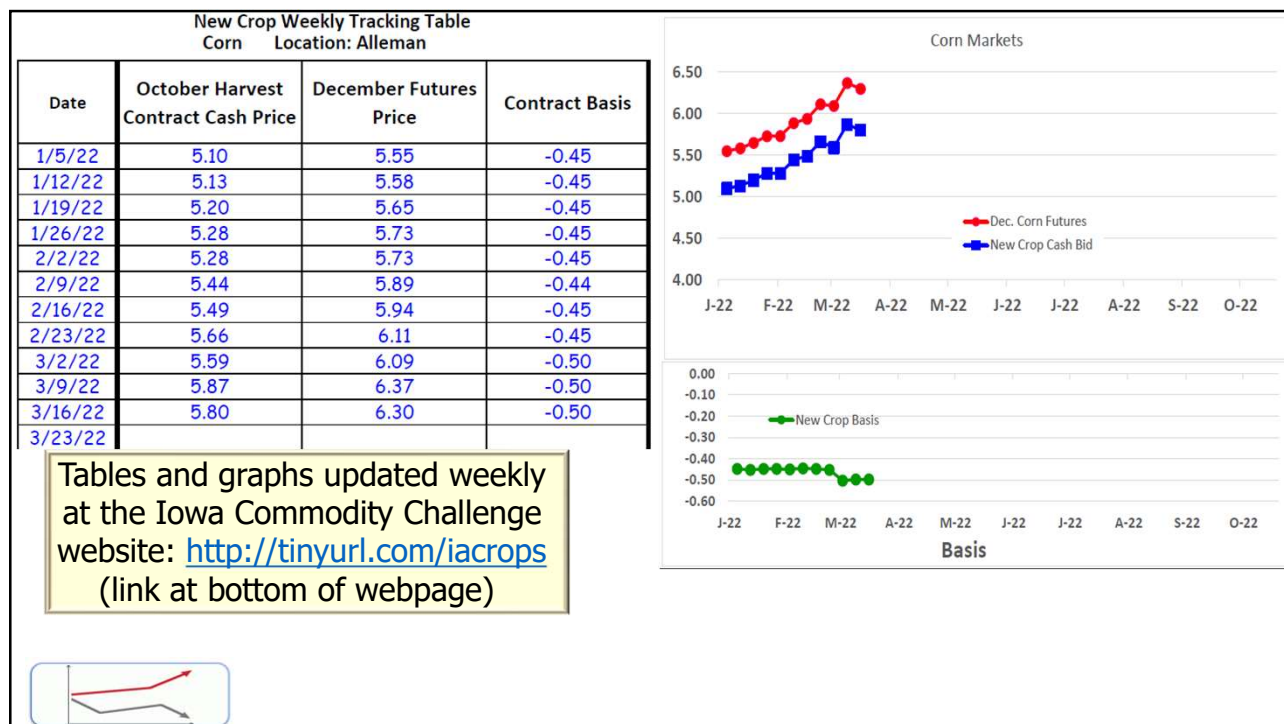


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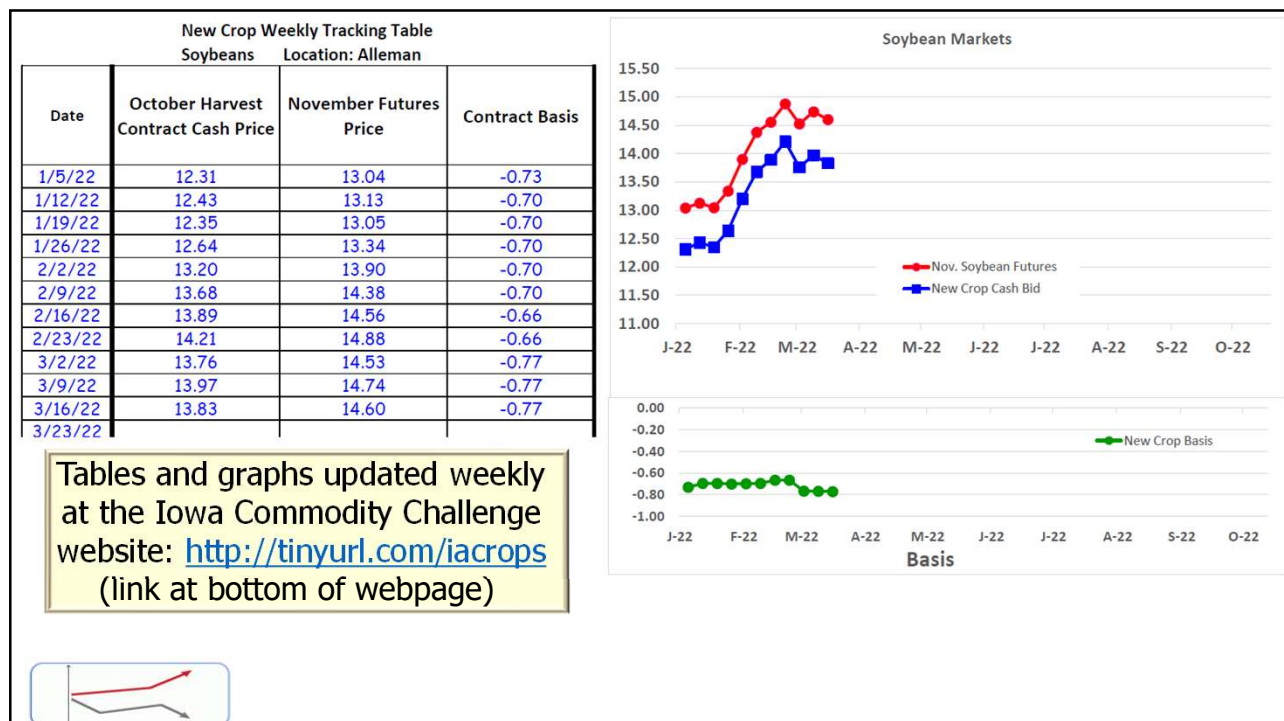
2022 New Crop Corn and Soybean Market Update: Futures, Cash, Basis



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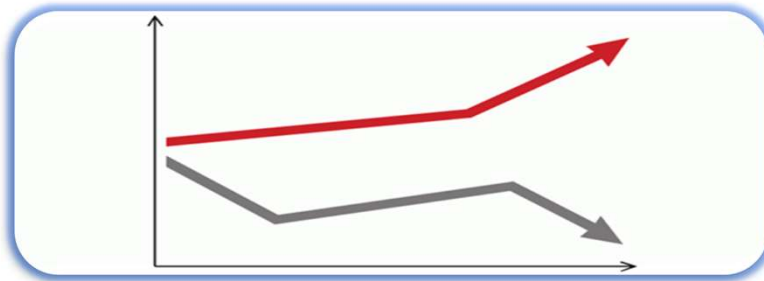


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Example 2022 New Crop Marketing Plans



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2022 New Crop Iowa Commodity Challenge: Example Marketing Plans

2022 New Crop Corn Marketing Plan

DateSeller

Details: 105,000 corn bushels to sell before 2022 harvest on October 19, 2022.

Strategy: Sell prior to harvest incrementally from March – August.

- Sell 15,000 bushels December corn futures on March 16. **3/16/22 Sold 3 Dec. corn contracts at \$6.33**
- Sell 20,000 bushels December corn futures on April 13.
- Sell 20,000 bushels December corn futures on May 18.
- Sell 20,000 bushels December corn futures on June 15.
- Sell 20,000 bushels December corn futures on July 13.
- Sell 10,000 bushels December corn futures on August 17.

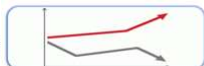
2022 New Crop Corn Soybean Marketing Plan

DateSeller

Details: 30,000 soybean bushels to sell before 2022 harvest on October 19, 2022.

Strategy: Sell prior to harvest incrementally from March – August.

- Sell 5,000 bushels November soybean futures on March 16. **3/16/22 Sold 1 Nov. soybean contract at \$14.53**
- Sell 5,000 bushels November soybean futures on April 13.
- Sell 5,000 bushels November soybean futures on May 18.
- Sell 5,000 bushels November soybean futures on June 15.
- Sell 5,000 bushels November soybean futures on July 13.
- Sell 5,000 bushels November soybean futures on August 17.



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2022 New Crop Iowa Commodity Challenge: Example Marketing Plans

GoalOrDateSeller

Details: 105,000 corn bushels to sell before 2022 harvest on October 19, 2022.

Strategy: Sell prior to harvest at incrementally, predetermined prices goals OR March – August whichever comes first.

- Sell 15,000 bushels December corn futures at \$5.50 or March 16. **1/03/22 Sold 3 Dec. corn contracts at \$5.50**
- Sell 20,000 bushels December corn futures at \$5.70 or April 13. **1/25/22 Sold 4 Dec. corn contracts at \$5.70**
- Sell 20,000 bushels December corn futures at \$5.90 or May 18. **2/09/22 Sold 4 Dec. corn contracts at \$5.90**
- Sell 20,000 bushels December corn futures at \$6.10 or June 15. **2/23/22 Sold 4 Dec. corn contracts at \$6.10**
- Sell 20,000 bushels December corn futures at \$6.30 or July 13. **2/24/22 Sold 4 Dec. corn contracts at \$6.30**
- Sell 10,000 bushels December corn futures at \$6.50 or August 17. **3/7/22 Sold 4 Dec. corn contracts at \$6.50**

Update: 3/16/22
Dec. at \$6.30

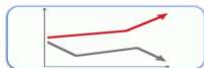
GoalOrDateSeller

Details: 30,000 soybean bushels to sell before 2022 harvest on October 19, 2022.

Strategy: Sell prior to harvest at incrementally, predetermined prices goals OR March – August whichever comes first.

- Sell 5,000 bushels November soybean futures at \$12.50 or March 16. **1/3/22 Sold 1 Nov. soybean contract at \$12.75**
- Sell 5,000 bushels November soybean futures at \$12.90 or April 13. **1/4/22 Sold 1 Nov. soybean contract at \$12.90**
- Sell 5,000 bushels November soybean futures at \$13.30 or May 18. **1/26/22 Sold 1 Nov. soybean contract at \$13.30**
- Sell 5,000 bushels November soybean futures at \$13.70 or June 15. **2/01/22 Sold 1 Nov. soybean contract at \$13.70**
- Sell 5,000 bushels November soybean futures at \$14.10 or July 13. **2/07/22 Sold 1 Nov. soybean contract at \$14.10**
- Sell 5,000 bushels November soybean futures on \$14.50 or August 17. **2/10/22 Sold 1 Nov. soybean contract at \$14.50**

Update: 3/16/22
Nov. at \$14.60



2022 New Crop Iowa Commodity Challenge

Leaderboard

Graphical View		Grid View	
Player	Soybeans 10/19/2022 (per bu.)	Corn 10/19/2022 (per bu.)	Balance
	\$14.19	\$5.76	\$1,030,200.00
	\$13.92	\$5.80	\$1,028,900.00
	\$13.94	\$5.80	\$1,028,825.00
DateSeller ..	\$13.82	\$5.80	\$1,023,837.50
	\$13.83	\$5.80	\$1,023,712.50
	\$13.83	\$5.80	\$1,023,712.50
	\$13.83	\$5.80	\$1,023,712.50
	\$13.83	\$5.80	\$1,023,712.50
	\$13.83	\$5.80	\$1,023,712.50
	\$13.83	\$5.80	\$1,023,712.50
	\$13.83	\$5.80	\$1,023,712.50
	\$13.83	\$5.80	\$1,023,712.50
	\$13.83	\$5.80	\$1,023,712.50
	\$13.80	\$5.77	\$1,021,812.50
	\$13.76	\$5.80	\$1,021,410.25
	\$13.61	\$5.73	\$1,009,950.00
	\$13.28	\$5.59	\$955,462.50
GoalOrDateSeller ..	\$12.77	\$5.48	\$958,150.00
	\$11.89	\$5.58	\$942,387.50
	\$12.17	\$5.41	\$933,312.50

Plan to manage Market Emotions



August 5, 2019 in ALA Nano Learning 360 0, by adminalacommunity1 8445

<https://alacommunity.org/blog/fear-and-greed-index/>

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Common Roadblocks to Risk Management Before Harvest

- **Bushels are not certain.**

- What if I sell and I don't raise enough bushels?

Revenue Protection crop insurance is an answer – provides money to fulfill marketing plan.



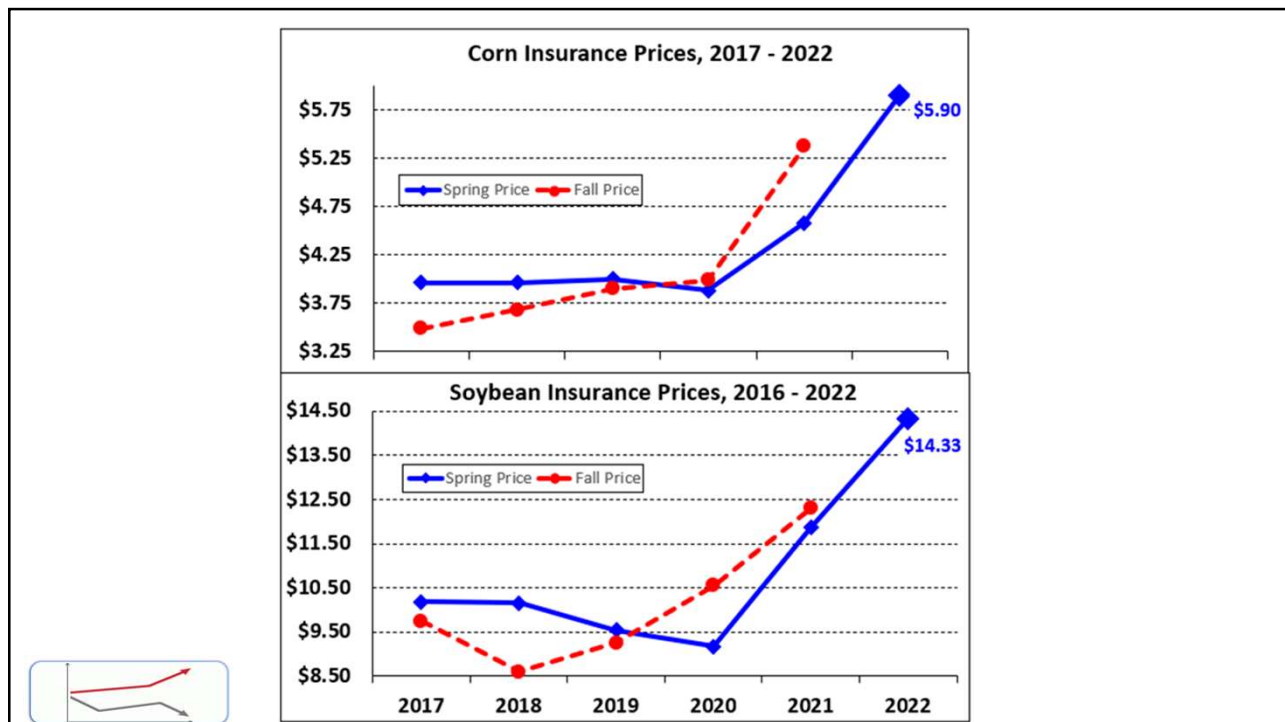
- **Seller's remorse**

- What if I sell and the price goes higher?

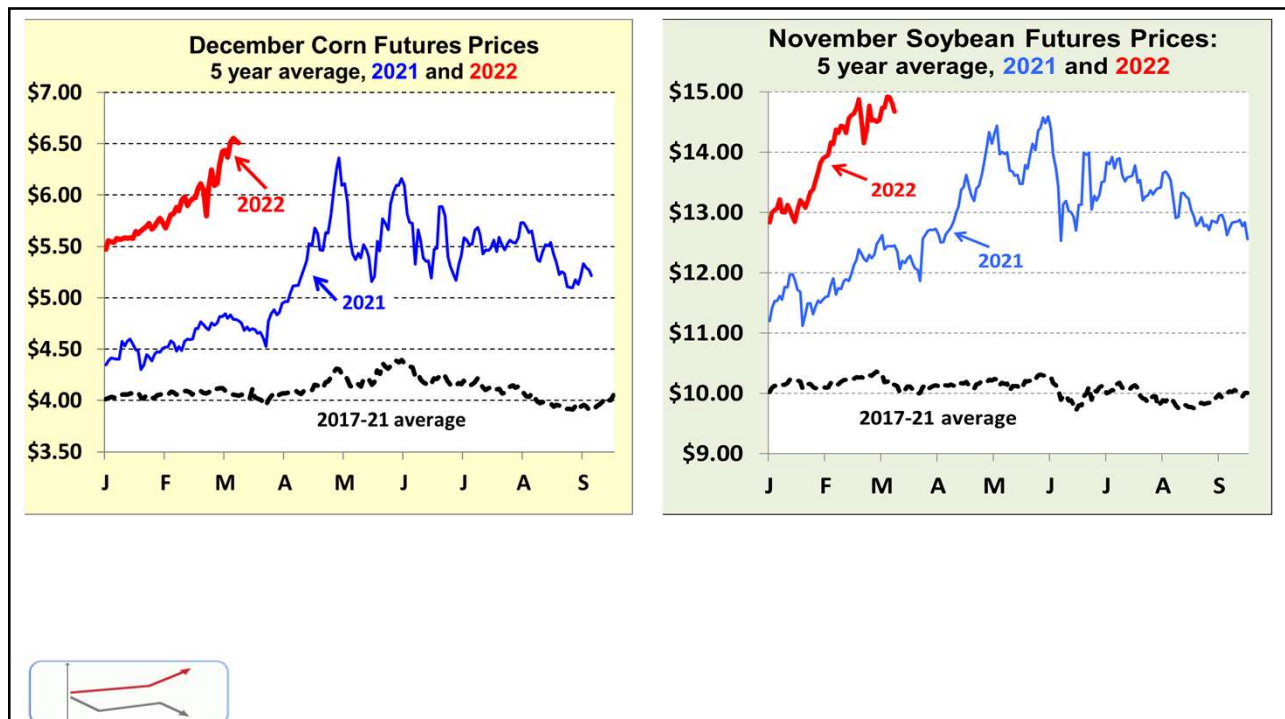
Plan can include scale-in sales, minimum price tools using options or contracts.



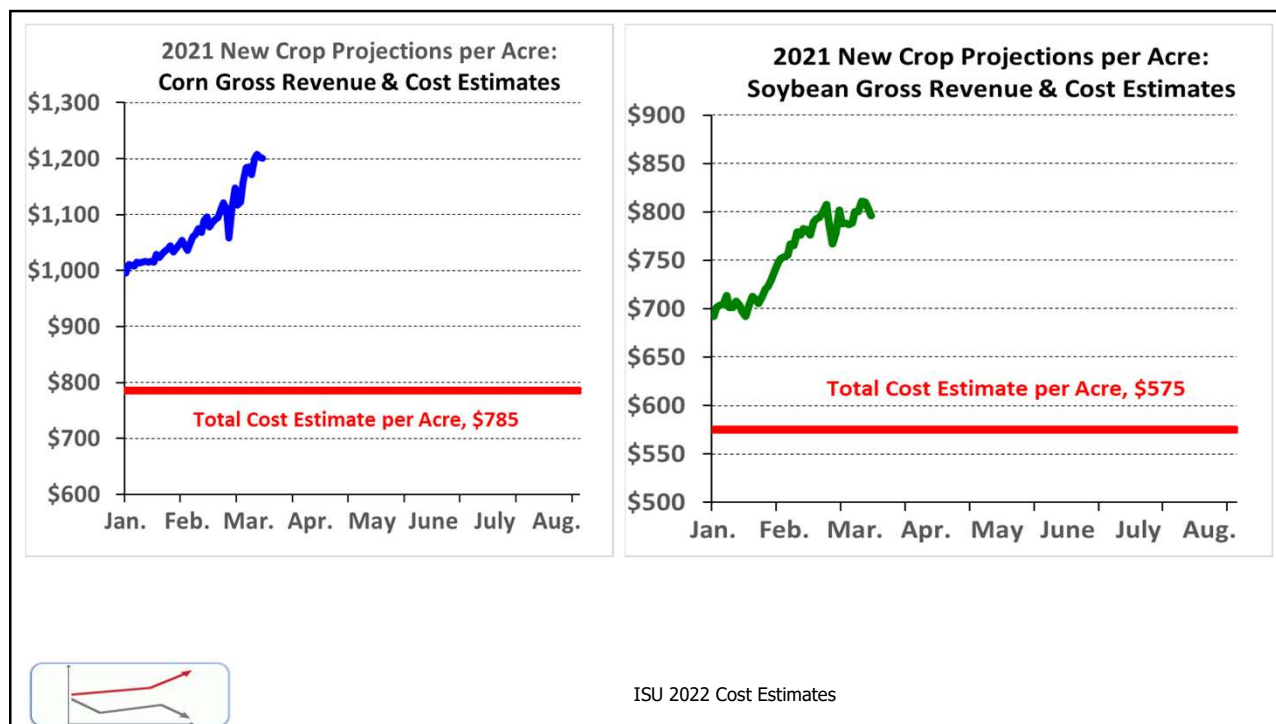
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Iowa Commodity Challenge webpage

<http://tinyurl.com/ICCtools>

Topic	Presentation	PDF Handout	Presenter
1. Introduction to Crop Marketing	Video	Handout	Chad Hart, ISU Extension and Outreach
2. Successful Market Planning	Video	Handout	Ed Kordick, Iowa Farm Bureau Federation
3. Futures Hedging	Video	Handout	Ed Kordick, Iowa Farm Bureau Federation
4. Futures Hedging and Basis Movement	Video	Handout	Ed Kordick, Iowa Farm Bureau Federation
5. Using Crop Contracts	Video	Handout	Ray Jenkins, ISU Crop Marketing Extension Educator
6. Working with Your Grain Merchandiser	Video	Handout	Ray Jenkins, ISU Crop Marketing Extension Educator
7. Basis, Carry and Cost of Ownership	Video	Handout	Steve Johnson, ISU Extension and Outreach
8. Forward Cash Contracts	Video	Handout	Steve Johnson, ISU Extension and Outreach
9. Margin Plans	Video	Handout	Chad Hart, ISU Extension and Outreach
10. Basic Options, Intrinsic and Time Value	Video	Handout	Chad Hart, ISU Extension and Outreach
11. Store Cash Bushels and Buy Put Option	Video	Handout	Ed Kordick, Iowa Farm Bureau Federation
12. Sell Cash Bushels and Buy Call Option	Video	Handout	Ed Kordick, Iowa Farm Bureau Federation
13. Pre-Harvest Marketing New Crop	Video	Handout	Steve Johnson, ISU Extension and Outreach
14. Conquer Marketing Concerns	Video	Handout	Steve Johnson, ISU Extension and Outreach
15. Does Storing Unpriced Crops Really Pay?	Video	Handout	Steve Johnson, ISU Extension and Outreach

View all videos on the ISU Extension and Outreach [Iowa Commodity Challenge Vimeo channel](#).

For the UPDATED Iowa Commodity Challenge Marketing Tool Workbook, [please click here](#).

For the 2021 Estimated Costs of Production, [please click here](#).

For the Crop Marketing Matrix (tools that fit different market situations), [please click here](#).

For blank Marketing Planning & Transaction Log Worksheets (editable), [please click here](#).

Updated: For the 2021-22 Iowa Commodity Challenge Weekly Tracking Table and Charts (02/09/22), [please click here](#).

Updated: For the 2022 New Crop Iowa Commodity Challenge Weekly Tracking Table and Charts (02/09/22), [please click here](#).

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Third Thursday: 2021-22 Crop Marketing Series

Live at 1:00 pm, also recorded for later viewing

- Nov. 18, 2021: Thinking you avoid storage costs when you sell grain and buy a call
- Dec. 16, 2021: Failure to understand and track your basis
- Jan. 20, 2022: The reluctance towards pre-harvest pricing
- Feb. 17, 2022: Lack of an exit strategy
- March 17, 2022: Holding grain in storage too long
- April 21, 2022: Five Common Mistakes in Grain Marketing:
Wrap-up with Ed Usset, University of Minnesota.**



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2022 New Crop Iowa Commodity Challenge

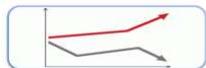
Your invitation:

Join the 2022 New Crop Iowa Commodity Challenge simulation to practice with real markets and see how the strategies of **DateSeller** and **GoalOrDateSeller** perform as the crop year continues.

How to Join:

The follow-up webinar evaluation has question #3 asking if you would like the instructions emailed to you to join the 2022 New Crop Iowa Commodity Challenge (this also adds you to a group to receive periodic crop marketing education e-mails from Ed Kordick). Just enter your e-mail address in the box!

OR send me an e-mail ekordick@ifbf.org and I will reply with the instructions!



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WHY IS AN IMPERFECT PLAN BETTER THAN NO PLAN AT ALL?



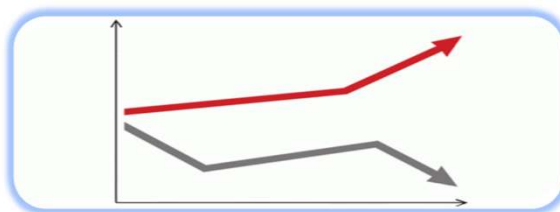
A plan is a benchmark for your goals.

If you have a plan, you have something to adapt in a changing environment

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Third Thursday: 2021-22 Crop Marketing Series



Thank you for
your participation!

Join us next time,
April 21, 2022:
**Five Common Mistakes
in Grain Marketing**

Ed Kordick
Farmer Education Program Manager
ekordick@ifbf.org
www.iowafarmbureau.com



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Thanks for your participation! **Upcoming Webinars:**

- 3/23/22 Planting/Growing Season 2022 – Soil Moisture, La Niña and other issues:
Dennis Todey, Director of the Midwest Climate Hub in Ames,
Register at www.iowafarmbureau.com
- 4/1/22 Grain Stocks/Planting Intentions Webinar: Karl Setzer, AgriVisor
Register at www.iowafarmbureau.com
- 4/21/22 Third Thursday #6: Five Common Mistakes in Grain Marketing with Ed Usset,
Grain Marketing Specialist, U. of Minnesota
- 6/24/22 Cybersecurity 101 for Farmers: Risks and Protection Strategies, Jonathan Braley, Operations Manager,
Information Technology-Information Sharing and Analysis Center

All start at 1:00 pm

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