

## Sauk County Marketing Club 2005 Soybeans Pre-harvest Marketing Plan

Our simulated farm has 349 acres of soybeans at 43 bushels per acre, totaling 15,000 bushels of production. We took 75% CRC on 43 bushels APH yield; 15,000 bushels to sell. Crop insurance cost was \$10.72 per acre to protect 75% of Anticipated Production. 75% of anticipated APH yield totals 11,250 bushels to sell.

# of bushels	@ cash/futures rate	or sell by: (date)	using (method)	Filled
2,500	\$5.35/\$5.75	March 20	Forward contract	February 18 @ \$5.35 cash forward contract
2,000	\$5.55/\$5.95	April 12	Forward contract	February 22 @ \$5.55 cash forward contract
1,750	\$5.75/\$6.15	May 3	Forward contract	February 28 @ \$5.75 cash forward contract
5,000	market	May 18	A put as close to in-the-money at a 30 cent premium maximum	May 18 with a \$6.00 November put at a 32 cent premium
				June 9 sold one November \$6.00 put option for 14 cents to close out position taken on May 18. Net loss was 18 cents.
				June 9 Bought one November \$6.80 put option for 48 cents, sold one November \$8.20 call option for 18 cents. Net cost of this position was 30 cents. November beans closed at \$6.84-1/4 on June 9th.
				September 15, 2005. Sold one November \$6.80 put option for 111-3/4 cents, bought one November \$8.20 call option for 1/8 cent. These actions were taken to offset the options positions taken on June 9. Net profit on the \$6.80 put was 64-3/4 cents and on the \$8.20 call was 17-7/8 cents (less commissions). November soybean futures closed at \$5.68-3/4 on September 15th.
5,000	\$6.40/\$7.40	May 13	Bull call spread (REAL TRADE)	May 13 bought one Nov \$6.40 call option for 36 cents, sold one Nov \$7.40 call for 14-1/2 cents, net cost of 21-1/2 cents. June 27 sold one Nov \$6.40 call for 91 cents, bought one Nov \$7.40 call for 44 cents, net gain of 47 cents. NET GAIN ON POSITION: 25-1/2 cents (less commissions)

Plan starts on February 8, 2005. Ignore decisions dates and make no sale if prices are lower than \$5.15 local cash price/\$5.55 November futures. Exit all options positions by mid-September. Negative 40 cent basis in Sauk County. \$4.85 loan rate in Sauk County.

## RESULTS:

Goal was at least 43 bushels/acre at a net cash price of \$5.15/bushel or \$221/acre.

Sold 2,500 bushels for \$5.35/bushel (\$13,375) on February 18 on a cash forward contract. Sold 2,000 bushels for \$5.55/bushel (\$11,100) on February 22 on a cash forward contract. Sold 1,750 bushels for \$5.75/bushel (\$10,062) on February 18 on a cash forward contract. Lost 18 cents/bushel on 5,000 bushels (-\$900) with a put option. Gained 82-3/4 cents on 5,000 bushels (\$4,137) with other option positions. Gained 25-1/2 cents on 5,000 bushels (\$1,275) with the bull call spread (real trade) entered on May 13. Sold 8,750 bushels for \$5.25 cash (\$45,938) in early November and delivered 6,250 bushels on cash forward contracts.

Cash contract 1	\$13,375
Cash contract 2	\$11,100
Cash contract 3	\$10,062
Nov put option	-\$900
Other options	\$4,137
Bull call spread	\$1,275
Cash sales	<u>\$45,938</u>
Total	\$84,987 or \$5.66/bushel, \$243/acre

If we had done nothing, would have received \$78,750 or \$5.25/bushel, \$226/acre.

Added \$6,237 (\$16/acre) to gross farm income by using a marketing plan.

Last updated: May 11, 2006