



CENTER FOR AGRICULTURAL PROFITABILITY

Institute of Agriculture and Natural Resources

Grain Marketing for 2025

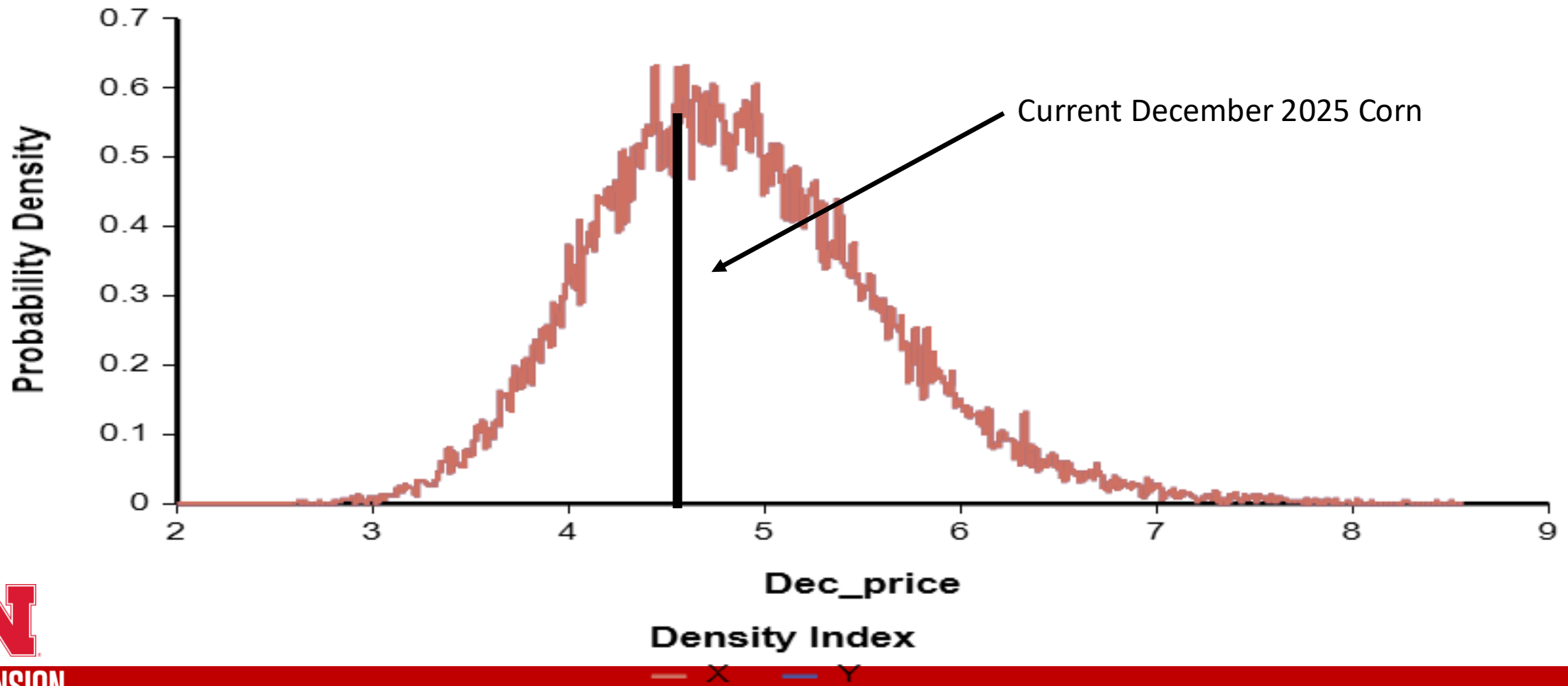
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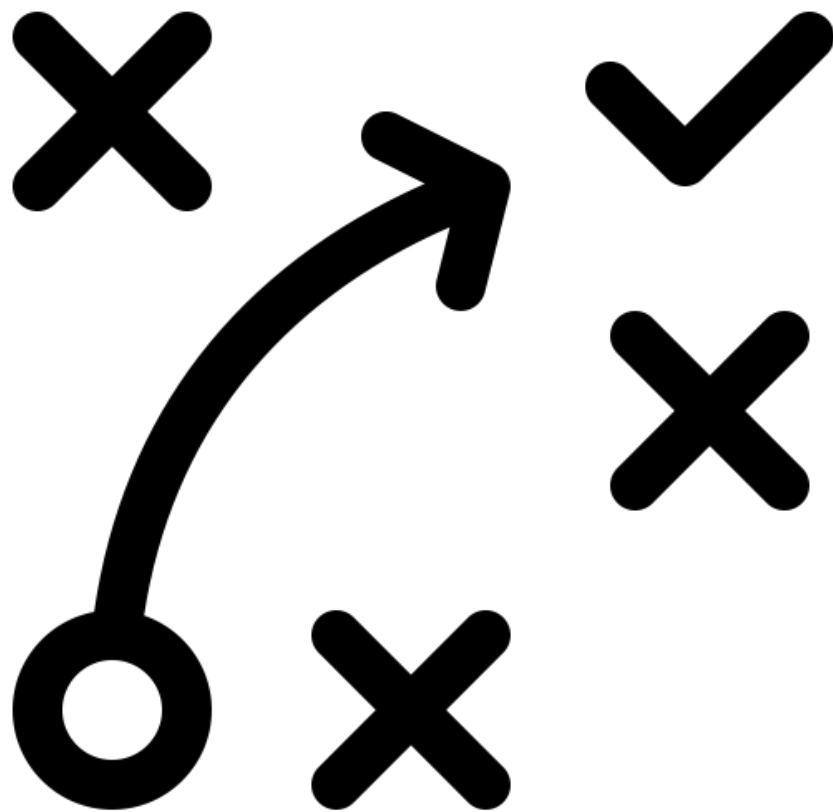
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Price Risk





WRITING A GRAIN MARKETING PLAN



What keeps you from marketing?

...Emotion

- ➔ FEAR: You don't think that you will produce what you have priced
- ➔ FEAR: That you are wrong
- ➔ NEED: Need more than the market is offering
 - Use futures and options to take advantage of adverse changes in price



What are your goals?

➔ Hedger:

- Breakeven
- Keep farming
- Produce grain and make money
- Use marketing as a tool to reduce price risk

➔ Speculator:

- Trade contracts (futures and options) solely to make money



Grain Marketing Plan

- ➔ A grain marketing plan is a **written**, proactive, strategic plan to sell your grain.

- ➔ Plans should consider
 - Cash flow needs
 - Financial goals
 - Storage capacity
 - Farm logistics
 - Risk appetite



Marketing Plans

Sell # of bushels by date at price* for delivery on date using marketing contract.

Price = futures price plus expected basis minus storage expense

Your plan will trigger either at the **date or the **price**.**



Two Marketing Plans:



Post Harvest - Crop that is “in the bin”
“old crop”



Pre-Harvest - Crop that will be or is currently
planted
“new crop”

Pre-harvest & post-harvest plans can be
executed simultaneously



Post-harvest marketing



- ➔ Sell after commodity is harvested
- ➔ Price grain using the “nearby” contract (the contract closest to expiration) OR deferred contracts
- ➔ Pay attention to storage expense
 - In on-farm storage, you should account for variable expenses. ISU on farm storage expense calculator



On Farm Storage is Not Free...



Post-Harvest Plan Tips



➔ Quantity:

- Break it down into multiple units
- Only sell what is in the bin

➔ Date:

- Consider your cash flow needs, storage expense, and logistics
- Consider when prices are traditionally highest (before the release of the Aug. WASDE report)
- STORAGE EXPENSE

➔ Price:

- Meet cash flow needs
 - Avoid the “call method” of marketing
- Beat harvest price + additional expenses (storage)



When do I sell? When do I store?



➔ Carrying charge – price difference between futures contract delivery months

Deferred Contract – Current Contract = Carrying Charge





Aurora Coop, Grand Island

Carry Charge: \$4.62-\$4.60 = \$0.02/bu

Grand Island

COMMODITY	DELIVERY LABEL	CASH PRICE	BASIS	SYMBOL	FUTURES PRICE	CHANGE
Corn	FEB25	4.60	} \$0.02/bu	@C5H	490'2	2'6
Corn	MAR25	4.62		@C5H	490'2	2'6
Corn	O/N25	4.44	-0.25	@C5Z	468'6	2'6
Soybeans	FEB25	9.70	-0.79	@S5H	1049'0	-0'4
Soybeans	S/O25	9.87	-0.70	@S5X	1056'4	-1'0



2/10/2025 <https://auroracoop.com/markets/>



Louis Dreyfus, Grand Junction, IA

Corn Cash Bid

MONTH	TICKER	BASIS	CASH
JULY	CU24	30	4.21
AUG	CU24	20	4.01
FH SEPT	CU24	0	3.91
OCT	CZ24	-20	3.84
NOV	CZ24	-20	3.84
DEC	CZ24	-15	3.89

} \$-0.20/bu



7/11/2024 <https://www.ldc.com/us/en/our-facilities/grand-junction-ia/cash-bids/>

Differences Between Contracts



- ➔ Small or negative carrying charge
 - Negative also called “Inverted”
 - Lower demand in the future

- ➔ Large carrying charge
 - More demand in the future
 - The carrying charge must be larger than your estimated storage costs for you to hold the product until the later date!





When is the carrying charge big enough to profit from?

When the carry offered, is large enough to cover the interest expense, and other variable costs of grain in storage.

3 Step Calculation:

1. Carrying Charge = Deferred Contract – Current Contract
2. Interest Cost = Current Cash Price X Operating Note Interest Rate X # of months in storage/12
3. Carrying Charge/Interest Cost > 1.40, Sell the Carry





When is the carrying charge big enough to profit from?

When the carry offered, is large enough to cover the interest expense, and other variable costs of grain in storage.

3 Step Calculation:

Example: Soybeans Feb. 10, 2025
Cash Price: Gering, NE

1. Carrying Charge = Deferred Contract – Current Contract
March to May Futures: \$10.64 - \$10.48 = \$0.16
2. Interest Cost = Current Cash Price X Operating Note Interest Rate X # of months in storage/12
\$9.19 X 7% X 2/12 = \$0.1072
3. Carrying Charge/Interest Cost > 1.40, Sell the Carry
\$0.16/\$0.1072 = 1.49

Usset, p. 164



Example POST-HARVEST Plan



Harvest 10/25/2024, Cash Price \$4.25, 20,000 bushels in-town storage \$0.05/bushel/month

Harvest + Storage	Month	Date
\$4.25	0	25-Oct
\$4.30	1	24-Nov
\$4.35	2	24-Dec
\$4.40	3	23-Jan
\$4.45	4	22-Feb
\$4.50	5	24-Mar

Harvest + Storage	Month	Date
\$4.55	6	23-Apr
\$4.60	7	23-May
\$4.65	8	22-Jun
\$4.70	9	22-Jul
\$4.75	10	21-Aug



Example POST-HARVEST Plan



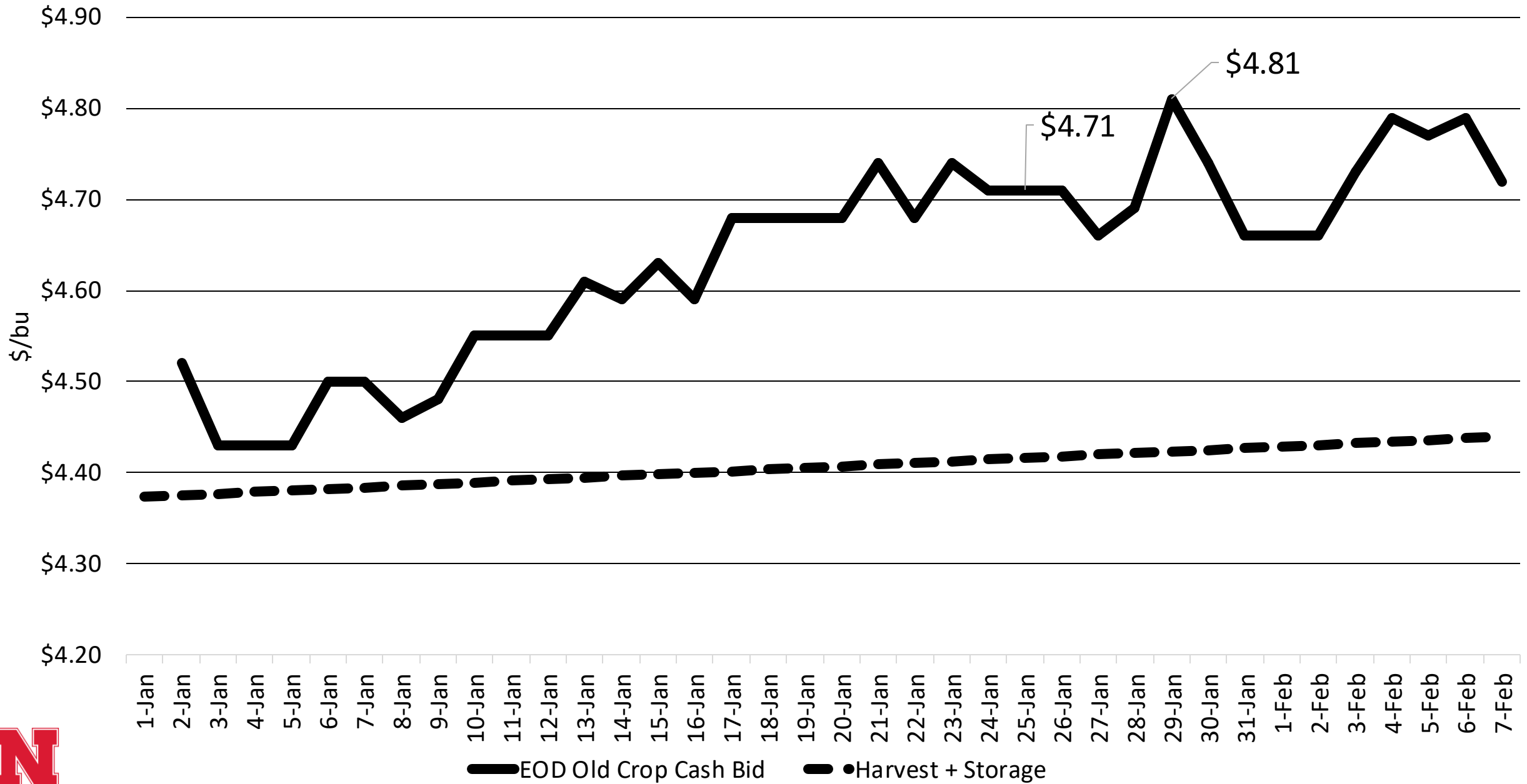
Statements: Sell # of bushels by date at price* using Contract.

- ➔ Sell 5,000 by Jan. 25 at \$4.50, Cash Sale.
- ➔ Sell 5,000 bu. by March 24 at \$4.60, Cash Sale.
- ➔ Sell 5,000 bu. by May 23 at \$4.70, Cash Sale.
- ➔ Sell 5,000 bu. by July 22 at \$4.80, Cash Sale.

Harvest + Storage	Month	Date
\$4.25	0	25-Oct
\$4.3	1	24-Nov
\$4.35	2	24-Dec
\$4.4	3	23-Jan
\$4.45	4	22-Feb
\$4.5	5	24-Mar
\$4.55	6	23-Apr
\$4.6	7	23-May
\$4.65	8	22-Jun
\$4.7	9	22-Jul
\$4.75	10	21-Aug



Gering, NE OLD CROP Cash Corn Bids



Example POST-HARVEST Plan

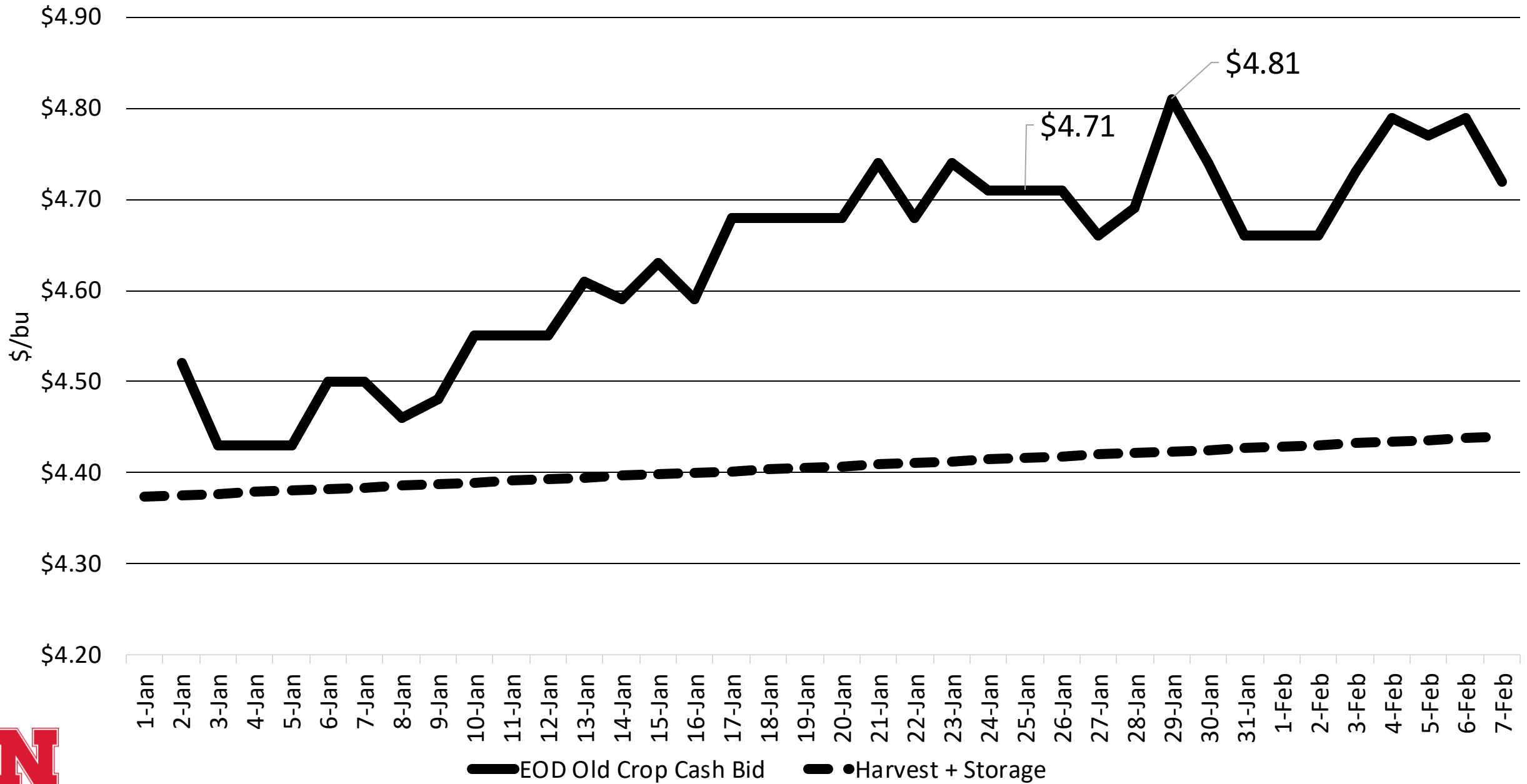


- ~~⇒ Sell 5,000 bu. by Jan. 25 at \$4.50, Cash Sale.~~
 - SOLD: 5,000 bu. on Jan. 24 at \$4.71**
- ⇒ Sell 5,000 bu. by March 24 at \$4.60, Cash Sale.
- ⇒ Sell 5,000 bu. by May 23 at \$4.70, Cash Sale.
- ⇒ Sell 5,000 bu. by July 22 at \$4.80, Cash Sale.

Harvest + Storage	Month	Date
\$4.25	0	25-Oct
\$4.3	1	24-Nov
\$4.35	2	24-Dec
\$4.4	3	23-Jan
\$4.45	4	22-Feb
\$4.5	5	24-Mar
\$4.55	6	23-Apr
\$4.6	7	23-May
\$4.65	8	22-Jun
\$4.7	9	22-Jul
\$4.75	10	21-Aug



Gering, NE OLD CROP Cash Corn Bids



Example POST-HARVEST Plan



- ➔ ~~Sell 5,000 bu. by Jan. 25 at \$4.50, Cash Sale.~~
 - SOLD: 5,000 bu. on Jan. 24 at \$4.71
- ➔ Sell 5,000 bu. by March 24 at \$4.60, Cash Sale.
 - SOLD: 1,000 bu. on Jan. 29 at \$4.81
- ➔ Sell 5,000 bu. by May 23 at \$4.70, Cash Sale.
- ➔ Sell 5,000 bu. by July 22 at \$4.80, Cash Sale.

Harvest + Storage	Month	Date
\$4.25	0	25-Oct
\$4.3	1	24-Nov
\$4.35	2	24-Dec
\$4.4	3	23-Jan
\$4.45	4	22-Feb
\$4.5	5	24-Mar
\$4.55	6	23-Apr
\$4.6	7	23-May
\$4.65	8	22-Jun
\$4.7	9	22-Jul
\$4.75	10	21-Aug





PRE-HARVEST PLANS



Pre-harvest marketing



- ➔ Sell during growing season, when prices are traditionally higher than harvest
 - Corn & Soybeans - Plan should start around the end of January and run for 16 weeks – *Ed Usset, University of Minnesota*
- ➔ Look at the “new crop” futures contract – the contract closest to expiration at harvest
 - Dec (Z) for Corn
 - Nov (X) for Soybeans
 - Jul (N) for Winter Wheat



Pre-Harvest Plan Tips



➔ Quantity:

- Break it down into multiple units
- Don't sell all at once (unless the price is too good to pass up)
- Don't sell more than you are comfortable with

➔ Date:

- Sell during the growing season when prices are higher
- Have corn and soybeans priced by the release of the August WASDE report

➔ Price:

- Set realistic price expectations
- Capture market highs
- Sell above breakeven or meet cash flow needs
- Set an average target price – Consider covering cost per acre



Price Goals



➔ How much can this crop contribute to your income this year?

- What is a realistic price goal?
- Cash Flow (\$4.20 - \$4.50)
- Cost of Production

- <https://cap.unl.edu/cropbudgets>

- Market Outlook

- Marketing Service
- USDA WASDE <https://www.usda.gov/oce/commodity/wasde>

- FEB 2025 (Released at 12 ET) estimates Corn \$4.35, Winter Wheat \$5.55, Soybeans \$10.10



UNL Crop Budgets



Crop Cost of Production Estimates for Corn, Soybeans, Wheat Nebraska Budgets 2024 - 2025

Crop	Average Yield Est.	Cash Cost /bu	Economic Cost /bu	Cash Cost /bu	Economic Cost /bu	NFBI 2023 Actual	Yield /acre
		2024	2024	2025	2025		
Dryland Corn	150 bu	\$3.07	\$4.77	\$2.97	\$4.55	\$5.68	111
Irrigated Corn	239 bu	\$3.12	\$4.58	\$3.05	\$4.45	\$4.02	234
Dryland Soybeans	47 bu	\$6.97	\$10.93	\$6.58	\$10.42	\$12.11	35
Irrigated Soybeans	73 bu	\$6.46	\$11.03	\$6.55	\$11.21	\$11.77	66
Dryland Wheat	62 bu	\$4.32	\$6.00	\$3.83	\$5.05		
Irrigated Wheat	98 bu	\$4.87	\$6.68	\$4.40	\$6.14		

From FINBIN - owned ground Yield /acre



Budgets...



- ➔ Cash basis Cost of Production – covers all cash costs
- ➔ Economic based Cost of Production includes all cash costs plus unpaid labor, depreciation, opportunity cost of investment.
- ➔
 - - Remember in the long run, we want our revenue to cover ALL Economic Costs.
 - - In the short run, we may just be able to cover cash costs given low commodity prices and/or low yields.
 - Labor in your enterprise budgets can be set to cover what is needed for family living by using “paid” or “unpaid” labor.

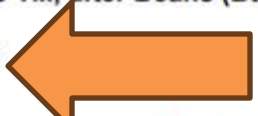


Ag Budget Calculator Enterprise Budget Reports



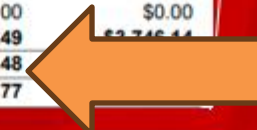
2025 UNL #023 Corn, Dryland (State), No Till, after Beans (Bt, RR, ECB, & RIB)
- 2025

Total acres: 300 Yield per acre: 145 bushels

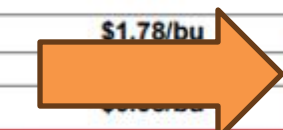


Economic Enterprise Budget

Category	amt applied	cost per unit	cost per acre	Enterprise Total
Revenue		Value / bushel	Value / acre	Total
Value of Production		\$4.25/bu	\$616.25	\$184,875.00
► Additional Revenue		\$0.00	\$0.00	\$0.00
Total Gross Revenue		\$4.25/bu	\$616.25	\$184,875.00
Operating Costs	Amount / acre	Cost / unit	Cost / acre	Total
▼ Seed				\$77.89
Corn Seed Bt, ECB, & RIB	20.1 kseed	\$3.88 / kseed	\$77.89	\$23,367.00
▼ Fertilizer				\$58.60
10-34-0	6 gallon	\$3.10 / gallon	\$18.60	\$5,580.00
32-0-0	80 lbsN	\$0.50 / lbsN	\$40.00	\$12,000.00
▼ Pesticide				\$101.75
Crop Oil Concentrate	2.6 pint	\$15.00 / gallon	\$4.88	\$1,464.00
UAN	3 pint	\$1.80 / gallon	\$0.68	\$204.00
21-0-0-24S	4.2 pound	\$0.31 / pound	\$1.30	\$390.00
Brigade 2EC	0.512 ounce	\$130.00 / gallon	\$0.52	\$156.00
Mustang Maxx	0.6 ounce	\$160.00 / gallon	\$0.75	\$225.00
2,4-D Ester LV4	1 pint	\$20.00 / gallon	\$2.50	\$750.00
Acuron	2.5 quart	\$85.00 / gallon	\$53.13	\$15,939.00
Status	5 ounce	\$5.50 / ounce	\$27.50	\$8,250.00
Glyphosate 5# w/ Surfactant	32 ounce	\$17.00 / gallon	\$4.25	\$1,275.00
Roundup PowerMax 3	32 ounce	\$25.00 / gallon	\$6.25	\$1,875.00
▼ Custom Services				\$23.55
Spray Insecticide	20 %	\$9.00 / acre	\$1.80	\$540.00
Truck Grain	145 bushel	\$0.15 / bushel	\$21.75	\$6,525.00
► Labor				\$10.83
► Fuel and Energy				\$11.40
▼ Repairs and Maintenance				\$21.63
Originally Allocated			\$21.63	\$6,488.37
Reconciled Difference			\$0.00	\$0.00
▼ Other:				\$27.35
Crop Insurance			\$13.00	\$3,900.00
Crop Marketing		\$0.02	\$2.90	\$870.00
Crop Scouting			\$10.00	\$3,000.00
Crop Drying		\$0.01	\$1.45	\$435.00
Crop Storage		\$0.00	\$0.00	\$0.00
Other Materials			\$0.00	\$0.00
Interest on Operating Capital			\$12.49	\$3,746.44
Total Operating Costs		\$2.38/bu	\$345.48	
Net Return Above Total Operating		\$1.87/bu	\$270.77	



Ownership and Overhead Costs	Cost / bushel	Cost / acre	Total
General Overhead		\$27.00	\$8,100.00
Facility Cash Costs		\$0.00	\$0.00
Vehicle Cash Costs		\$0.00	\$0.00
▼ Land Rent:		\$180.00	\$54,000.00
Cash Rent		\$180.00	\$54,000.00
▼ Real Estate Taxes:		\$0.00	\$0.00
Direct R.E. Taxes		\$0.00	\$0.00
Indirect R.E. Taxes		\$0.00	\$0.00
Equipment Depreciation		\$37.52	\$11,256.18
Facility Depreciation		\$0.00	\$0.00
Equipment Opportunity Cost		\$14.23	\$4,269.84
Facility Opportunity Cost		\$0.00	\$0.00
Land Opportunity Cost		\$0.00	\$0.00
Total Ownership and Overhead Costs	\$1.78/bu	\$258.75	\$77,626.02
Total Economic Cost		\$604.23	\$181,269.13
Net Return Above Total Costs		\$12.02	\$3,605.87



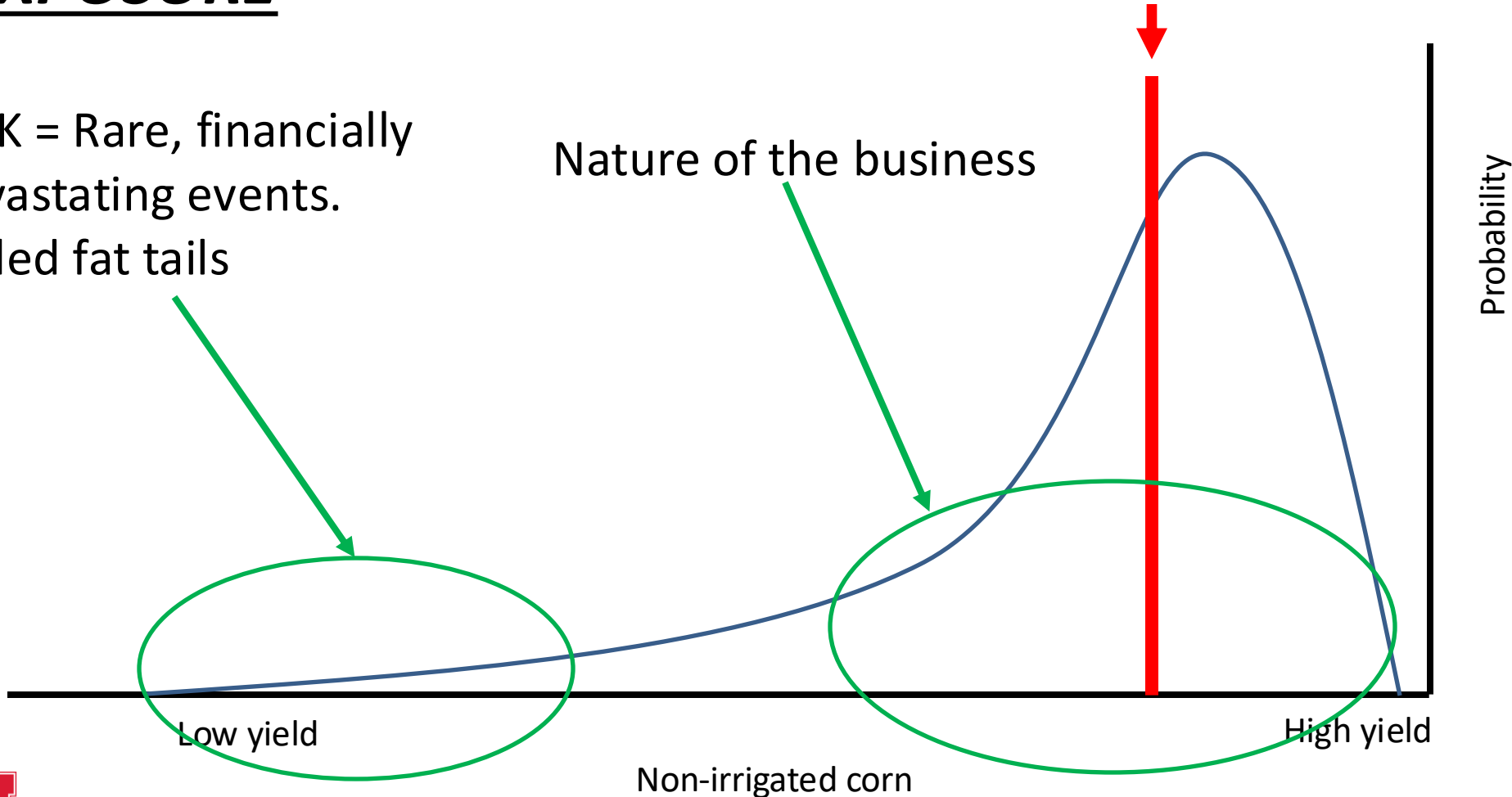


Yield risk EXPOSURE

At the beginning of the year we only know little to nothing about upcoming growing season weather so rely on expected yield

RISK = Rare, financially devastating events.
Called fat tails

Nature of the business



Financial Tools:

Insurance

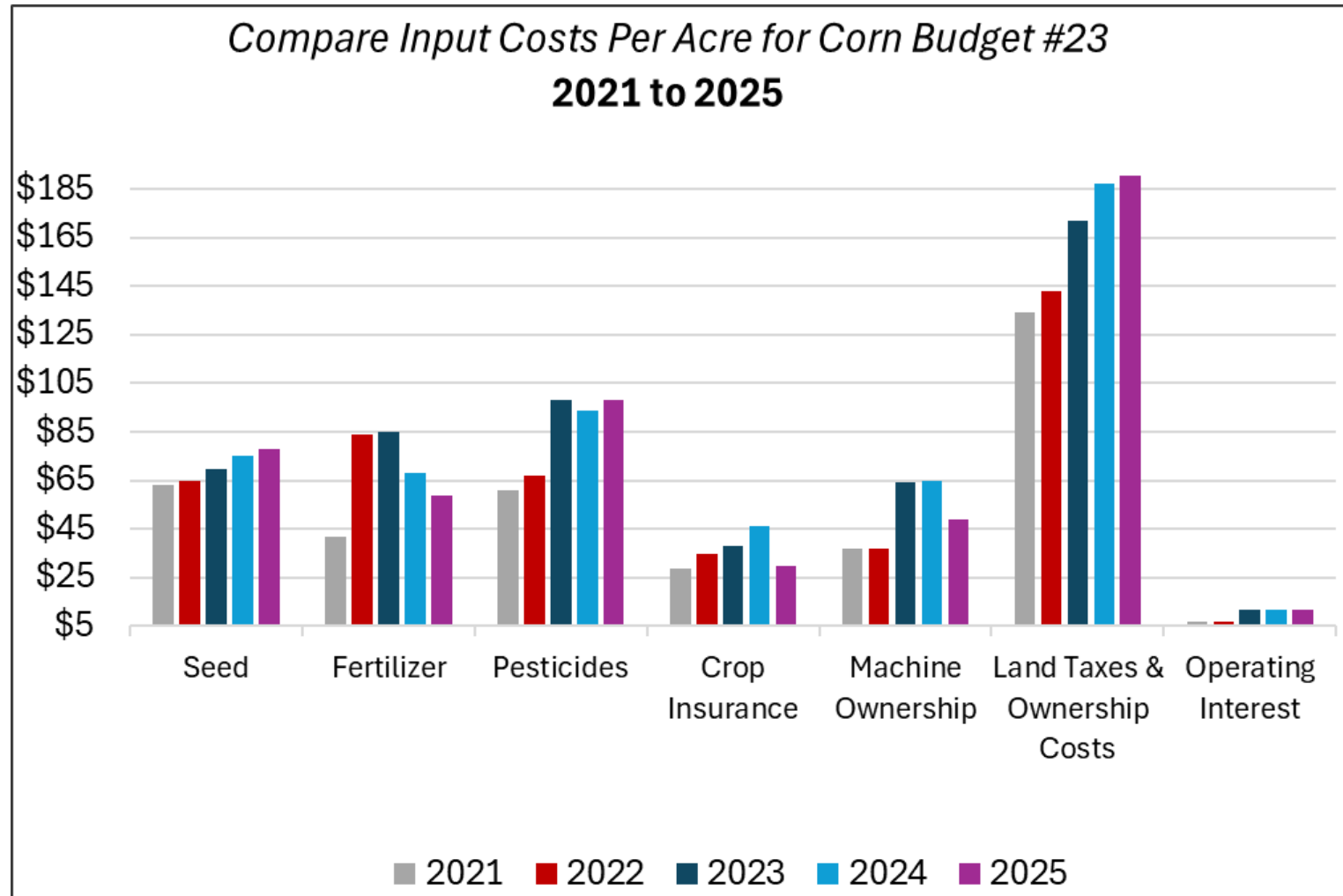
Credit

Self-insure

UNL Crop Budgets



Corn #23 Enterprise Budget		2025
Seed & Pesticide:		26%
Fertilizer		9%
Field Operations:		14%
Land Costs:		38%
All Other Costs:		13%
Total Cash Costs:		\$418 / acre
Total All Costs:		\$602 / acre
145 Bushel Yield		
Cash Costs / Bu =		\$2.88
Economic Costs /Bu =		\$4.15



One of these things is not like the other...



➔ Every farmer/field has a different cost of production

- Different input prices
- Different input rates
- Different debt loads
- Different yield potential



Marketing to cover costs per acre?





Example PRE-HARVEST Plan



- ➔ Bank cash flow, \$4.50/bu
- ➔ 500 acres APH X 180 bu. = 90,000 bu of anticipated production
- ➔ Comfortable pre-harvest 25% X 90,000 = 22,500 bu.
- ➔ Estimated \$600/ acre COP X 500 Acres = \$300,000



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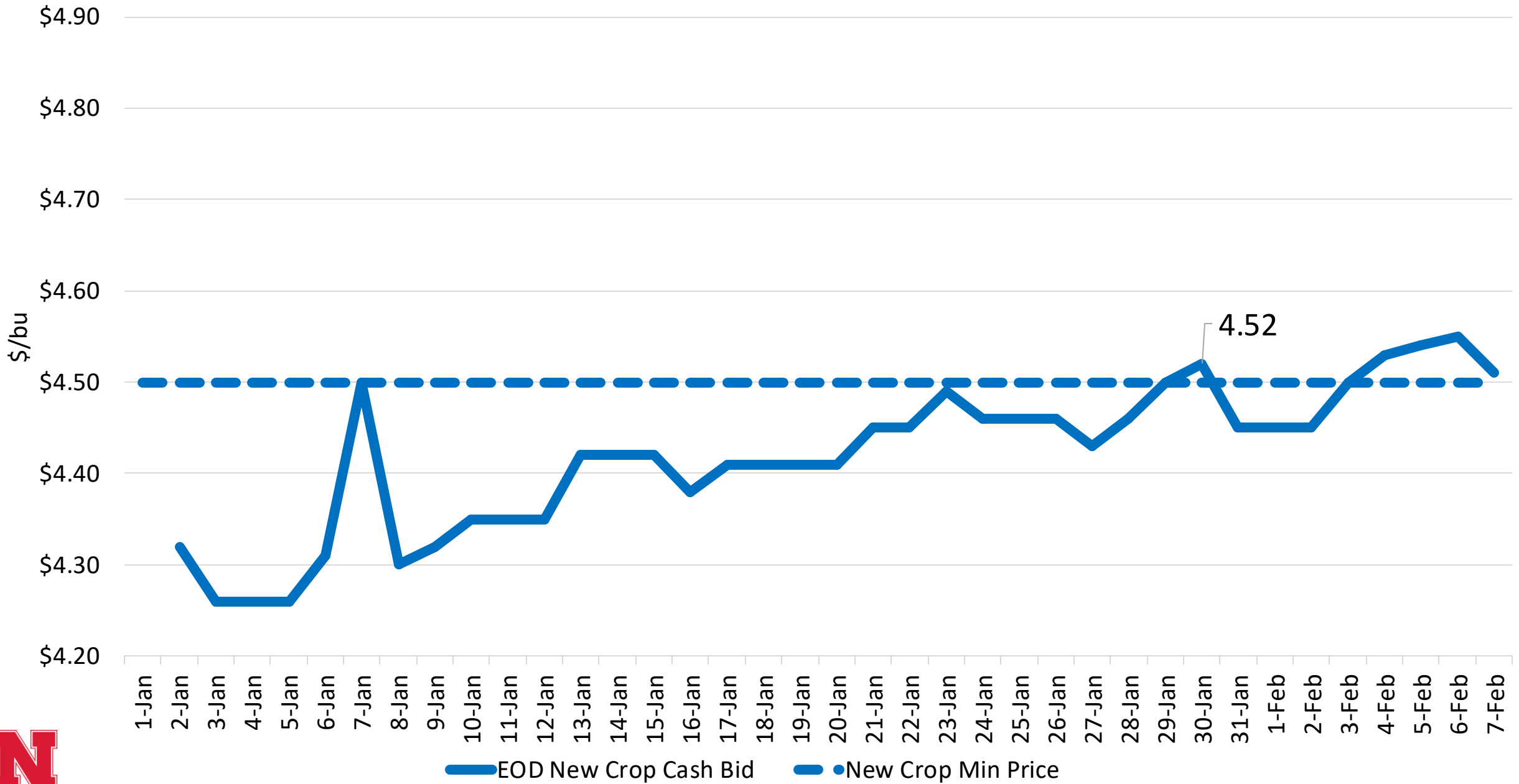


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Gering, NE NEW CROP Cash Corn Bids



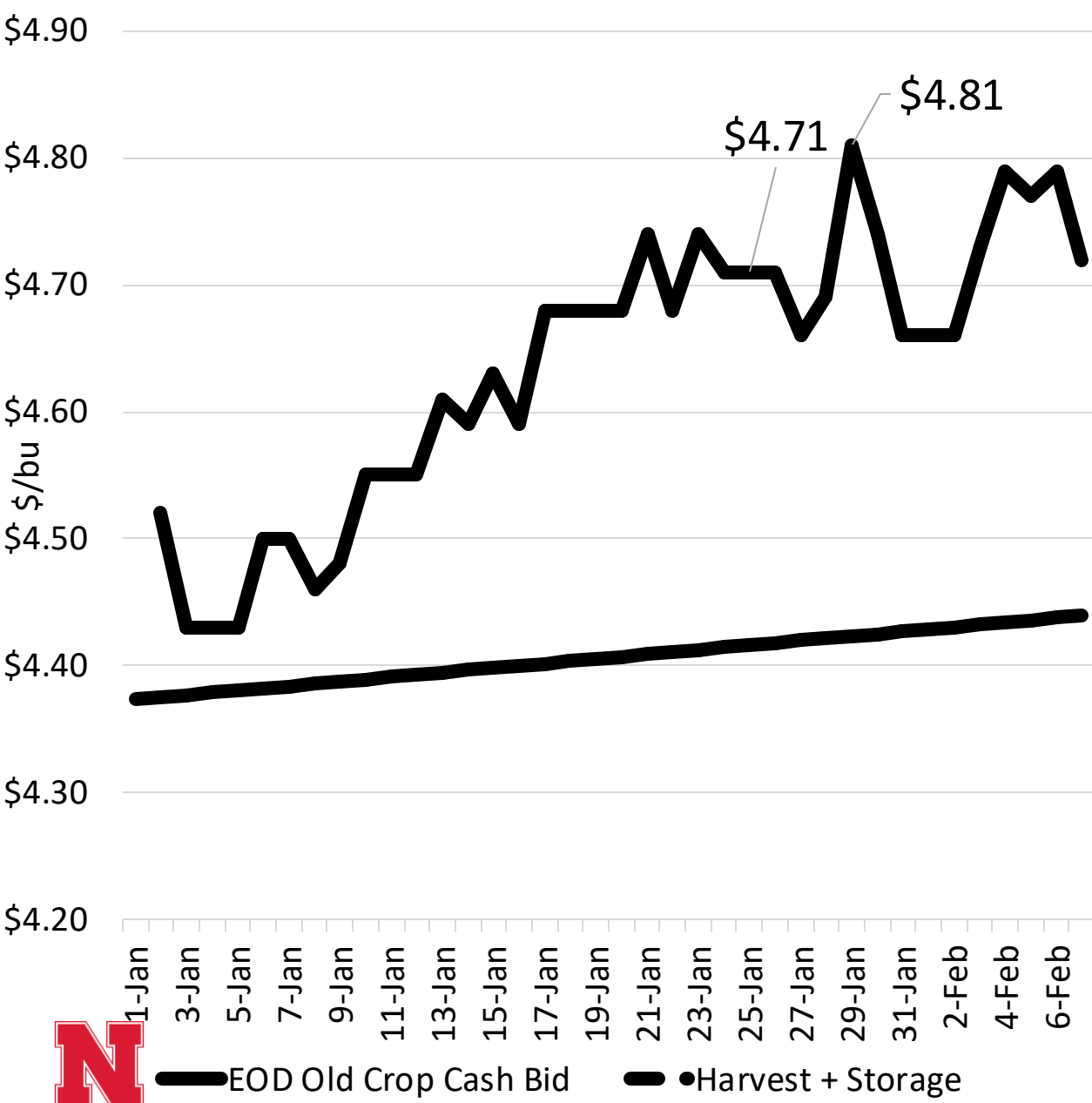
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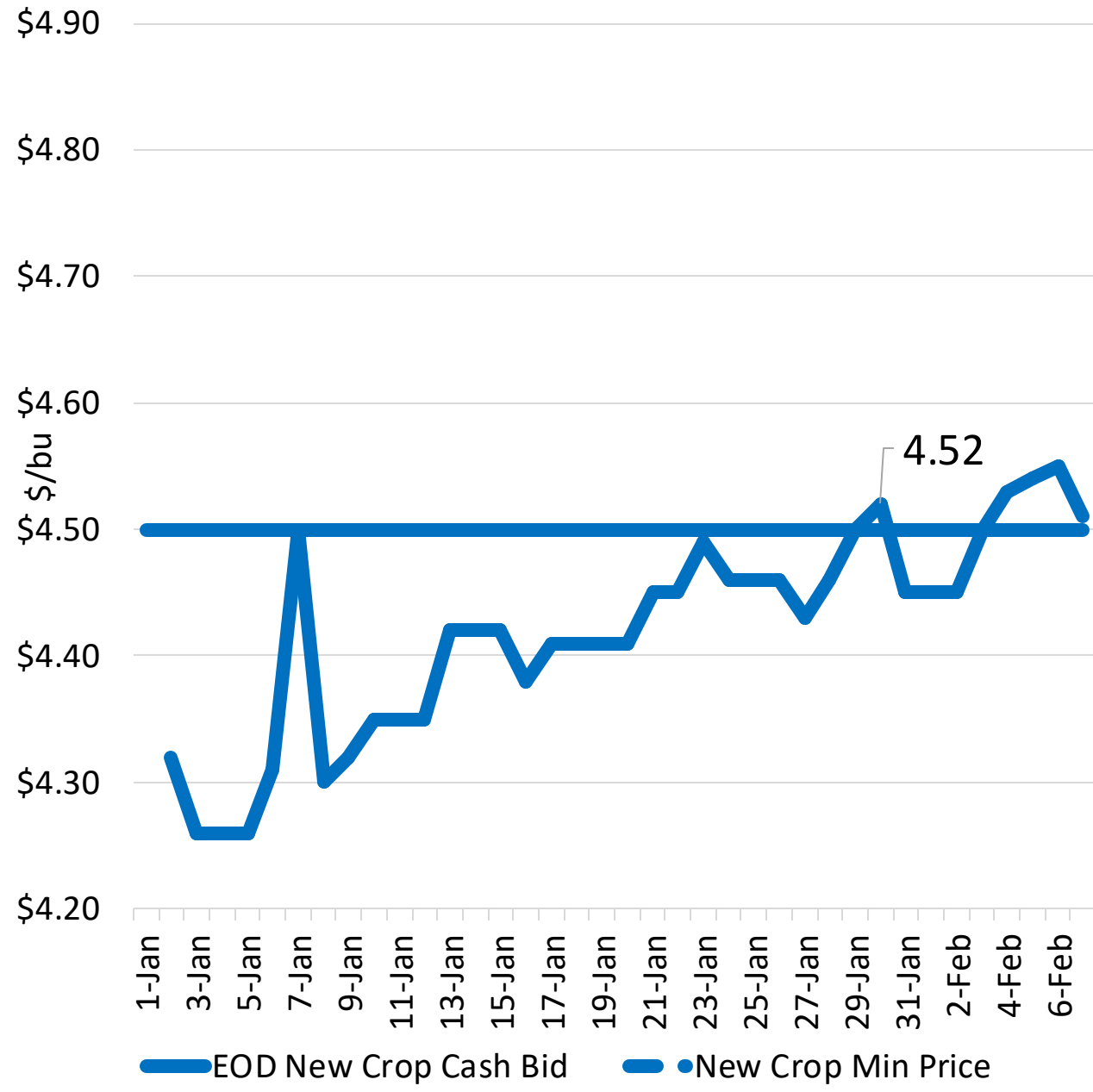
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Gering, NE OLD CROP Cash Corn Bids



Gering, NE NEW CROP Cash Corn Bids



— EOD Old Crop Cash Bid ● Harvest + Storage

— EOD New Crop Cash Bid ● New Crop Min Price