

ELEC. CORN (@C) [10]					ELEC. SOYBEANS (@S) [10]					ELEC. WHEAT (@W) [10]				
Month	Last	Chg	High	Low	Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
Mar-16	355'4s	-4'2	361'4	355'0	Mar-16	859'0s	-8'4	871'0	858'4	Mar-16	445'2s	2'4	446'6	440'4
May-16	360'4s	-4'0	366'4	360'0	May-16	865'4s	-6'6	876'2	865'0	May-16	454'0s	2'6	456'0	449'4
Jul-16	365'6s	-4'2	371'4	365'2	Jul-16	871'6s	-6'6	882'4	871'4	Jul-16	462'2s	2'4	464'0	458'0
Sep-16	371'4s	-4'0	377'0	371'0	Aug-16	873'6s	-6'6	884'2	873'4	Sep-16	473'0s	1'6	475'0	469'2
Dec-16	379'6s	-4'0	385'2	379'4	Sep-16	874'0s	-6'0	884'2	873'6	Dec-16	489'4s	1'4	491'4	485'2
Mar-17	388'6s	-3'6	393'6	388'4	Nov-16	876'6s	-6'0	887'0	876'2	Mar-17	502'4s	2'2	503'2	498'2
May-17	393'2s	-3'4	398'0	392'4	Jan-17	882'0s	-6'0	891'0	881'4	May-17	509'4s	1'4	508'0	506'0
Jul-17	396'4s	-3'6	401'4	396'2	Mar-17	883'0s	-6'0	892'4	883'0	Jul-17	514'6s	2'0	512'6	511'6
ELECTRONIC OATS (@O) [10]					ELECTRONIC SOYBEAN MEAL (@SM) [10]					ELECTRONIC SOYBEAN OIL (@BO) [10]				
Month	Last	Chg	High	Low	Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
Mar-16	170'4s	-7'4	180'0	169'6	Mar-16	260.0s	-2.9	263.7	259.8	Mar-16	30.65s	-0.27	31.14	30.61
May-16	183'4s	-3'4	189'0	182'6	May-16	262.7s	-1.9	265.5	262.5	May-16	30.91s	-0.28	31.41	30.87
Jul-16	191'6s	-3'2	195'4	192'4	Jul-16	265.2s	-2.0	267.9	265.0	Jul-16	31.14s	-0.28	31.63	31.11
Sep-16	198'2s	-3'0	---	---	Aug-16	266.4s	-1.9	269.1	266.2	Aug-16	31.24s	-0.27	31.72	31.20
Dec-16	202'6s	-0'2	204'0	203'2	Sep-16	267.7s	-2.0	270.0	267.5	Sep-16	31.31s	-0.27	31.72	31.30
Mar-17	202'6s	-0'2	---	---	Oct-16	268.4s	-2.1	271.3	268.2	Oct-16	31.37s	-0.25	31.77	31.35
May-17	202'6s	-0'2	---	---	Dec-16	270.2s	-2.4	273.4	269.8	Dec-16	31.51s	-0.24	31.94	31.47
Jul-17	202'6s	-0'2	---	---	Jan-17	271.3s	-2.4	274.6	271.2	Jan-17	31.74s	-0.23	32.06	31.72
ELECTRONIC ROUGH RICE (@RR) [10]					ELEC. HRW WHEAT (@KW) [10]					ELEC. HRS WHEAT (@MW) [10]				
Month	Last	Chg	High	Low	Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
Mar-16	10.435s	-0.225	10.660	10.380	Mar-16	446'2s	3'4	446'6	440'0	Mar-16	486'2s	1'0	488'4	482'6
May-16	10.715s	-0.225	10.950	10.665	May-16	457'0s	3'2	457'4	450'4	May-16	491'6s	0'6	494'0	488'2
Jul-16	11.005s	-0.215	11.170	11.030	Jul-16	467'4s	3'2	468'0	461'2	Jul-16	500'4s	0'6	502'4	497'0
Sep-16	11.185s	-0.210	11.210	11.200	Sep-16	480'6s	3'2	480'6	474'4	Sep-16	510'6s	0'4	510'6	507'2
Nov-16	11.370s	-0.220	---	---	Dec-16	501'0s	2'4	501'6	496'0	Dec-16	525'6s	1'2	525'6	522'0
Jan-17	11.520s	-0.200	---	---	ELECTRONIC CANOLA (@RS) [10]					Mar-17	540'2s	1'0	539'4	536'4
Mar-17	11.520s	-0.200	---	---	Month	Last	Chg	High	Low	ELECTRONIC MILLING WHEAT (@WA) [10]				
ELECTRONIC BARLEY (@BW) [10]					Mar-16	447.8s	-12.9	462.0	438.7	Month	Last	Chg	High	Low
Month	Last	Chg	High	Low	May-16	453.2s	-11.5	466.0	445.2	Mar-16	227.00s	0.00	---	---
Mar-16	182.00	-4.00	182.00	182.00	Jul-16	459.3s	-10.8	470.5	451.5	May-16	230.00s	0.00	---	---
May-16	184.10	-5.90	184.10	184.10	Nov-16	467.7s	-9.0	476.5	459.5	Jul-16	234.00s	0.00	---	---
Jul-16	185.00	-7.00	185.00	185.00	Jan-17	472.2s	-9.1	465.0	465.0	Oct-16	234.00s	0.00	---	---
Oct-16	192.00s	0.00	---	---	ELECTRONIC DURUM WHEAT (@DW) [10]					Dec-16	234.00s	0.00	---	---
Dec-16	192.00s	0.00	---	---	Month	Last	Chg	High	Low	Mar-17	234.00s	0.00	---	---
Mar-17	192.00s	0.00	---	---	Mar-16	317.00s	0.00	---	---	May-17	234.00s	0.00	---	---
May-17	192.00s	0.00	---	---	May-16	325.00s	0.00	---	---					
					Jul-16	310.00s	0.00	---	---					
					Oct-16	298.00s	0.00	---	---					
					Dec-16	298.00s	0.00	---	---					
					Mar-17	298.00s	0.00	---	---					
					May-17	298.00s	0.00	---	---					

Quotes generated on: Thu, Feb 25, 2016 2:07 PM CST *Quotes are in market time

LOCAL CASH GRAIN PRICES

Northland College

Ron Dvergsten 218-686-5448 / Josh Tjosaa 299-5863-Instructors

Date:	2/25/2016 2:06 a.m.				2/22/2016 8:13 a.m.				2/15/2016				2/8/2015			
	Today May 2016- Feb Del	2015 Crop May 2016- Mar Del	2016 Crop 2016 Crop	2016 Crop 2016 Crop	Today Mar 2015- Feb Del	2015 Crop Mar 2015- Mar Del	2016 Crop 2016 Crop	2016 Crop 2016 Crop	Today Mar 2015- Feb Del	2015 Crop Mar 2015- Mar Del	2016 Crop 2016 Crop	2016 Crop 2016 Crop	Today Mar 2015- Feb Del	2015 Crop Mar 2015- Mar Del	2016 Crop 2016 Crop	
WHEAT:																
Georgetown	4.56	4.56	4.51	4.51	4.65	4.65	4.65	4.57	4.55	4.55	4.46	4.62	4.62	4.62		
Barnesville	4.47	4.47	4.51	4.51	4.45	4.50	4.57	4.35	4.35	4.40	4.46	4.42	4.47	4.54		
Protein	+0.03*1/5				+0.03*1/5				+0.03*1/5			+0.03*1/5				
GFE	-0.06*1/5				-0.06*1/5				-0.06*1/5			-0.06*1/5				
Basis:Gtwn	-0.36	-0.36	-0.36	-0.36	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30		
Breck	-0.40	-0.40	-0.55	-0.55	-0.40	-0.40	-0.55	-0.55	-0.30	-0.30	-0.55	-0.30	-0.30	-0.55		
Felton	-0.37	-0.37	-0.37	-0.37	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32		
Barnesville	-0.45	-0.45	-0.60	-0.60	-0.50	-0.45	-0.60	-0.60	-0.50	-0.45	-0.60	-0.50	-0.45	-0.60		
SOYBEANS:																
Georgetown	7.76	7.76	8.02	8.02	8.10	8.10	8.19	8.19	7.98	7.98	8.11	7.85	7.85	8.04		
B'ville	7.76	7.76	8.02	8.02	8.15	8.05	8.19	8.05	8.01	7.96	8.11	7.93	7.88	8.04		
Basis: Gtwn	-0.90	-0.90	-0.90	-0.90	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.80	-0.80	-0.80		
Breck	-0.70	-0.80	-0.80	-0.80	-0.70	-0.80	-0.80	-0.80	-0.65	-0.75	-0.80	-0.65	-0.75	-0.80		
Felton	-0.97	-0.97	-0.97	-0.97	-1.02	-1.07	-1.07	-1.07	-1.02	-1.07	-1.07	-0.77	-1.02	-0.80		
B'ville	-0.90	-0.90	-0.75	-0.75	-0.70	-0.80	-0.75	-0.75	-0.72	-0.77	-0.75	-0.72	-0.77	-0.75		
CORN:																
Georgetown	2.84	2.84	3.47	3.47	2.96	2.96	3.56	3.56	2.84	2.84	3.49	2.92	2.92	3.54		
Cargill	3.19	3.21	3.47	3.47	3.23	3.28	3.56	3.56	3.14	3.14	3.49	3.19	3.19	3.54		
Basis-Gtwn-Mar	-0.72	-0.72	-0.33	-0.33	-0.72	-0.72	-0.33	-0.33	-0.72	-0.72	-0.33	-0.72	-0.72	-0.33		
Cargill	-0.42	-0.40	-0.33	-0.33	-0.45	-0.40	-0.33	-0.33	-0.45	-0.45	-0.33	-0.45	-0.45	-0.33		
Barnesville	-0.55	-0.52	-0.61	-0.61	-0.55	-0.53	-0.61	-0.61	-0.55	-0.52	-0.60	-0.55	-0.52	-0.60		
Felton	-0.77	-0.77	-0.77	-0.77	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72		

Commodity Loan Interest Rate: 1.625% February 1, 2016

Farm Storage Facility Loans:

Annual Interest Rate	Length of Loan Term
2.000%	7 years
2.125%	10 years
2.250%	12 years

Loan Rates

	2015	2015	2015
Crop	Clay	Norman	Wilkin
Wheat	3.09	3.08	3.10
Corn	1.81	1.78	1.79
Soybeans	4.76	4.72	4.78

MARKETING NEWSLETTER COMPARISONS

Northland College—Josh Tjosaas and Ron Dvergsten, Instructors

2-25-2016	WHEAT	SOYBEANS	CORN	OTHER
PRO FARMER:	15: 60% sold for cash sellers and for H's 75% sold 16: 0% sold for cash sellers and for H's 0% sold Short Term Trend is Choppy	15: 50% sold for cash sellers and for H's 65% sold 16: 0% sold for cash sellers and for H's 0% sold. Short Term Trend is Choppy	15: 50% sold for cash sellers and for H's 65% sold 16: 0% sold for cash sellers and for H's 0% sold Short Term Trend is Choppy	Cattle: None Trend is choppy.
MONEY FARM:	15: 45% Sold, look at cheap call options 16: 0% Sold	15: 100% sold, look at cheap call options. They recommended selling or finishing old crop sales last week. 16: 0% sold	15: 30% sold, look at cheap call options, sell Sept 4.10 2016 calls 20% 16: sell \$4.20 new crop calls on 20% of expected production 16: 100% Sold, Profit \$1.65, rolled to Dec 2016 at \$4.23. 35% priced	Mike Krueger writes this daily newsletter. Lock in Spring/Summer Fuels Needs Sunflowers: 2015: 25% Sold ProgressiveAg:
ProgressiveAg				John Roach writes this daily newsletter. www.roachag.com
ROACH AG MARKETING				Bob Burgdorfer, Senior Editor, Farm Futures
Farm Futures	Spring wheat growers priced 70% of expected production at \$5.96 basis Minneapolis futures or hedge to arrive contracts. Updated May 23, 2015 15: No Recommendations yet 16: No Recommendations yet	We previously recommended pricing 40% of expected 2015 production at an average futures price of \$9.524. Updated April 30, 2015 15: Sold 5,000 bu at \$8.28 16: No Recommendations yet	We recommended pricing 2015 production as follows: Price 40% of 2015 production at an average futures price of \$4.65 using futures or hedge-to-arrive contracts, including options and spread trade proceeds; protect 10% of production with July 2017 futures or hedge or arrive contracts at \$4.1075. Updated July 4th, 2015 15: Sold 5 contracts or about 25% of production at \$3.795 cash 16: No Recommendations yet	You can check out Ed Usset's website at http://www.cffm.umn.edu/GrainMarketing/MarketingPlans.aspx
USSET, U of MN:	CBT-Chicago Board of Trade MGE-Minneapolis Grain Exchange KC-Kansas City Board of Trade	OC-Old Crop NC-New Crop OTM-Out-of-the-Money	P-Put Option C-Call Option ATM-At-the-Money	FC-Forward Contract H-Hedge F/O-Futures/Options
Terms:				
NEXT USDA CROP REPORT:	WASDE Report: March 9th, 2016			

Bold: indicates change from last week.

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THE MONEY FARM
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Thursday, February 25, 2016

General Comments:

In a very quiet news day today, grains continued under a bit of pressure. Outside markets continued to rebound. Crude oil made another \$1.00 push higher, the DOW is up another 120 points and near highs as we close out the day. The dollar seems to have reached a relatively stable point near 97.250.

Exports today were mixed; corn sales were near the top end of expectations at 37million bushels. Soybeans were at the lower end of estimates at 12 million bushels. Wheat pushed the top end of guesses at 14 million bushels. The first estimates out of the USDA outlook conference today show fewer soybeans than expected, and more corn going into this year.

- Corn acres = 90 million vs 88 million last year
- Soybean acres = 82.5 million vs 82.7 ly
- Wheat acres = 51 million vs 54.6 ly

The trade spent much of the day shadowing the estimates from the USDA headlines; wheat was bought against corn and soybeans. We spent the majority of the trading session in about a 2 cent range until 1pm when soybeans sold off a few pennies into the close.

We are hearing more corn acres than we anticipated early on in the winter. It is still quite early and the spreads would need to stay in favor of corn going forward to get the big acre number that they expect.

Grains finished the day with corn down 4 cents at \$3.56 in March. Soybeans closed on their lows at \$8.59 $\frac{3}{4}$ down 7 $\frac{3}{4}$ in March futures. Wheat was higher across the board 1-2 cents.

We are watching wheat closely as winter wheat futures could get volatile if forecasts shift back towards wintery temps in the next month. This early heat/thaw could throw a wrench into production unless we have a very gentle March/April weather wise.

Besides this being the winter season, it seems to also be the meeting season. As farmers education never stops and there are a variety of meetings held throughout our association area for you to choose from.

At AgCountry, we also provide opportunities for education with various meetings held at the branch level. In addition, we also have sponsored the AgCountry Marketing Day which has been a well-attended meeting. This year was no different as we had a little over 300 attendees.

Mike Boehlje from Purdue talked about the long term trend of growing incomes around the world and the fact that these people will want to eat better. However, in the near term reality, we are dealing with tight margins and a cost structure that was built up during the ag super cycle which doesn't work at these lower market prices.

He doesn't expect a bust like the 1980's, but does expect a couple more years of tight margins. The first line of defense is a strong working capital position and there is no silver bullet to get through this. Mike really hammered the need for intense cost control. Talked about playing defense, but don't give up the opportunity for offense with marketing.

Alan Brugler talked about the importance of not only looking at fundamentals, but also listening to what the market is saying in regards to technicals. He thought we have set some bottoms with the January crop report, as the big crop did not get bigger. It is important that these support levels hold, in my opinion.

One chart that I thought held some good news is the corn stocks outside of the U.S. and China. The ending stocks along with the SU ratio are declining. I thought that was a promising chart which would help keep support under the corn market and help with rallies if we run into some weather issues.

Ed Usset talked about strategies for pre-harvest and post-harvest marketing. In marketing, we want the first sale to always be the worst sale. I hear some farmers say I sold too early with these bushels. That is how marketing works. Some sales are going to be too early, and some are going to be too late. The final average price is the important number.

Jim Weisemeyer talked about the growing U.S. deficit and that more attempts at crop insurance cuts will be coming. We need to stay vigilant. Regarding politics, Jim talked about March 15, Super Tuesday, will be the important date regarding the primaries and who the 2 nominees will be. He also said, due to the election year, the Trans Pacific Partnership will not come up for a vote until after the election. Most farm groups support the TPP as we need places to get rid of this surplus.

ARC-CO payments

Before the end of the month, NASS is going to release 2015 yields in many of our counties. These yields will help determine the chances of an ARC-CO payment. Stay tuned to this as I'm sure many of you are wondering where the county yields came in. If a yield is released by NASS, we will have a pretty good idea what the possible payment will be. If one isn't released, we will be wondering until October. Hopefully there were enough surveys returned for NASS to come up with some yield data in your counties.

Wheat

USDA released its Supply and Demand report on February 9th. There didn't seem to be much good news as generally, ending stocks mostly increased in the U.S. and the world scene.

U.S. ending wheat stocks went up 25 million to 961 million and 49.3% SU ratio. World ending stocks also went up 6 MMT to 238 MMT and 33.6% SU ratio. Spring wheat ending stocks went up 10 million bushels to 278 million and 51% SU ratio. National average farm price was kept at \$5.00/bu. Just more of everything on the wheat ending stocks.

The spring wheat insurance price is going to be around \$5.15 or so when we are done setting the price. In our travels around the association, we are seeing cost of production come down for wheat, but not enough. In most cases, we are seeing that if we have some kind of a rally and take advantage of the rally with some pre-harvest sales, we will need around 140% of APH to start to make money. That is a tall order.

Unless something changes with the wheat market, it isn't an option to try to build some owner equity. However, wheat will be planted and for the wheat going in, we need to watch for any rallies into the growing season.

With 3 million less winter wheat acres, that may help. The carry in the spring wheat market is all we have to work with right now. With a decent wheat crop, the carry may erode and come back to where the nearby prices are. That is the risk in this market.

I'm still in the camp to consider \$5.50 futures and above and protect below this number at harvest. Right now it looks like an early spring which usually means a decent yield. We need some good news for this market. Watch for some potential spring rallies.

Corn

USDA increased U.S. ending corn stocks 35 million to 1.837 billion and 13.6 SU ratio. World ending stocks were kept the same at 208.8 MMT and 21.6% SU ratio.

One positive number was USDA increased corn for ethanol 25 million bushels to 5.225 billion bushels. The average farm price was kept at \$3.60/bu which is down .10/bu from last year's price of \$3.70.

Corn cost of production is also coming down, as we are seeing most break evens below \$4.00/bu. This is based on the average APH. If your break even isn't at least under \$4.00, you are on the higher end.

In talking to farmers, you are really delving into your numbers to try to make ends meet. It is a challenge, but required to get through this period of tight margins. USDA is estimating 2016 Net Farm Income at a 14 year low of \$54.8 billion. This is down 3% from 2015, but at least it looks like the slide has slowed.

In our travels this winter, corn has the most potential to break even based on what I am seeing. The carry in the market helps us get closer to break even, but I would say we are still seeing where we need to raise about 105% to 110% of APH in order to start to make money.

Soybeans

USDA raised U.S. ending stocks 10 million to 450 million and 12.2% SU ratio and world ending stocks were also raised 1 MMT to 80.4 MMT and 25.6% SU ratio. Again, we have a few more bushels. Average farm price was left at \$8.80.

In general, average break evens we are seeing is just under \$10/bu. This is challenging when new crop bids are in the low \$8 range. On average, we are probably seeing where we need around 120-125% of APH to start to make money. And that is if we can eventually lock in around \$8.50 cash new crop sales. We aren't there now.

It looks like the South American crop will not be helping our market, as USDA left Brazil's crop at 100 MMT and the Argentina crop was raised 1.5 MMT to 58.5 MMT.

I'm still in the camp to consider some new crop sales above \$9.00 futures and protect below \$9.00 at harvest. We have to get above that number first.

Summary

All in all, there wasn't really any good news in the February report, just more of the same. Looks like we have plenty of bushels for now which will cap rallies.

That being said, remember it is also February. How much new crop have you sold in the past in February? Let me leave you with two items regarding history. First of all, we have always set our insurance price in February and have had opportunities to sell some new crop bushels above that price during the growing season. That has been the case for wheat, corn and soybeans.

Second, the January high for corn and soybeans is an important number. Twenty-four out of the last 26 years, we have been able to sell some bushels higher than that number during the calendar year. In January of this year, the high for December corn was \$3.94 and for November soybeans it was \$8.96. Will it be 25 out of 27 years? Stay

tuned and have your plan ready.

Joe Burgard
Marketing Specialist
AgCountry Farm Credit Services

Grain Marketing is Simple

Table 1
December Corn Futures Prices, 1990–2015,
May 1 vs. October 1
(\$ per bushel)

CONTRACT	MAY 1	OCT. 1	CHANGE	CHANGE (%)
1990	2.70	2.29	-0.42	-15%
1991	2.53	2.54	0.01	0%
1992	2.53	2.12	-0.41	-16%
1993	2.43	2.43	0.00	0%
1994	2.58	2.14	-0.44	-17%
1995	2.63	3.11	0.48	18%
1996	3.33	2.90	-0.44	-13%
1997	2.76	2.56	-0.20	-7%
1998	2.62	2.05	-0.58	-22%
1999	2.31	2.05	-0.26	-11%
2000	2.62	1.99	-0.63	-24%
2001	2.27	2.11	-0.16	-7%
2002	2.20	2.56	0.36	16%
2003	2.33	2.20	-0.13	-6%
2004	3.17	2.06	-1.11	-35%
2005	2.27	2.06	-0.21	-9%
2006	2.72	2.68	-0.04	-1%
2007	3.79	3.69	-0.10	-3%
2008	6.32	4.84	-1.48	-23%
2009	4.33	3.41	-0.93	-21%
2010	3.92	4.66	0.74	19%
2011	6.61	5.93	-0.69	-10%
2012	5.39	7.57	2.18	40%
2013	5.51	4.39	-1.12	-20%
2014	5.00	3.21	-1.78	-36%
2015	3.80			
Average	3.39	3.10	-0.29	-8%

19 years (76%) the market declined.
6 years (24%) the market improved.
13 years the market declined more than 10%.

Part One: Five Common Mistakes in Grain Marketing

Table 2
November Soybean Futures Prices, 1990–2015,
May 1 vs. October 1
(\$ per bushel)

CONTRACT	MAY 1	OCT. 1	CHANGE	CHANGE (%)
1990	6.55	6.05	-0.51	-8%
1991	6.09	5.89	-0.20	-3%
1992	6.05	5.33	-0.72	-12%
1993	5.96	6.18	0.22	4%
1994	6.28	5.38	-0.90	-14%
1995	6.06	6.37	0.32	5%
1996	7.58	7.49	-0.08	-1%
1997	6.96	6.21	-0.76	-11%
1998	6.17	5.15	-1.02	-16%
1999	5.14	4.81	-0.33	-6%
2000	5.80	4.90	-0.90	-16%
2001	4.34	4.52	0.18	4%
2002	4.56	5.42	0.86	19%
2003	5.53	6.87	1.34	24%
2004	7.45	5.35	-2.10	-28%
2005	6.22	5.73	-0.49	-8%
2006	6.26	5.45	-0.81	-13%
2007	7.84	9.92	2.08	27%
2008	11.93	10.53	-1.40	-12%
2009	9.71	9.18	-0.53	-5%
2010	9.76	10.57	0.81	8%
2011	13.74	11.79	-1.95	-14%
2012	13.93	15.60	1.68	12%
2013	12.09	12.68	0.59	5%
2014	12.26	9.17	-3.09	-25%
2015	9.41			
Average	7.77	7.46	-0.31	-3%

16 years (68%) the market declined.

9 years (32%) the market improved.

10 years the market declined more than 10%.

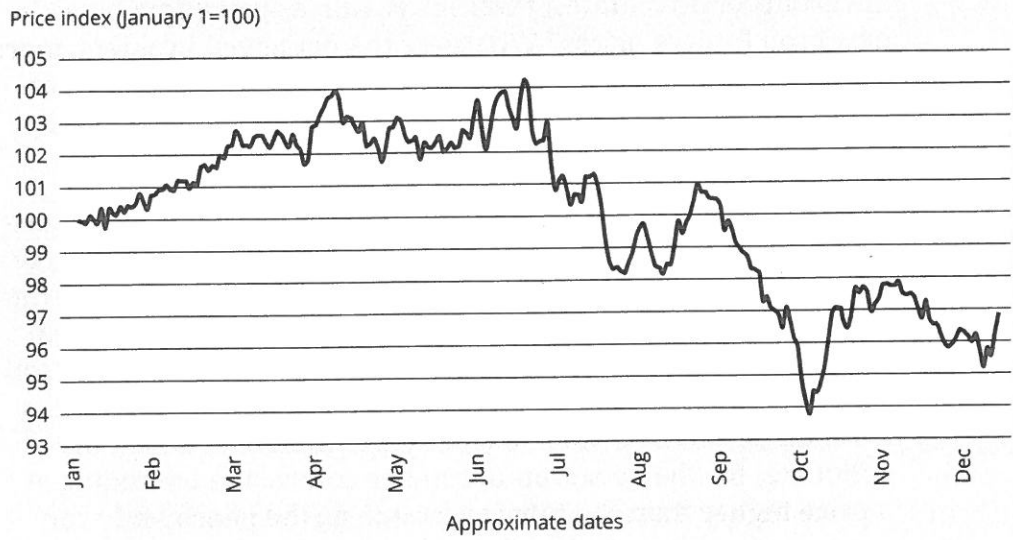
Table 3
September HRS Futures Prices, 1990–2015,
May 1 vs. August 1
(\$ per bushel)

CONTRACT	MAY 1	AUG. 1	CHANGE	CHANGE (%)
1990	3.61	2.81	-0.80	-22%
1991	2.95	2.88	-0.07	-2%
1992	3.55	3.06	-0.49	-14%
1993	2.99	3.15	0.15	5%
1994	3.34	3.34	-0.00	0%
1995	3.65	4.73	1.08	30%
1996	5.93	4.70	-1.23	-21%
1997	4.39	3.92	-0.48	-11%
1998	3.61	3.08	-0.53	-15%
1999	3.33	3.44	0.11	3%
2000	3.35	2.97	-0.38	-11%
2001	3.47	3.16	-0.31	-9%
2002	3.01	3.80	0.80	26%
2003	3.39	3.70	0.32	9%
2004	4.24	3.53	-0.71	-17%
2005	3.46	3.50	0.04	1%
2006	4.28	4.69	0.40	9%
2007	5.24	6.32	1.08	21%
2008	8.77	8.74	-0.03	0%
2009	6.77	6.05	-0.72	-11%
2010	5.49	7.13	1.64	30%
2011	9.34	8.34	-1.00	-11%
2012	7.75	9.38	1.63	21%
2013	8.19	7.42	-0.77	-9%
2014	7.72	6.16	-1.56	-20%
2015	5.45			
Average	4.87	4.80	-0.07	-1%

15 years (60%) the market declined.
10 years (40%) the market improved.
10 years the market declined more than 10%.

great (how can I sell it before I know if I have it?). My response to the reluctant is simple: crop insurance tools that feature revenue insurance offer farmers the ability to price earlier with confidence.

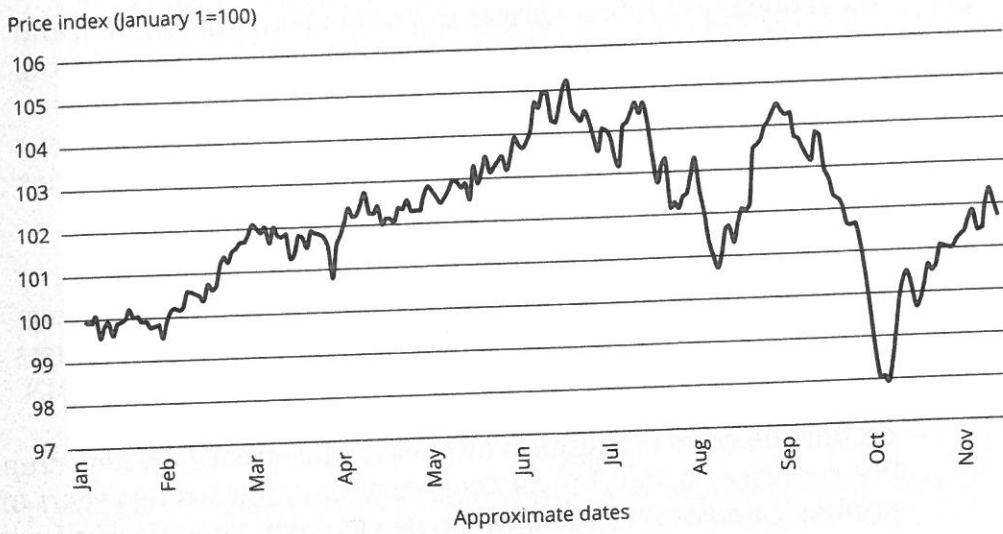
Chart 4
Chicago December Corn Futures, 1990–2014 Average



Data source: CME Group.

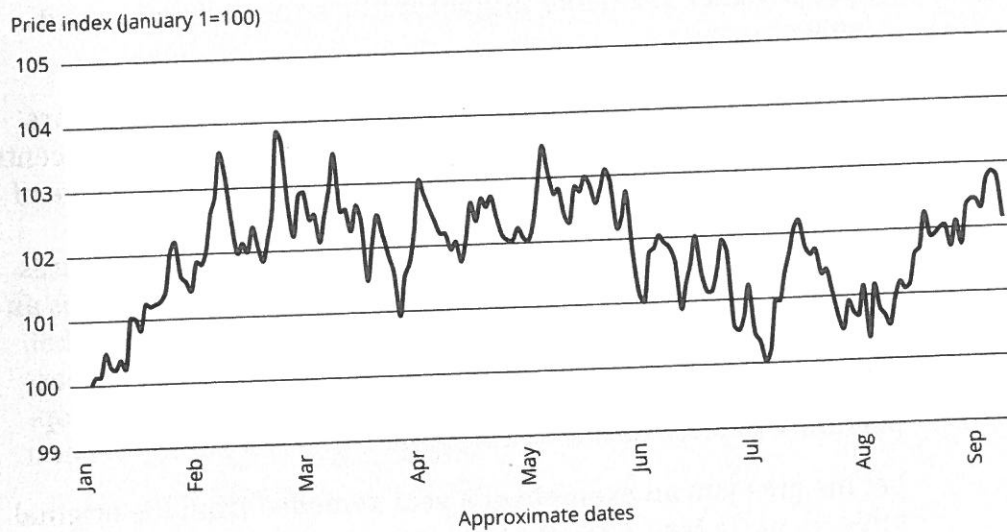
Part One: Five Common Mistakes in Grain Marketing

Chart 5
Chicago November Soybean Futures, 1990-2014 Average



Data source: CME Group.

Chart 6
September MGEX Spring Wheat Futures, 1990-2014 Average



Data source: Minneapolis Grain Exchange.

Part One: Five Common Mistakes in Grain Marketing

Chart 11
Pipestone, Minnesota Index of Cash Corn Prices, 1990–2013 Crop Years

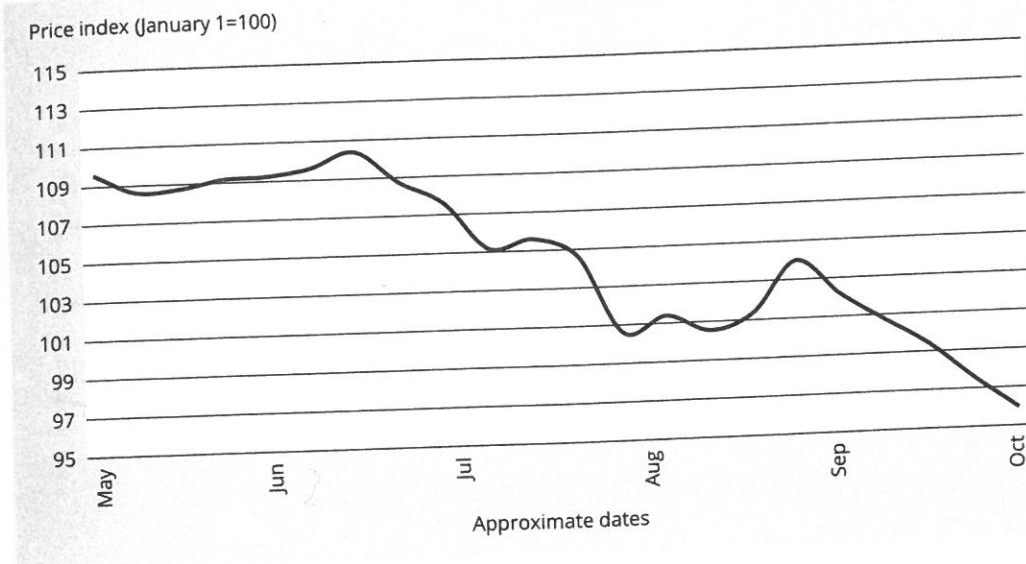


Chart 12
Pipestone, Minnesota Index of Cash Soybean Prices, 1990–2013 Crop Years

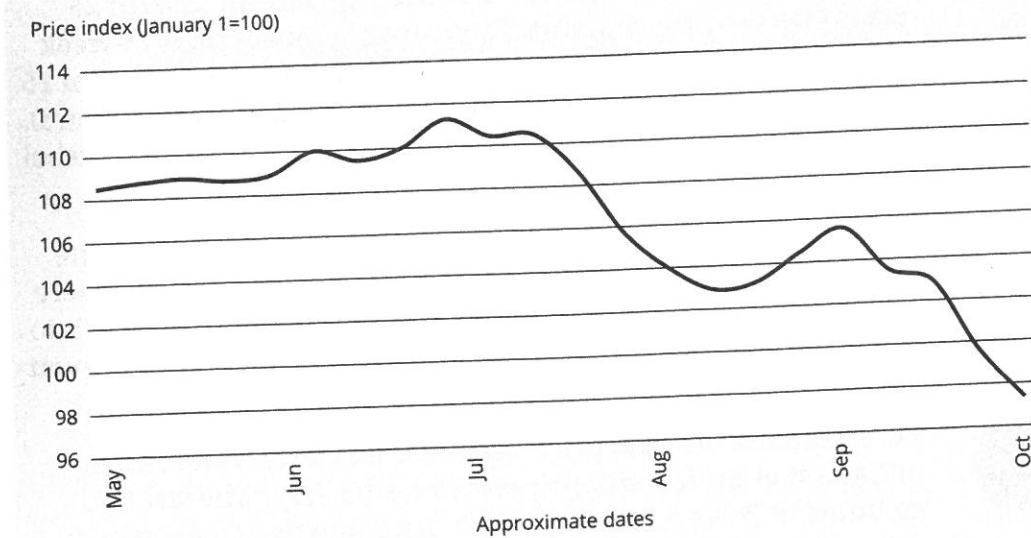
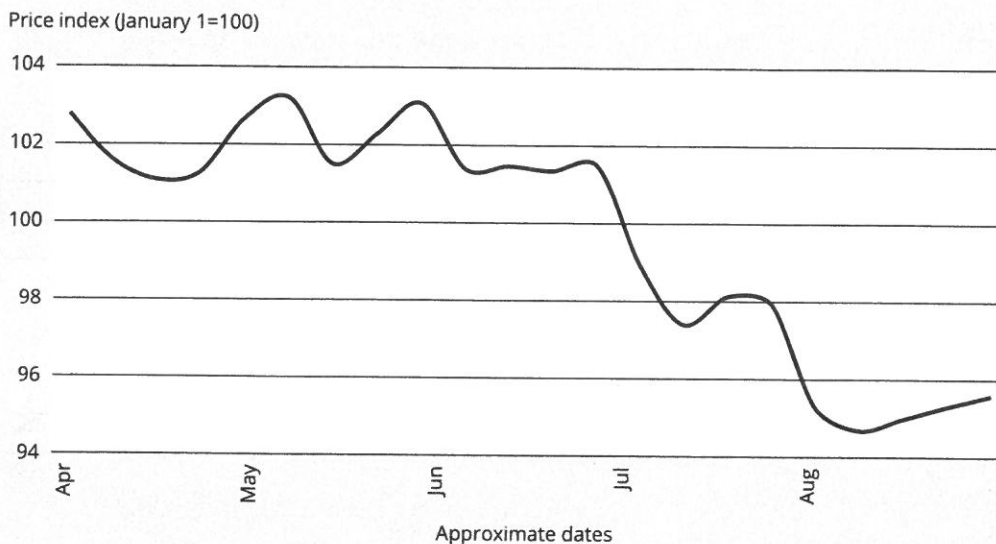


Chart 13
Northwestern Minnesota Index of Cash Wheat Prices, 1990–2013 Crop Years



The first three columns of Table 4 show the history of cash corn prices from the first week of July to the second week of October. Price changes—up or down—exceeded 10 percent in 20 of 25 years (see the fifth column). These are big moves for a 15-week period! Price declines of 10 percent or more occurred in 13 of 25 years, and nearly twice as often as price increases (seven years). The average price decline was 11 percent, or 35 cents per bushel.

Some readers may be impressed that cash prices increased in 11 years. What's wrong with those odds? But look closer at the years when cash prices increased. There were four years where the cash price increase was modest, and probably not enough to cover storage costs. To me, only two years showed truly noteworthy moves higher: 2006 and 2010.



Let's examine the cash price decline even closer. Is it futures or basis that drives cash prices lower after July? The last two columns in Table 4 break the cash price into two components: futures and basis. The sixth column shows changes in December corn futures between the first week of July and the middle of October. December futures declined in 14 of 25 years by an average

Part One: Five Common Mistakes in Grain Marketing

Table 4
The 11th Commandment Illustrated for Corn
Pipestone corn prices¹—cash, futures and basis, 1990–2014
 (\$ per bushel)

YEAR	CASH EARLY JULY	CASH MID-OCT.	CASH CHANGE	CASH CHANGE	FUTURES CHANGE	BASIS ² CHANGE
1990	2.45	1.98	-0.47	-19%	-0.42	-0.05
1991	2.12	2.15	0.03	1%	0.26	-0.23
1992	2.30	1.83	-0.47	-20%	-0.49	0.02
1993	2.12	2.20	0.08	4%	0.00	0.08
1994	2.22	1.83	-0.39	-18%	-0.22	-0.17
1995	2.53	2.78	0.25	10%	0.42	-0.17
1996	4.82	2.46	-2.36	-49%	-0.73	-1.63
1997	2.10	2.38	0.28	13%	0.49	-0.21
1998	1.97	1.64	-0.33	-17%	-0.23	-0.10
1999	1.59	1.38	-0.21	-13%	-0.13	-0.08
2000	1.40	1.56	0.16	11%	0.06	0.11
2001	1.54	1.57	0.03	2%	-0.11	0.14
2002	1.99	2.23	0.24	12%	0.08	0.16
2003	2.04	1.80	-0.24	-12%	-0.08	-0.16
2004	2.41	1.77	-0.64	-27%	-0.56	-0.08
2005	1.77	1.41	-0.36	-20%	-0.32	-0.04
2006	1.91	2.69	0.78	41%	0.49	0.29
2007	3.66	3.06	-0.60	-16%	-0.01	-0.59
2008	6.90	3.58	-3.32	-48%	-3.74	0.42
2009	3.03	3.42	0.39	13%	0.15	0.25
2010	3.18	4.77	1.59	50%	1.79	-0.20
2011	5.99	5.98	-0.01	0%	0.43	-0.44
2012	6.92	7.34	0.42	6%	0.60	-0.18
2013	6.92	4.05	-2.87	-41%	-0.50	-2.37
2014	3.59	2.91	-0.68	-19%	-0.67	-0.01
Average	3.10	2.75	-0.35	-11%	-0.14	-0.21

Cash prices declined in 14 of 25 years. Cash prices decreased more than 10% in 13 years.
 Increases of more than 10% occurred in 7 years.

Futures prices declined in 14 of 25 years / basis declined in 17 of 25 years.

¹ All quotes are Friday closes in the periods July 1–7 and October 12–18.

² Defined as the Pipestone spot price less December corn futures.

Part One: Five Common Mistakes in Grain Marketing

Table 5
The 11th Commandment Illustrated for Soybeans
Pipestone soybean prices¹—cash, futures and basis, 1990–2014
 (\$ per bushel)

YEAR	CASH EARLY JULY	CASH MID-OCT.	CASH CHANGE	CASH CHANGE	FUTURES CHANGE	BASIS ² CHANGE
1990	5.89	5.79	-0.10	-2%	-0.24	0.14
1991	5.10	5.20	0.10	2%	0.21	-0.11
1992	5.63	5.00	-0.63	-11%	-0.69	0.06
1993	6.24	5.75	-0.49	-8%	-0.53	0.04
1994	6.10	4.85	-1.25	-20%	-0.71	-0.54
1995	5.68	5.92	0.24	4%	0.35	-0.11
1996	7.22	6.30	-0.92	-13%	-0.45	-0.47
1997	6.87	6.38	-0.49	-7%	1.00	-1.49
1998	5.93	4.93	-1.00	-17%	-0.44	-0.56
1999	3.91	4.17	0.26	7%	0.52	-0.26
2000	4.41	4.05	-0.36	-8%	-0.02	-0.34
2001	4.43	3.80	-0.63	-14%	-0.43	-0.20
2002	5.19	5.03	-0.16	-3%	0.32	-0.48
2003	5.93	6.81	0.88	15%	1.81	-0.93
2004	9.25	4.72	-4.53	-49%	-1.38	-3.15
2005	6.32	5.17	-1.15	-18%	-0.97	-0.19
2006	5.39	5.24	-0.15	-3%	-0.36	0.21
2007	7.55	8.62	1.07	14%	0.81	0.26
2008	15.54	8.24	-7.30	-47%	-7.37	0.07
2009	11.64	9.30	-2.34	-20%	-0.29	-2.06
2010	9.05	10.80	1.75	19%	2.79	-1.04
2011	12.63	11.93	-0.70	-6%	-0.43	-0.27
2012	15.37	14.68	-0.70	-5%	0.17	-0.87
2013	14.91	12.40	-2.52	-17%	0.63	-3.15
2014	13.14	8.79	-4.35	-33%	-1.82	-2.53
Average	7.97	6.95	-1.02	-13%	-0.30	-0.72

Cash prices declined in 19 of 25 years. Cash prices decreased more than 10% in 11 years. Increases of more than 10% occurred in 3 years.

Futures prices declined in 15 of 25 years / basis declined in 19 of 25 years.

¹ All quotes are Friday closes in the periods July 1–7 and October 12–18.

² Defined as the Pipestone spot price less November soybean futures.

Part One: Five Common Mistakes in Grain Marketing

Table 6
The 11th Commandment Illustrated for Spring Wheat
Crookston/Beltrami wheat prices¹—cash, futures and basis, 1990–2014
 (\$ per bushel)

YEAR	CASH EARLY JUNE	CASH MID-AUG.	CASH CHANGE	CASH CHANGE	FUTURES CHANGE	BASIS ² CHANGE
1990	3.48	2.52	-0.96	-28%	-0.62	-0.34
1991	2.57	2.59	0.02	1%	-0.05	0.07
1992	3.93	2.97	-0.96	-24%	-0.48	-0.49
1993	3.30	3.51	0.21	6%	0.30	-0.09
1994	3.52	3.63	0.11	3%	0.38	-0.27
1995	3.97	4.35	0.38	10%	0.70	-0.32
1996	5.97	4.37	-1.60	-27%	-0.80	-0.80
1997	3.85	3.84	-0.01	0%	0.24	-0.25
1998	3.33	2.96	-0.37	-11%	-0.30	-0.07
1999	3.03	2.91	-0.12	-4%	-0.07	-0.05
2000	3.08	2.63	-0.45	-15%	-0.40	-0.06
2001	3.20	2.96	-0.24	-8%	-0.27	0.03
2002	2.95	3.95	1.00	34%	1.07	-0.06
2003	3.59	3.43	-0.16	-4%	0.29	-0.45
2004	3.91	3.18	-0.73	-19%	-0.69	-0.04
2005	3.68	3.50	-0.18	-5%	0.11	-0.29
2006	4.31	4.16	-0.15	-3%	-0.32	0.17
2007	5.14	6.02	0.88	17%	1.29	-0.41
2008	9.58	8.82	-0.76	-8%	0.26	-1.02
2009	7.13	4.96	-2.17	-30%	-2.14	-0.03
2010	4.65	6.10	1.45	31%	1.95	-0.50
2011	10.59	8.97	-1.62	-15%	-0.37	-1.25
2012	7.34	8.37	1.03	14%	1.78	-0.75
2013	8.00	6.66	-1.34	-17%	-0.89	-0.45
2014	6.74	5.97	-0.77	-11%	-0.89	0.12
Average	4.83	4.53	-0.30	-6%	0.00	-0.30

Cash prices declined in 17 of 25 years. Cash prices decreased more than 10% in 10 years.

Increases of more than 10% occurred in 5 years.

Futures prices declined in 14 of 25 years / basis declined in 21 of 25 years.

¹ All quotes are Friday closes in the periods June 1–7 and August 20–26.

² Defined as the local spot price less Minneapolis September futures.

Positive carrying charges are common when grain supplies are large

icates) and location (Illinois River)? Same grade, delivery, and location—shouldn't they all reflect the same price?

Many people believe that July corn trades at a premium to December corn because traders in the market expect prices to rise in the months ahead. But expectations have nothing to do with these price differences. The principal reason for these price differences is storage costs, also known as carrying charges. Positive carrying charges—deferred contracts trading at a premium to nearby contracts—are common when free supplies are large.* Every day, these *market-determined* carrying charges are sending signals and incentives to market participants to store grain for later sale, or price grain and ship it today. Carrying charges tell merchandisers, processors, and exporters what the market will pay for storage.

Traders can even calculate a full carrying charge, or a maximum spread between the different contract months, using the following formula:

$$\text{full carry per month} = (\text{price} \times \text{interest rate})/12 + (\text{monthly storage rate})$$

As an example, let's calculate the full carrying charge in the corn market from December to July (seven months), assuming a December corn futures price of \$3.48 per bushel, 4 percent interest, and a 5-cent per month commercial storage rate.

Estimated full carrying charge from December to July futures:

$$\text{full carry per month} = (\$3.48 \times .04)/12 + 5 \text{ cents storage rate}$$

$$\text{full carry per month} = 1.2 \text{ cents interest} + 5 \text{ cents storage rate}$$

$$6.2 \text{ cents per month} = 1.2 \text{ cents interest} + 5 \text{ cents storage rate}$$

$$6.2 \text{ cents per month} \times 7 \text{ months} = 43 \text{ cents full carry from December to July}$$

The carrying charge between two delivery months will never exceed the full carrying charge because of the possibilities of arbitrage. If the July contract was priced more than 43 cents higher than the December contract, savvy traders would aggressively buy the December contract and sell the July contract because

* That's "free" as in freely available to the market and not tied up in some sort of food reserve or government stocks program. I don't mean free as in "take this grain for nothing," although markets can feel this way when prices are low enough.

Table 10
Celebrity Producers and their Pre-Harvest Marketing Styles



Barney Binless

Barney prices grain at harvest.



Grandma

Grandma is timing-driven, with no minimum price.



Justin Price

Justin is price-driven.



Terry Timer

Terry is timing-driven, with a minimum price.



Peter Paperfarmer

Peter is like Terry, but re-owns each sale with call options.



Darla Discipline

Darla uses a combination of price objectives and decision dates.

Part Two: Pre-Harvest Marketing Plans

Table 11
Celebrity Producers Search for a Pre-Harvest
Advantage in Corn, 1990–2014
(\$ per bushel)

CROP YEAR	BARNEY	GRANDMA	JUSTIN	TERRY	PETER	DARLA
1990	1.98	2.19	2.15	2.22	2.11	2.24
1991	2.15	2.15	2.15	2.22	2.13	2.18
1992	1.83	2.21	1.95	2.23	2.10	2.24
1993	2.20	2.16	2.22	2.20	2.20	2.23
1994	1.83	2.09	2.06	2.14	2.03	2.14
1995	2.78	2.36	2.42	2.31	2.46	2.32
1996	2.46	2.78	2.51	2.82	2.66	2.53
1997	2.38	2.26	2.35	2.38	2.25	2.31
1998	1.64	1.94	1.98	2.01	1.85	2.05
1999	1.38	1.62	1.52	1.38	1.38	1.43
2000	1.56	1.80	1.67	1.91	1.74	1.86
2001	1.57	1.77	1.68	1.68	1.62	1.62
2002	2.23	2.07	2.29	2.23	2.23	2.28
2003	1.80	1.97	1.89	1.89	1.85	1.89
2004	1.77	2.36	2.30	2.59	2.36	2.35
2005	1.41	1.63	1.54	1.41	1.41	1.61
2006	2.69	2.32	2.45	2.30	2.14	2.36
2007	3.06	3.26	3.10	3.35	3.06	3.06
2008	3.58	5.01	3.68	5.04	4.50	3.70
2009	3.42	3.77	3.91	3.83	3.41	4.04
2010	4.77	3.57	4.06	4.38	4.52	3.69
2011	5.98	5.85	5.23	5.95	5.98	5.28
2012	7.34	6.09	6.16	5.78	7.17	6.12
2013	4.05	4.83	5.04	4.87	4.54	5.33
2014	2.88	3.71	2.88	2.88	2.88	2.88
1990–2014 average	2.75	2.87	2.77	2.88	2.82	2.79
Worst price ¹	14	3	2	5	7	2
>/= Barney ¹	N/A	16	19	19	17	18

The highest price among celebrity producers for each year is noted in bold and italic. While Barney's price is the harvest price, it is important to remember that other players also have a piece of the harvest price in their price. Grandma's weighted average price for the year includes 70% from pre-harvest pricing and 30% from the harvest price. Justin, Terry, Peter, and Darla's weighted average price for the year includes up to 75% from pre-harvest pricing (if prices are above the minimum price objective) and 25% (or more) from the harvest price.

¹ Out of 25 years.

Table 12
Celebrity Producers Search for a Pre-Harvest
Advantage in Soybeans, 1990-2014
(\$ per bushel)

CROP YEAR	BARNEY	GRANDMA	JUSTIN	TERRY	PETER	DARLA
1990	5.79	5.79	5.72	5.86	5.74	5.84
1991	5.20	5.50	5.54	5.67	5.55	5.60
1992	5.00	5.49	5.35	5.53	5.28	5.57
1993	5.75	5.70	5.96	5.62	5.60	5.62
1994	4.85	5.46	5.28	5.50	5.29	5.60
1995	5.92	5.53	5.70	5.51	5.45	5.51
1996	6.30	6.70	6.30	6.88	6.80	6.26
1997	6.38	6.26	6.24	6.48	6.17	6.21
1998	4.93	5.46	6.06	5.48	5.23	6.06
1999	4.17	4.21	4.43	4.17	4.17	4.44
2000	4.05	4.48	4.27	4.78	4.44	4.65
2001	3.80	4.02	3.80	3.80	3.80	3.80
2002	5.03	4.48	5.05	5.03	5.03	5.11
2003	6.81	5.48	6.07	5.55	5.68	5.53
2004	4.72	6.05	5.72	6.61	6.10	5.72
2005	5.17	5.38	5.48	5.37	5.05	5.39
2006	5.24	5.40	5.40	5.37	5.15	5.45
2007	8.62	7.41	6.78	7.15	7.57	6.93
2008	8.24	11.24	8.73	11.08	9.95	8.73
2009	9.30	9.10	9.59	8.87	8.54	9.48
2010	10.80	9.06	9.40	8.97	9.56	9.16
2011	11.93	12.45	11.21	12.52	12.00	11.38
2012	14.68	13.30	12.32	13.25	15.60	12.51
2013	12.40	12.31	12.69	12.04	12.26	12.42
2014	8.80	10.33	9.32	10.72	10.26	10.75
1990-2014 average	6.95	7.06	6.90	7.11	7.05	6.95
Worst price ¹	10	2	5	4	8	2
>/= Barney ¹	N/A	15	16	17	14	16

The highest price among celebrity producers for each year is noted in bold and italic. While Barney's price is the harvest price, it is important to remember that other players also have a piece of the harvest price in their price. Grandma's weighted average price for the year includes 70% from pre-harvest pricing and 30% from the harvest price. Justin, Terry, Peter, and Darla's weighted average price for the year includes up to 75% from pre-harvest pricing (if prices are above the minimum price objective) and 25% (or more) from the harvest price.

¹ Out of 25 years.

Part Two: Pre-Harvest Marketing Plans

Table 13
Celebrity Producers Search for a Pre-Harvest
Advantage in Spring Wheat, 1990-2014
(\$ per bushel)

CROP YEAR	BARNEY	GRANDMA	JUSTIN	TERRY	PETER	DARLA
1990	2.52	3.05	2.72	3.13	3.00	3.05
1991	2.59	2.60	2.59	2.59	2.59	2.59
1992	2.97	3.32	3.23	3.37	3.22	3.44
1993	3.51	3.41	3.60	3.51	3.51	3.51
1994	3.63	3.32	3.59	3.63	3.63	3.54
1995	4.35	3.72	3.80	3.57	4.02	3.63
1996	4.37	4.59	3.92	4.78	4.54	3.92
1997	3.84	3.60	3.89	3.72	3.63	3.86
1998	2.96	3.34	3.37	3.42	3.27	3.53
1999	2.91	3.01	3.08	3.01	2.91	3.05
2000	2.63	2.92	2.82	2.90	2.82	3.00
2001	2.96	3.13	3.06	3.14	3.06	3.13
2002	3.95	3.31	3.77	3.95	3.95	3.63
2003	3.43	3.22	3.45	3.24	3.25	3.44
2004	3.18	3.63	3.52	3.82	3.62	3.52
2005	3.50	3.42	3.67	3.50	3.33	3.62
2006	4.16	4.11	3.74	4.07	3.92	3.76
2007	6.02	5.02	4.67	4.83	5.57	4.69
2008	8.82	9.05	6.36	9.43	8.74	6.36
2009	4.95	5.86	7.48	5.80	5.38	7.48
2010	6.10	4.98	5.53	6.10	6.10	5.54
2011	8.97	8.82	7.18	8.95	8.34	7.18
2012	8.37	7.50	8.23	7.33	7.88	8.23
2013	6.66	7.36	8.25	7.30	6.97	8.15
2014	5.97	6.47	6.29	7.06	6.73	6.97
1990-2014 average	4.53	4.51	4.47	4.65	4.57	4.51
Worst price ¹	10	6	5	3	3	4
>/= Barney ¹	N/A	13	15	17	15	15

The highest price among celebrity producers for each year is noted in bold and italic. While Barney's price is the harvest price, it is important to remember that other players also have a piece of the harvest price in their price. Grandma's weighted average price for the year includes 70% from pre-harvest pricing and 30% from the harvest price. Justin, Terry, Peter, and Darla's weighted average price for the year includes up to 75% from pre-harvest pricing (if prices are above the minimum price objective) and 25% (or more) from the harvest price.

¹ Out of 25 years.