



*June 14, 2021*

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# Webinar Topics

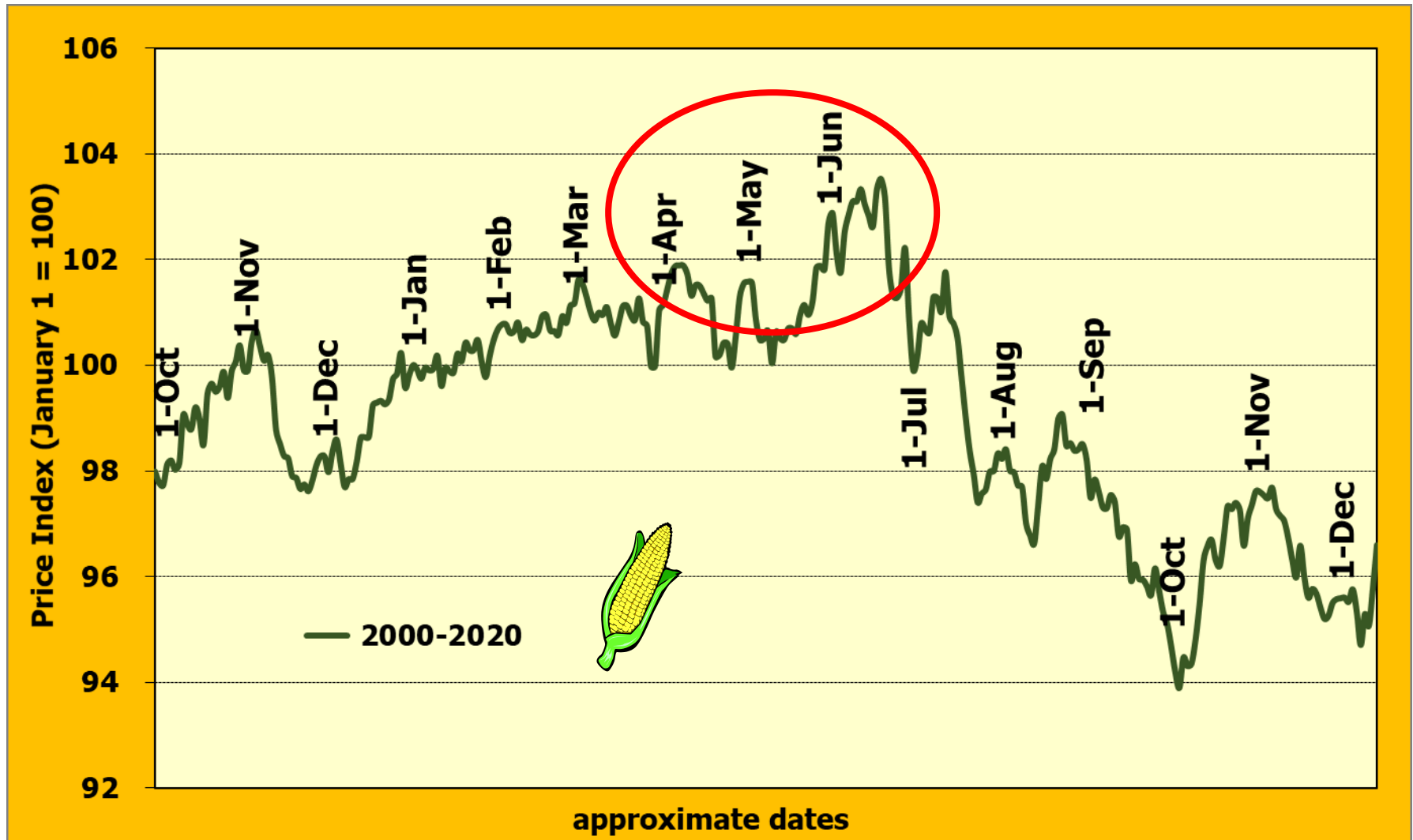
- Supply/Use and Average Cash Price Projections
- Corn & Soybean Seasonal Futures Price Trends
- Cost & Return Projections, Planted Acres & Weather Forecasts
- '21 Crop Insurance Coverage Decisions
- Pre-Harvest Marketing for Delivery Crop Insurance Bushels covered by Revenue Protection
- Using Hedges & Buying Put Options for Non-Delivery Bushels
- Price Targets & Example Written Marketing Plans
- Crop Risk Management Web Sites

# U.S. Corn Supply/Demand & Price Projection

	2020-21 WASDE	2021-22 WASDE	2021-22 ProFarmer
Area Planted (million acres)	90.8	91.1	93.4
Area Harvested (million acres)	82.5	83.5	85.8
Yield per Harvested Acre (bu.)	172.0	179.5	179.0
Beginning Stocks (million bu.)	1,919	1,107	1,165
Production	14,182	14,990	15,358
Imports	25	25	42
<b>Total Supply</b>	<b>16,127</b>	<b>16,122</b>	<b>16,565</b>
Feed & Residual	5,700	5,700	5,800
Food, Seed & Industrial	6,470	6,615	6,665
Ethanol for Fuel	5,050	5,200	5,250
<b>Total Domestic Use</b>	<b>12,170</b>	<b>12,315</b>	<b>12,465</b>
Exports	2,850	2,450	2,600
<b>Total Use</b>	<b>15,020</b>	<b>14,765</b>	<b>15,065</b>
Ending Stocks	1,107	1,357	1,500
Stocks to Use Ratio	7.4%	9.2%	10.0%
Projected Avg. Price (\$/bu.)	\$4.35	\$5.70	\$5.25

# December Corn Seasonal Trends

## (2000-2020 Futures Indexed)

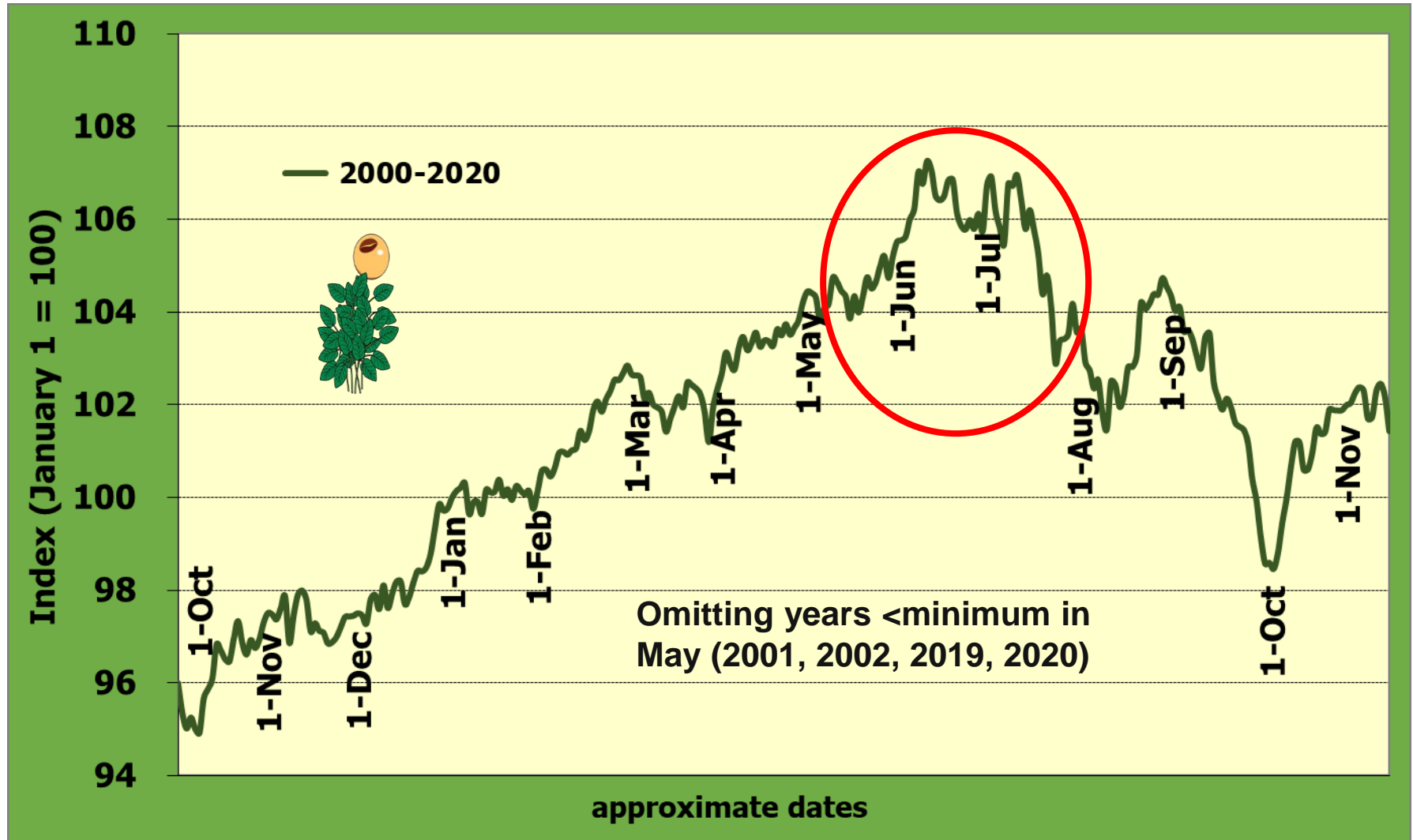


# U.S. Soybean Supply/Demand & Price Projection

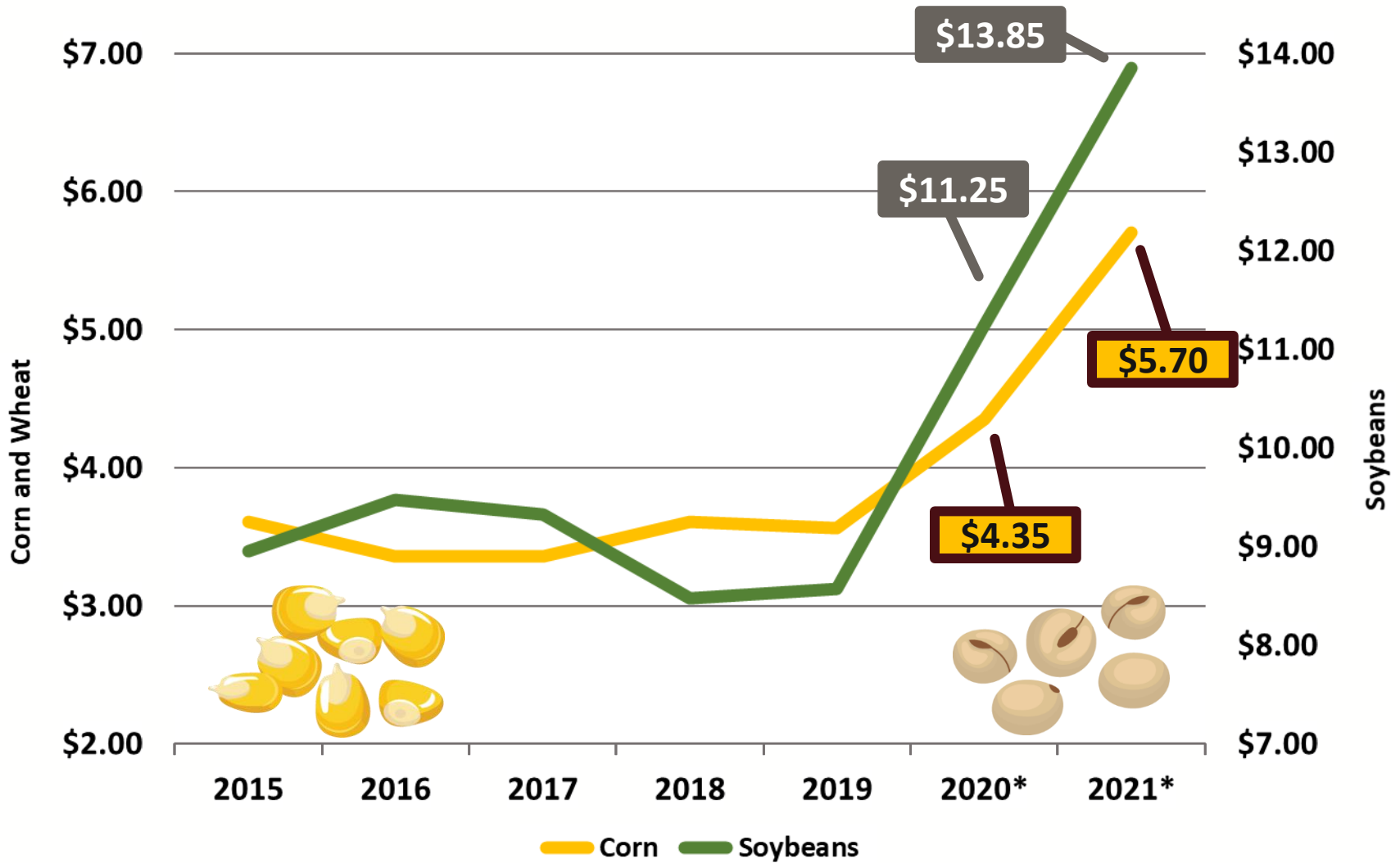
	2020-21 WASDE	2021-22 WASDE	2021-22 <i>Pro Farmer</i>
Area Planted (million acres)	83.1	87.6	88.9
Area Harvested (million acres)	82.3	86.7	88.0
Yield per Harvested Acre (bu.)	50.2	50.8	51.0
Beginning Stocks (million bu.)	525	135	120
Production	4,135	4,405	4,485
Imports	35	35	50
<b>Total Supply</b>	<b>4,695</b>	<b>4,575</b>	<b>4,655</b>
Crush	2,175	2,225	2,225
Exports	2,280	2,075	2,175
Seed	102	104	106
Residual	4	15	19
<b>Total Use</b>	<b>4,560</b>	<b>4,420</b>	<b>4,515</b>
Ending Stocks	135	155	140
Stocks to Use Ratio	3.0%	3.5%	3.1%
<b>Projected Avg. Price (\$/bu.)</b>	<b>\$11.25</b>	<b>\$13.85</b>	<b>\$13.25</b>

# November Soybean Seasonal Trends

## (2000-2020 Futures Indexed)



# Marketing Year Average Cash Prices



\*Projected

# Corn and Soybean Costs & Returns

Central Illinois, High-Productivity	Corn		Soybeans	
	2020P	2021P	2020P	2021P
Yield per Acre	228	220	72	68
Price per Bu	\$4.30	\$5.00	\$11.15	\$13.00
Crop Revenue	\$980	\$1,100	\$803	\$884
ARC/PLC Payments	\$0	\$0	\$0	\$0
Ad Hoc Payments	\$68	\$0	\$45	\$0
Crop Insurance	\$0	\$0	\$0	\$0
Gross Revenue	\$1,048	\$1,100	\$848	\$884
Total Non-land Costs	\$571	\$580	\$359	\$368
Operator & Land Return	\$477	\$520	\$489	\$516
Cash Rent	\$275	\$275	\$275	\$275
Farmer return	\$202	\$245	\$214	\$241



# Estimating 2021 APH Breakeven Costs

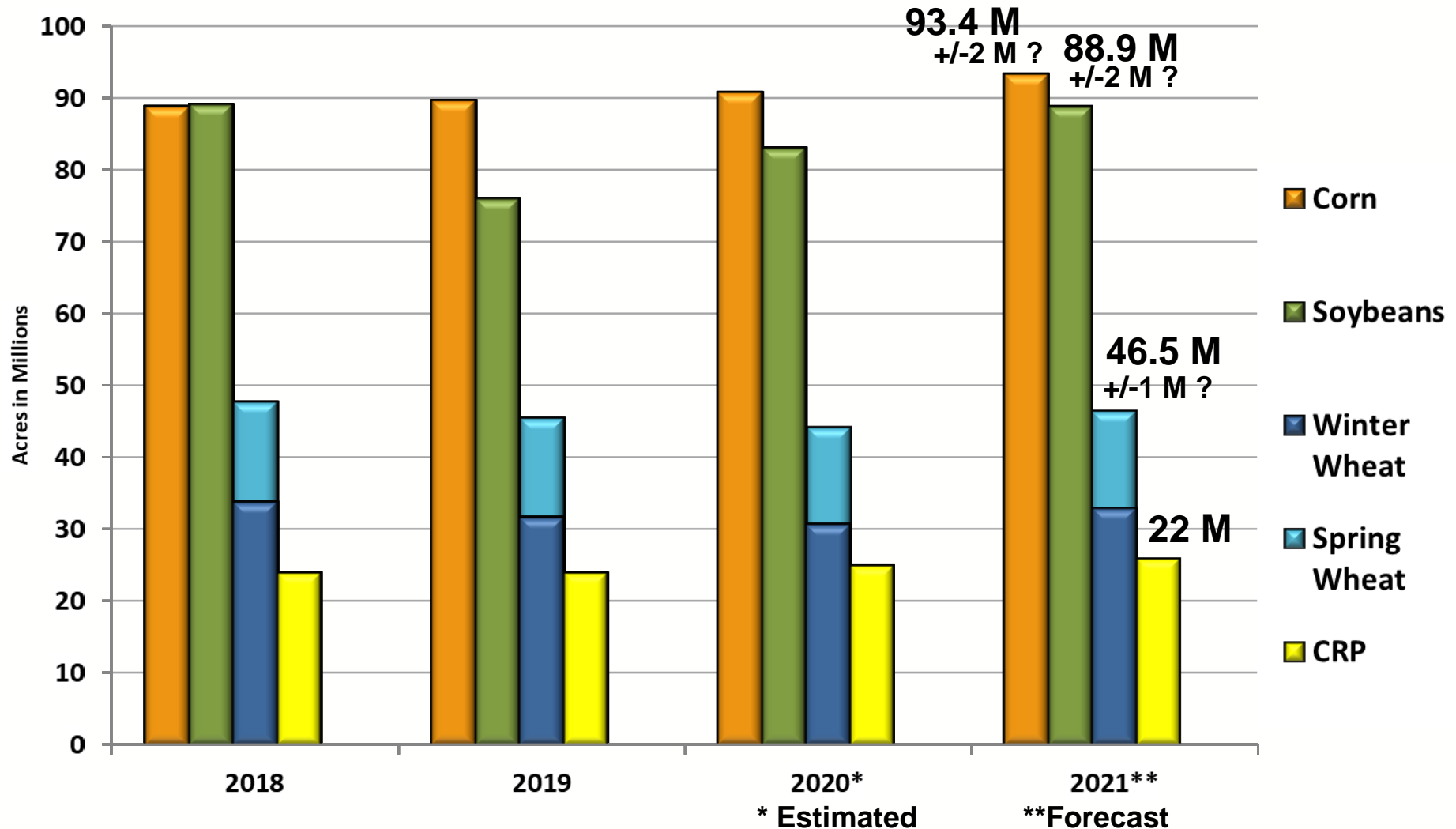
## *Corn-after-Soybeans*

Yield	190	195	200	205	210	215	220	225	230
Expense/Acre <b>\$855</b>	Cost/Bu \$4.50	\$4.38	\$4.28	\$4.17	\$4.07	\$3.98	<b>\$3.89</b>	\$3.80	\$3.72
							APH Estimated Breakeven		

## *Soybeans-after-Corn*

Yield	40	45	50	55	60	65	70	75	80
Expense/Acre <b>\$643</b>	Cost/Bu \$16.08	\$14.29	\$12.86	\$11.69	\$10.72	\$9.8	<b>\$9.45</b>	\$8.57	\$8.04
							APH Estimated Breakeven		

# 2021 U.S. Planted Acreage Forecast

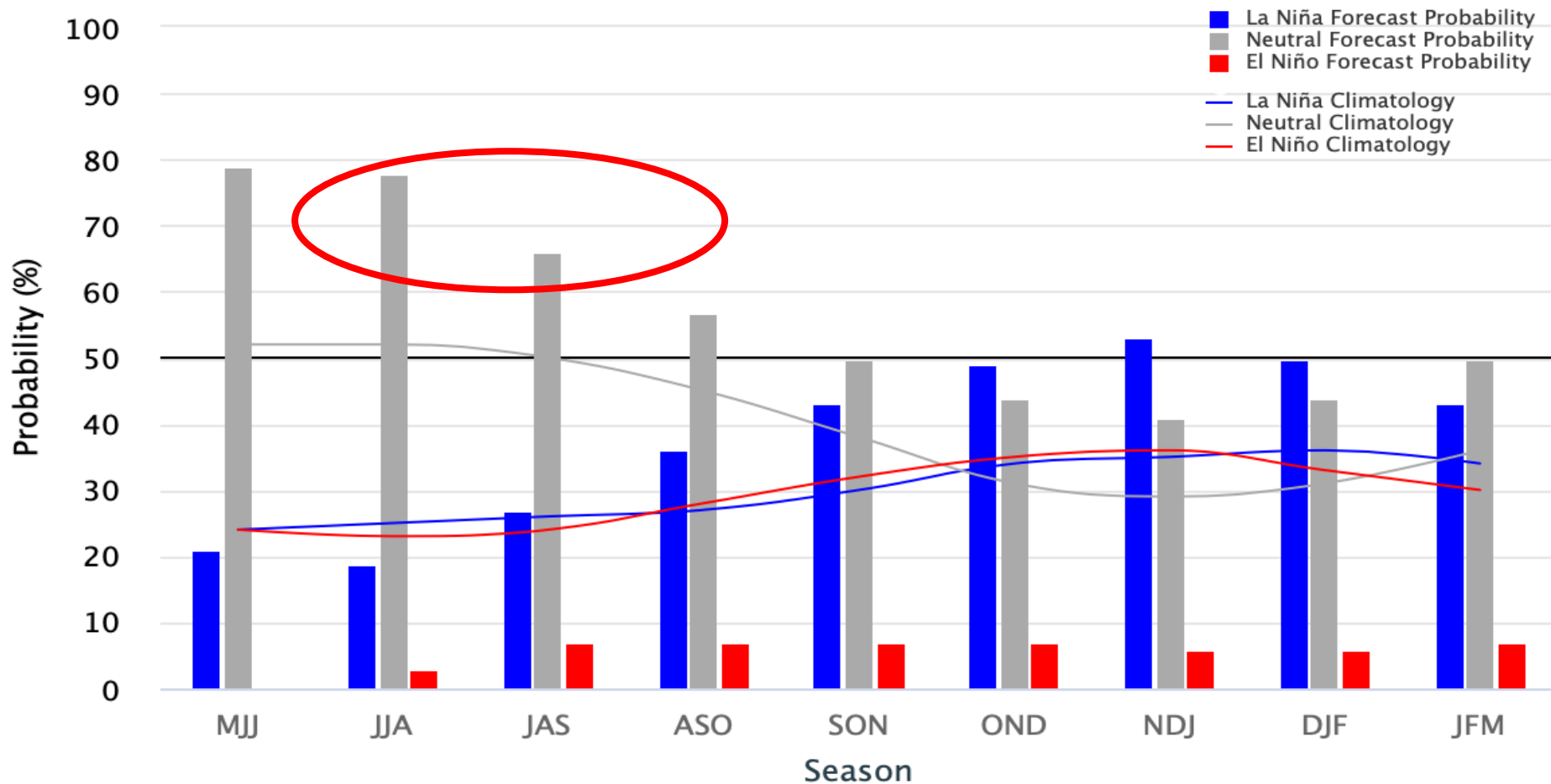


# El Niño Southern Oscillation (ENSO) Forecast

Early-June 2021 CPC/IRI Official Probabilistic ENSO Forecasts

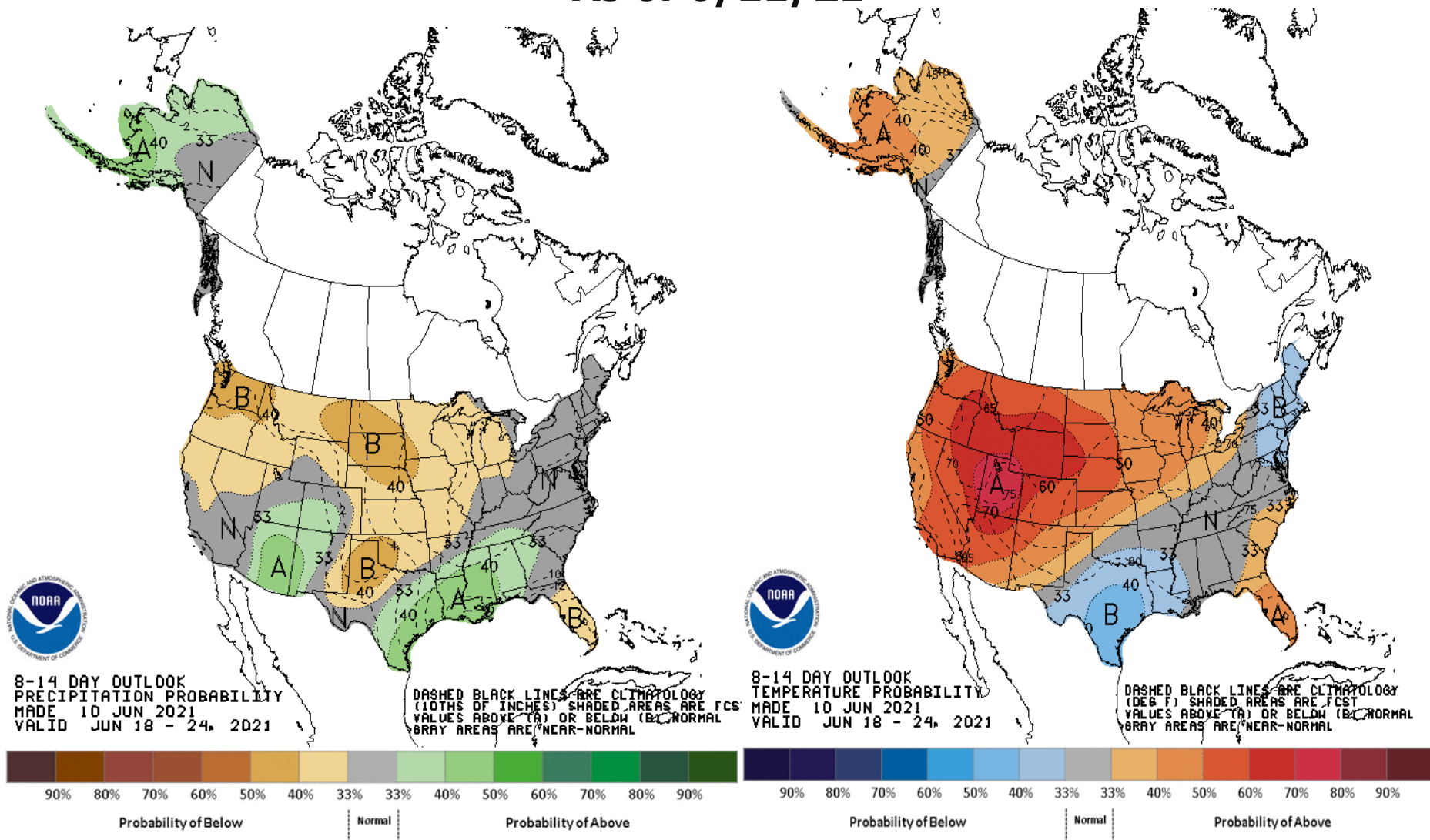
ENSO state based on NINO3.4 SST Anomaly

Neutral ENSO:  $-0.5^{\circ}\text{C}$  to  $0.5^{\circ}\text{C}$



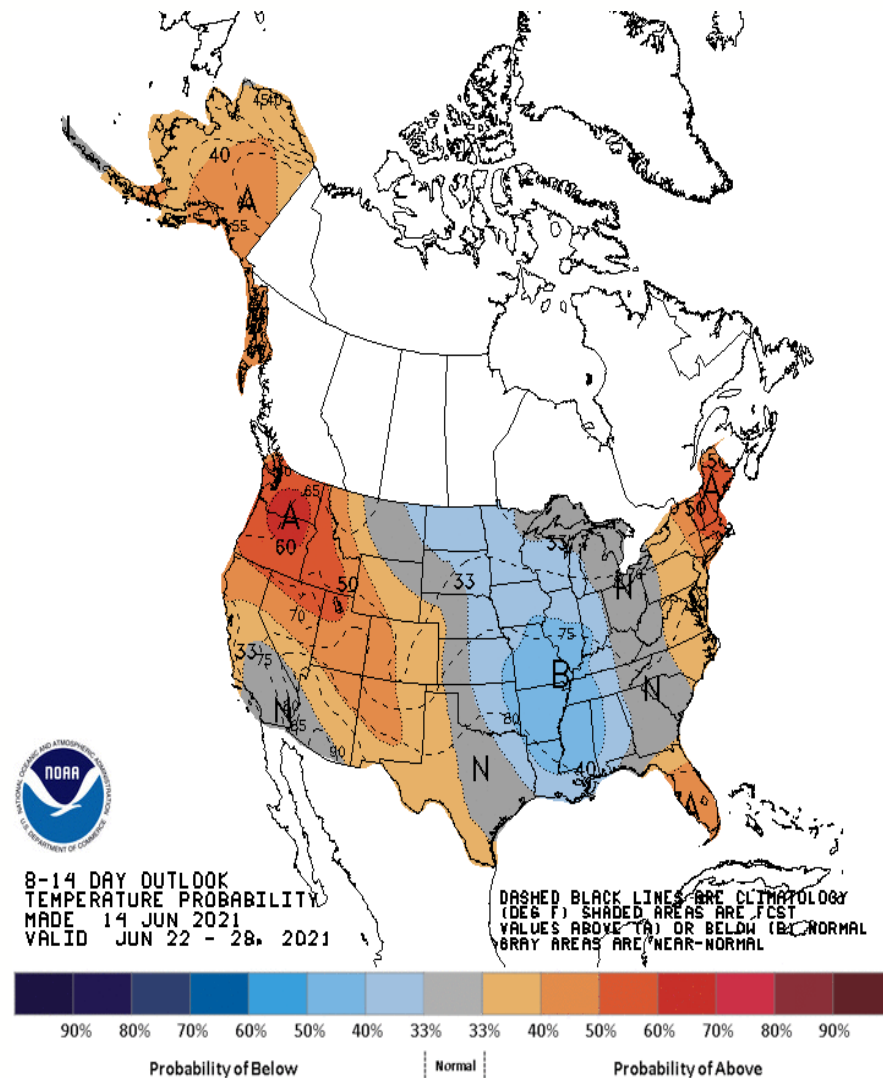
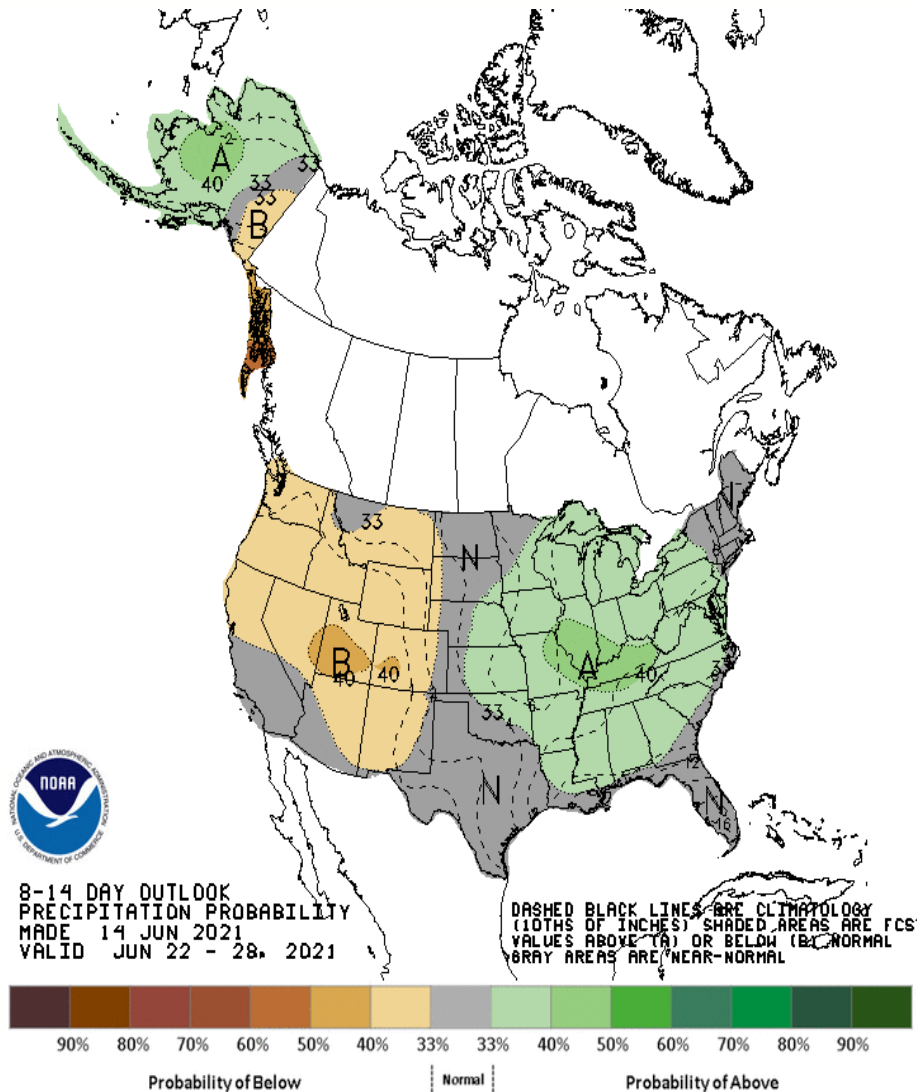
# NWS 8 – 14-day Forecast

As of 6/11/21



# NWS 8 – 14-day Forecast

As of 6/14/21

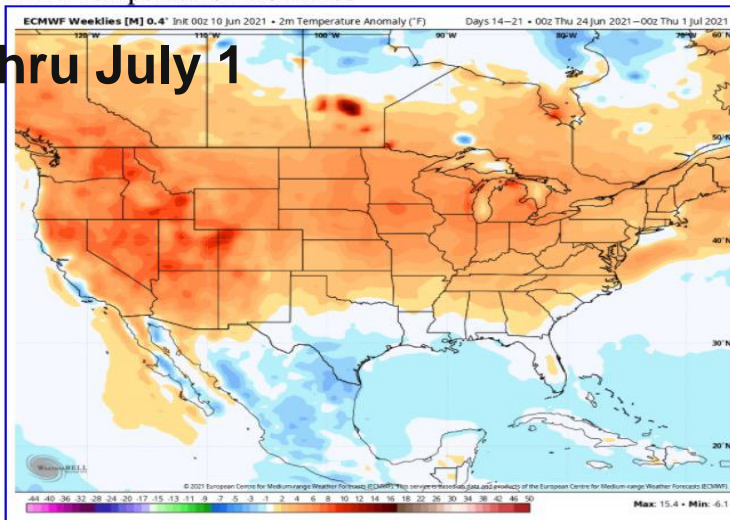
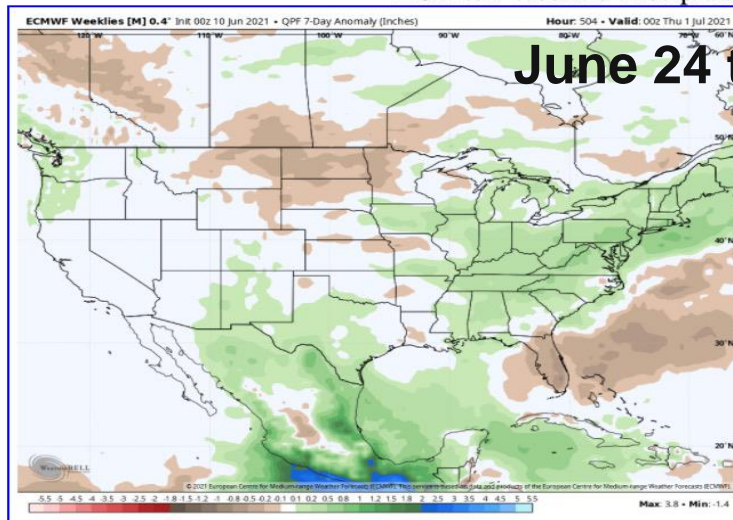




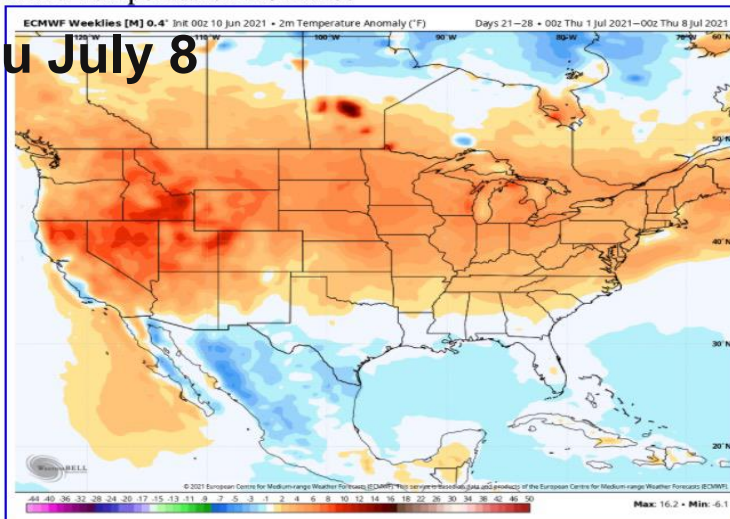
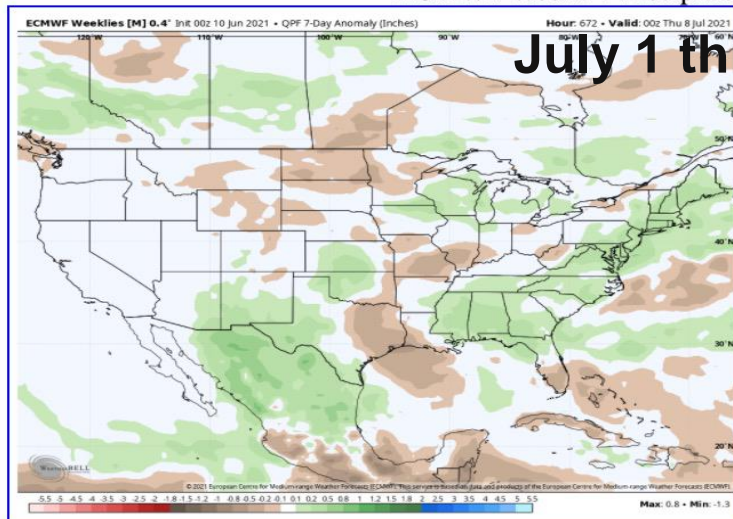
# Long-Term Weather Forecast

## European Ensemble as of 6/11/21

ECMWF Week #3 Precipitation and Temperature Anomalies



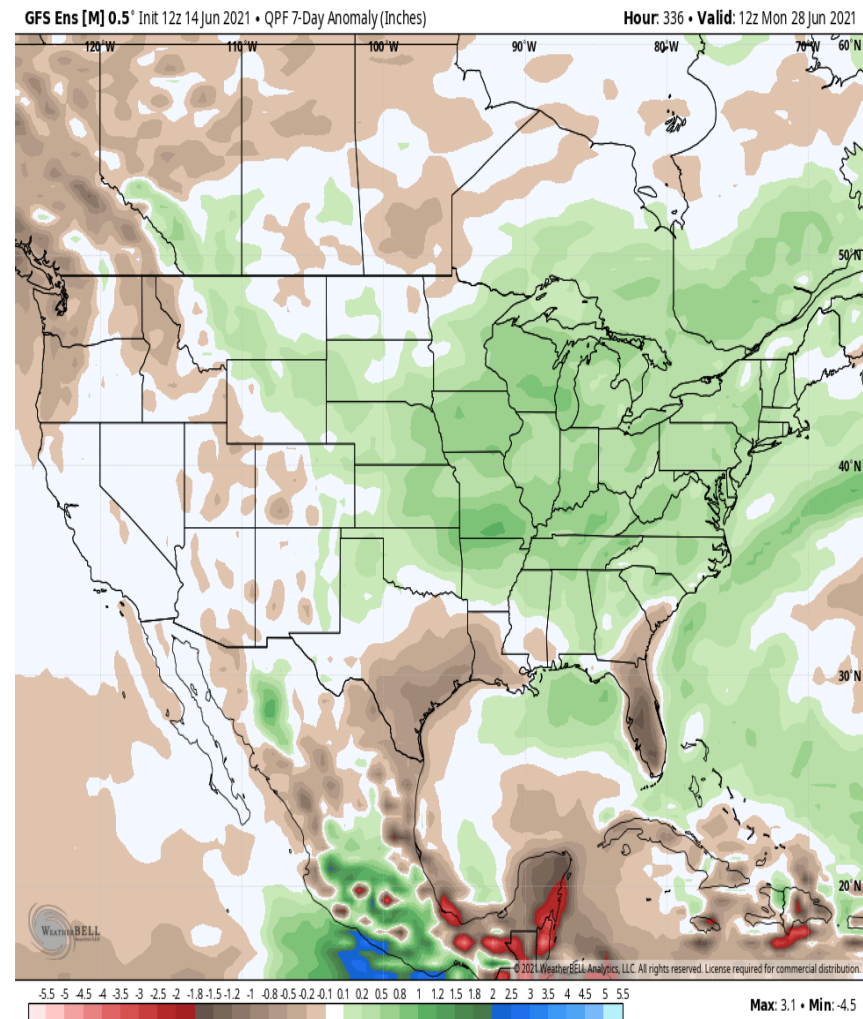
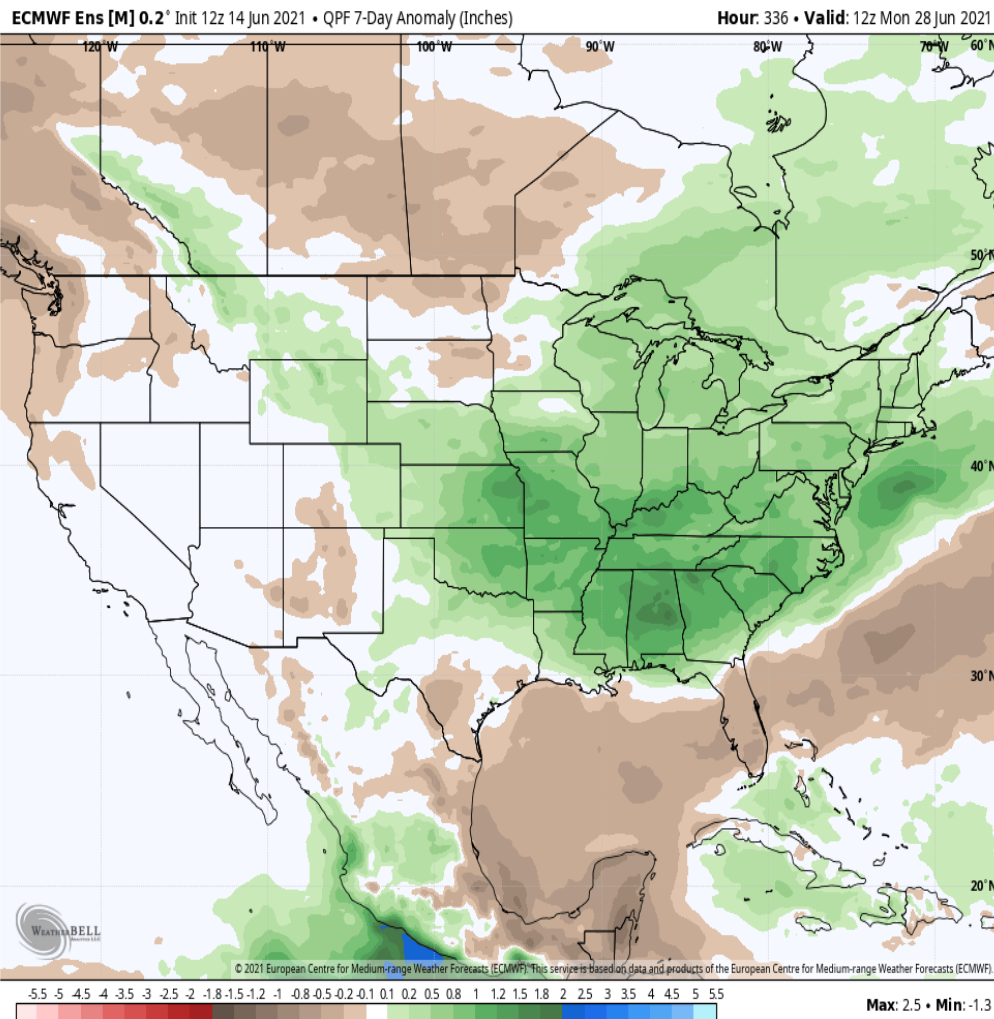
ECMWF Week #4 Precipitation and Temperature Anomalies



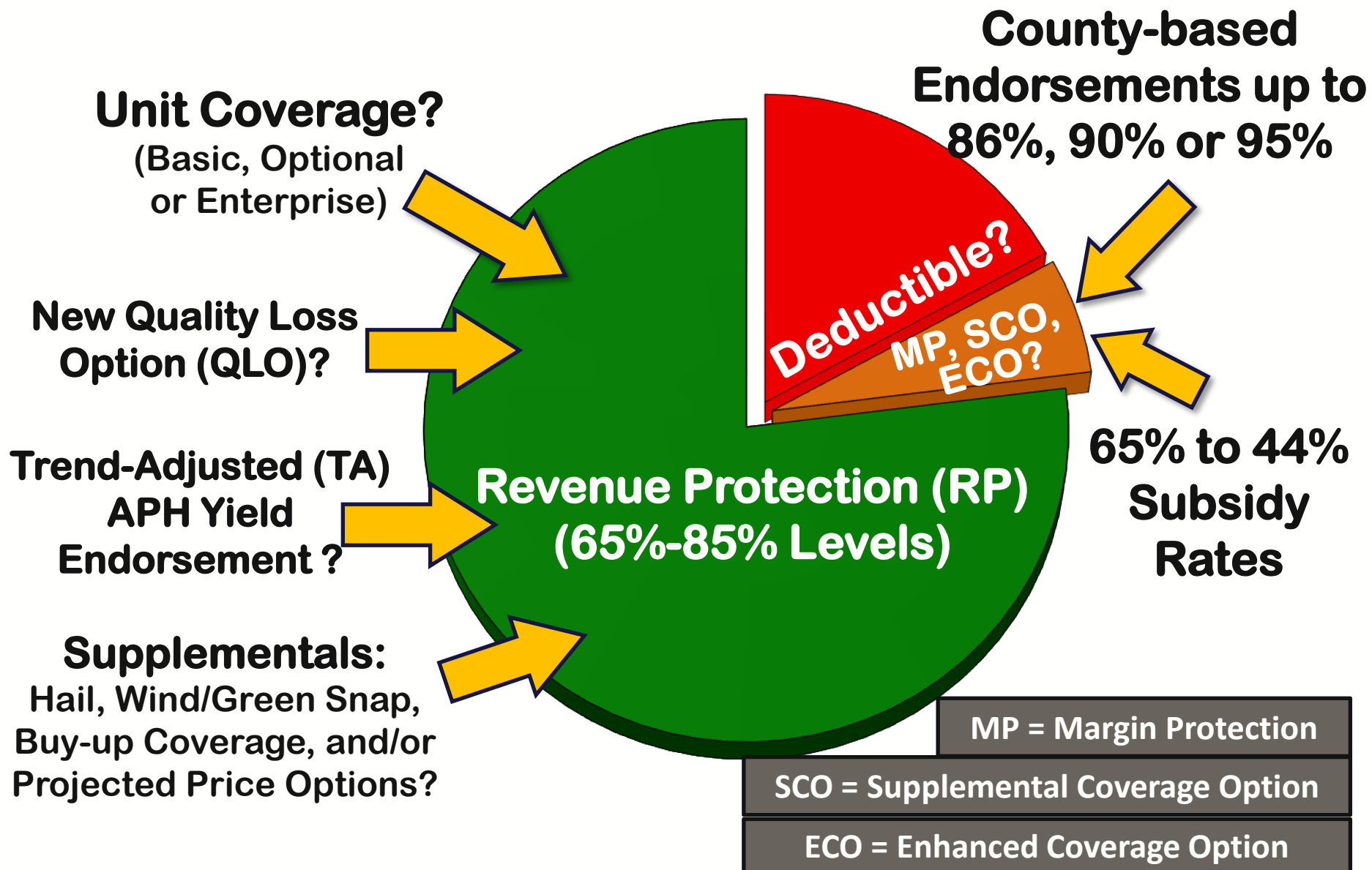
# Long-Term Weather Forecast

## European Ensemble & GFS as of 6/14/21

### June 21 thru July 28

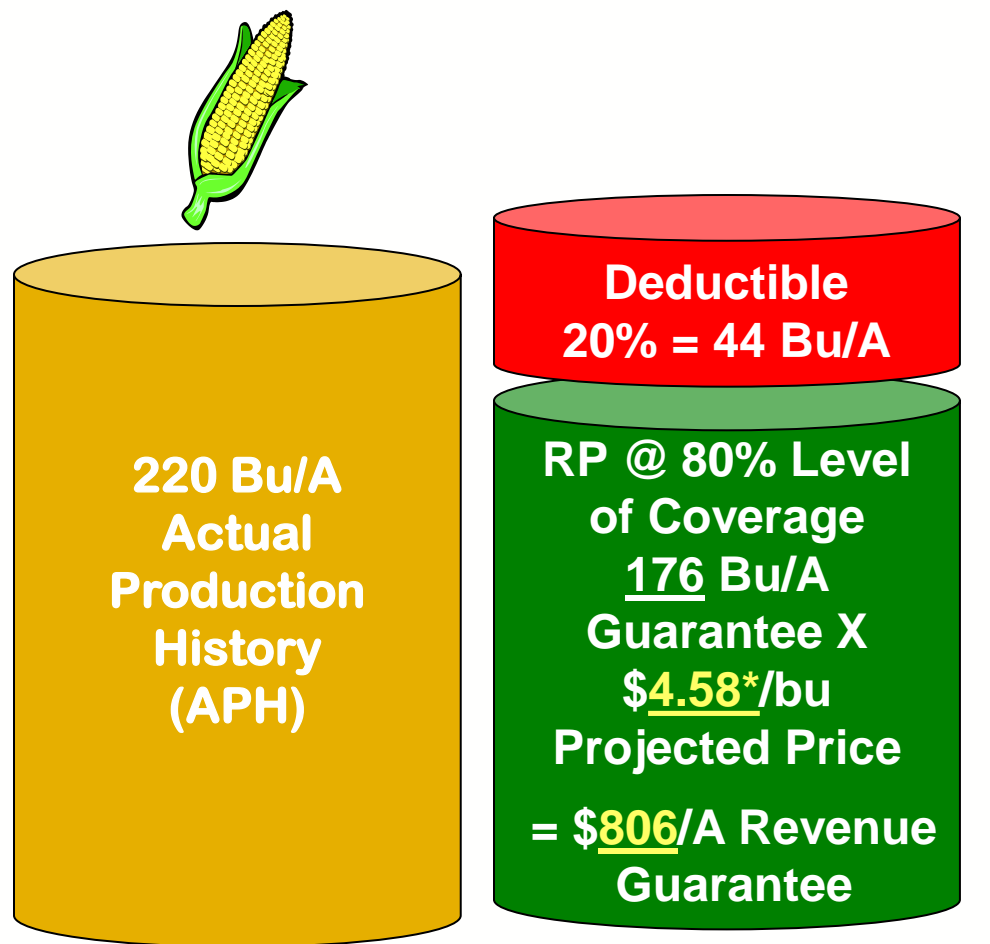


# '21 Crop Insurance Decisions





# Pre-Harvest Marketing Corn Bushels with Revenue Protection (RP) Crop Insurance

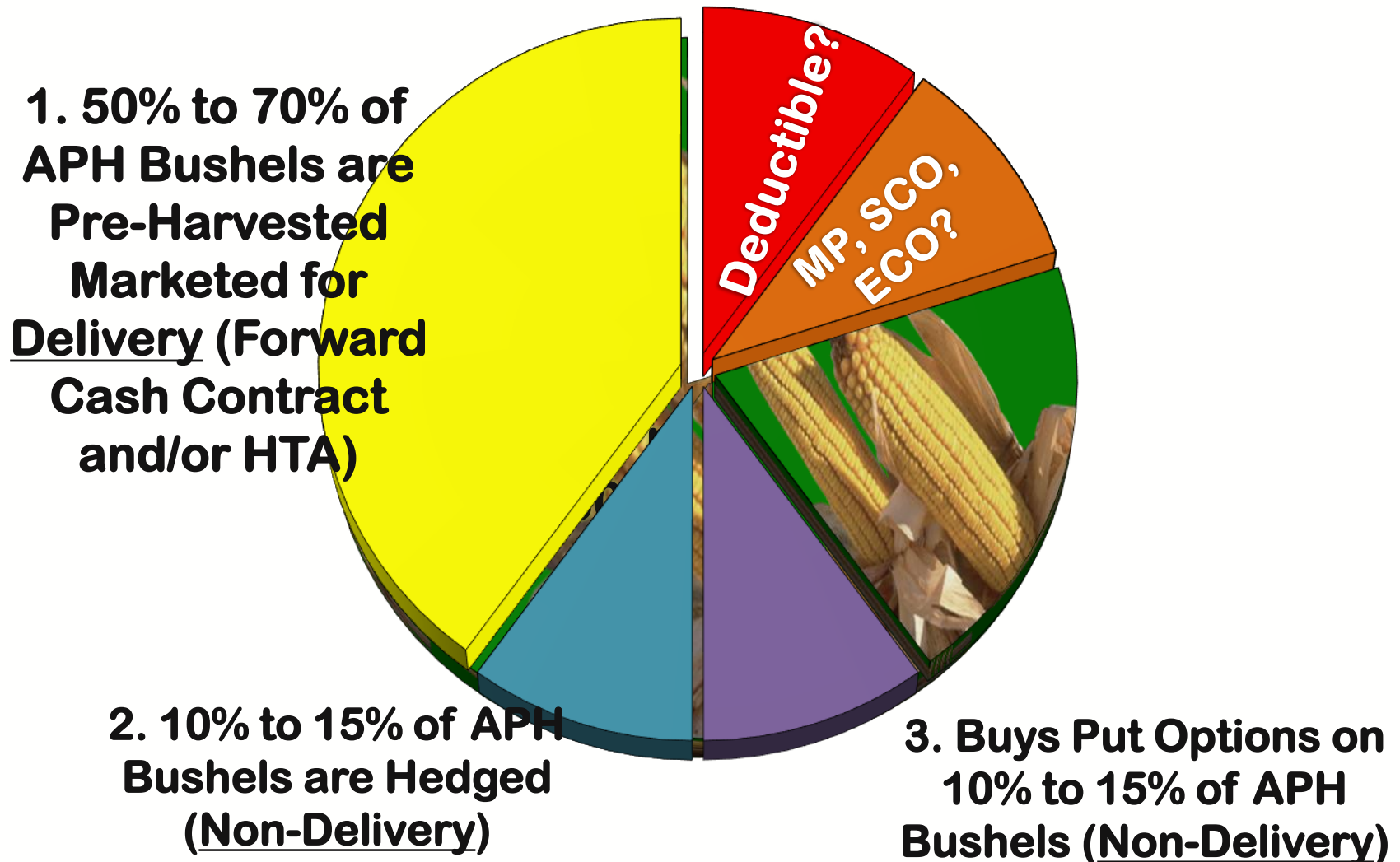


\*Final Spring Projected Price

## Marketing Strategy

- Pre-Harvest Sell for Delivery up to 176 Bu/A
  - Forward Cash, HTAs
- Non-Delivery Bushels
  - Hedges & Options
- Price Guarantee is Higher of the Projected Price vs. Harvest Price
- Slight Basis Risk
- Must Plant the Crop  
(Prevented Planting = 55%)

# Pre-Harvest Marketing Strategies & Tools (Example Only)



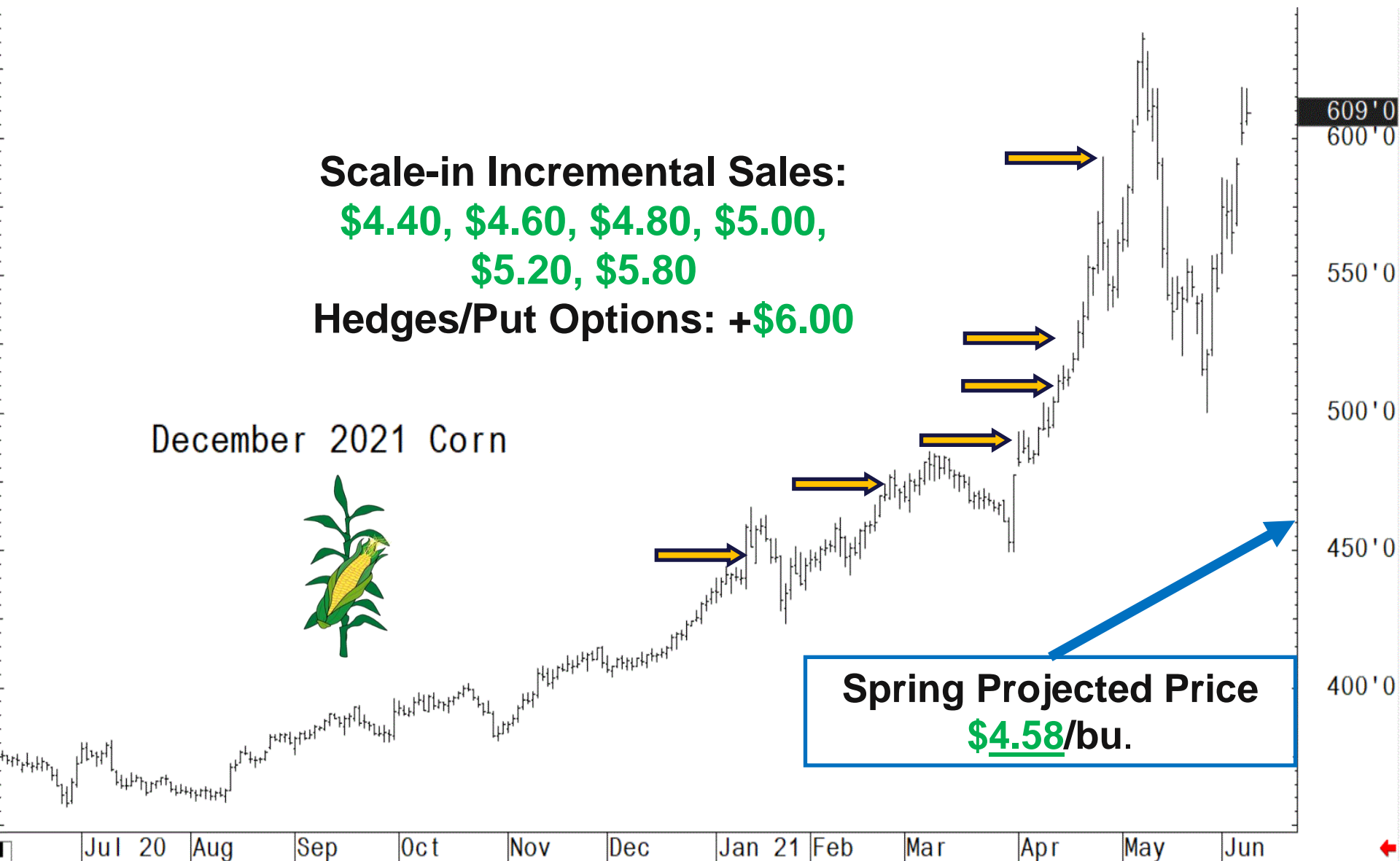
# Dec. '21 Corn Marketing Strategy

Scale-in Incremental Sales:

**\$4.40, \$4.60, \$4.80, \$5.00,  
\$5.20, \$5.80**

Hedges/Put Options: **+\$6.00**

December 2021 Corn



# New Crop Corn Marketing Plan



## Market Planning and Transaction Log Corn: New Crop

Total bushels to market: **132,000** bushel



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### Forward Cash Contract and Futures:

Date	Bushels	Futures Price	Basis	Cash Price	Why? Reason for Action
1/15/21	10,000	\$4.40 Dec.	-0.30	<b>\$4.10</b>	Forward Contract, Harvest
3/1/21	10,000	\$4.60 Dec.	-0.30	<b>\$4.30</b>	Forward Contract, Harvest
3/15/21	20,000	\$4.80 Dec.	-0.20	<b>\$4.60</b>	HTA for Dec. Delivery
4/10/21	20,000	\$5.00 Dec.	-0.20	<b>\$4.80</b>	HTA for Dec. Delivery
4/20/21	20,000	\$5.20 Dec.	-0.20	<b>\$5.00</b>	HTA for Dec. Delivery
5/1/21	20,000	\$5.80 Dec.	-0.15	<b>\$5.65</b>	HTA for Mar. Delivery

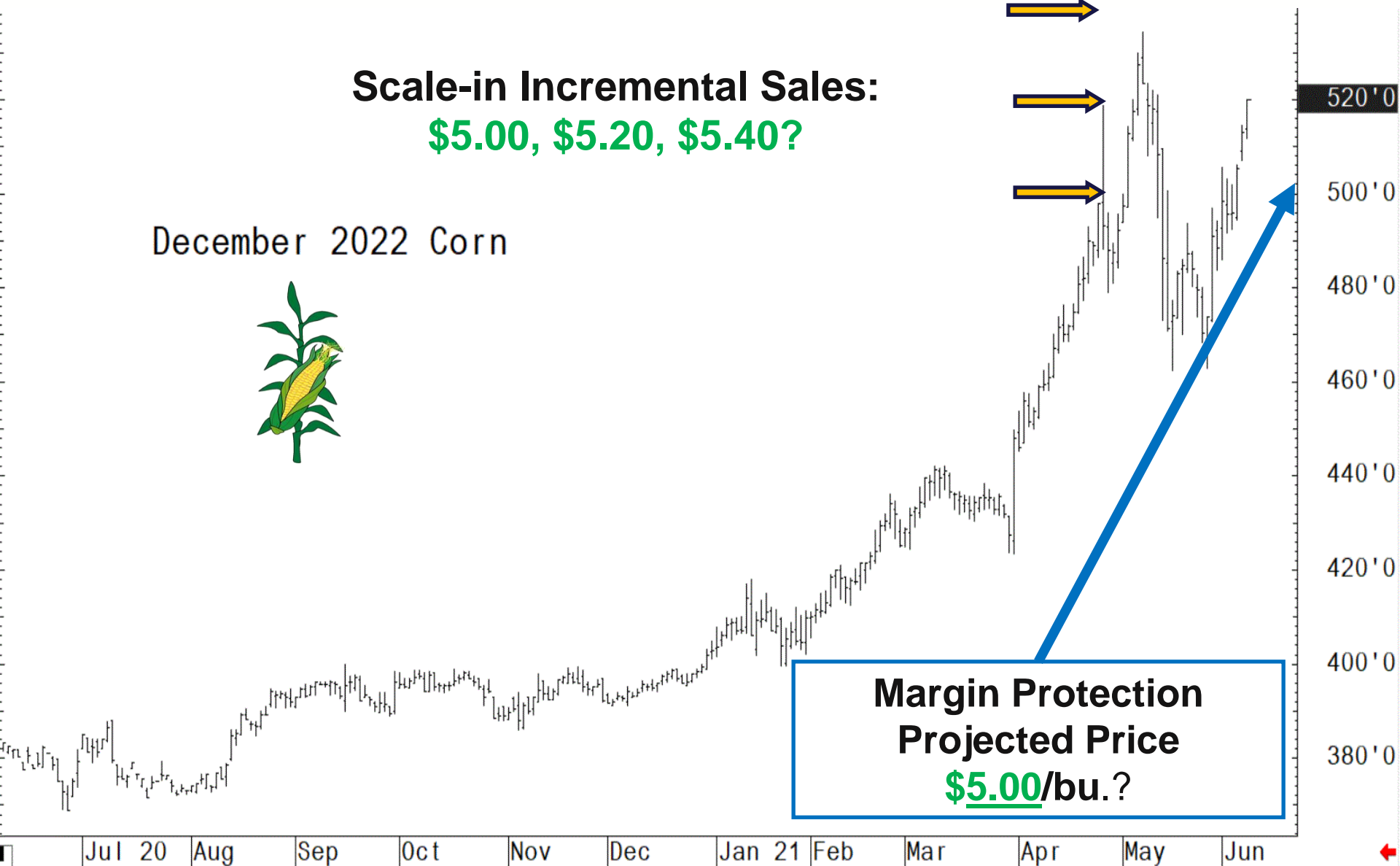
### Options:

Date	Bushels	Put or Call	Strike price	Premium	Basis	Estimated Cash Floor	Why? Reason for Action
6/5/21	20,000	Put	\$5.60	-0.35	-.25	<b>\$5.00</b>	Buy Puts if Dec. Corn trades above \$6.00
6/18/21	20,000	Hedge	\$6.20	-0.00	-.25	<b>\$5.95</b>	Hedge if Dec. Corn trades above \$6.20

# Dec. '22 Corn Marketing Strategy

Scale-in Incremental Sales:  
**\$5.00, \$5.20, \$5.40?**

December 2022 Corn



Margin Protection  
Projected Price  
**\$5.00/bu.?**

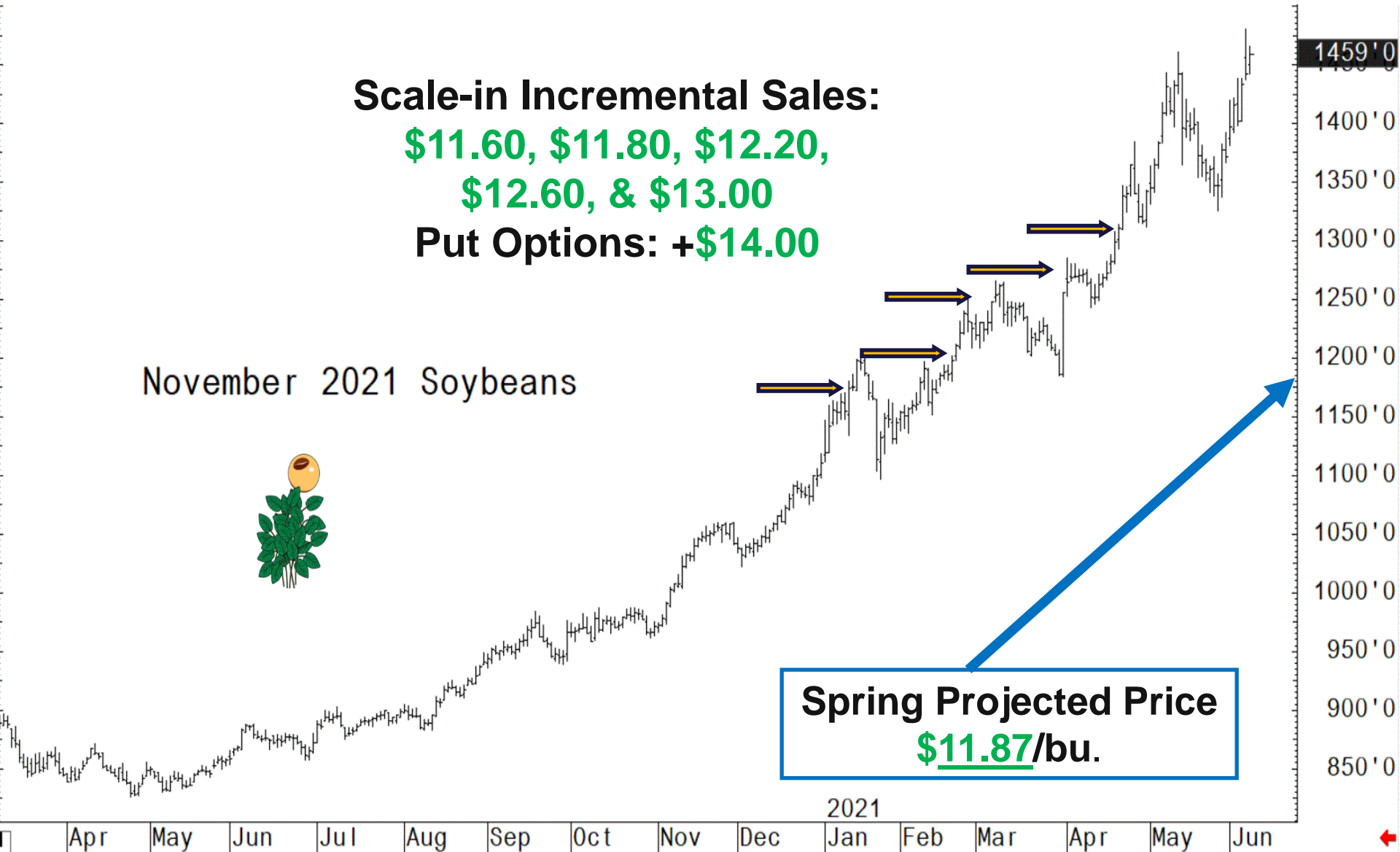
# Nov. '21 Soybean Marketing Strategy

Scale-in Incremental Sales:

**\$11.60, \$11.80, \$12.20,  
\$12.60, & \$13.00**

**Put Options: +\$14.00**

November 2021 Soybeans



**Spring Projected Price**  
**\$11.87/bu.**

# New Crop Soybean Marketing Plan



## Market Planning and Transaction Log

### Soybeans : New Crop

Total bushels to market: 35,000 bushel



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### Forward Cash Contract and Futures:

Date	Bushels	Futures Price	Basis	Cash Price	Why? Reason for Action
1/20/21	5,000	\$11.60 Nov.	-0.50	<b>\$11.10</b>	Forward Contract, Harvest
2/20/21	5,000	\$11.80 Nov.	-0.50	<b>\$11.30</b>	Forward Contract, Harvest
3/10/21	5,000	\$12.20 Jan.	-0.40	<b>\$11.80</b>	HTA for Jan. Delivery
4/10/21	5,000	\$12.60 Jan.	-0.40	<b>\$12.20</b>	HTA for Jan. Delivery
4/30/21	5,000	\$13.00 Jan.	-0.40	<b>\$12.60</b>	HTA for Jan. Delivery

### Options:

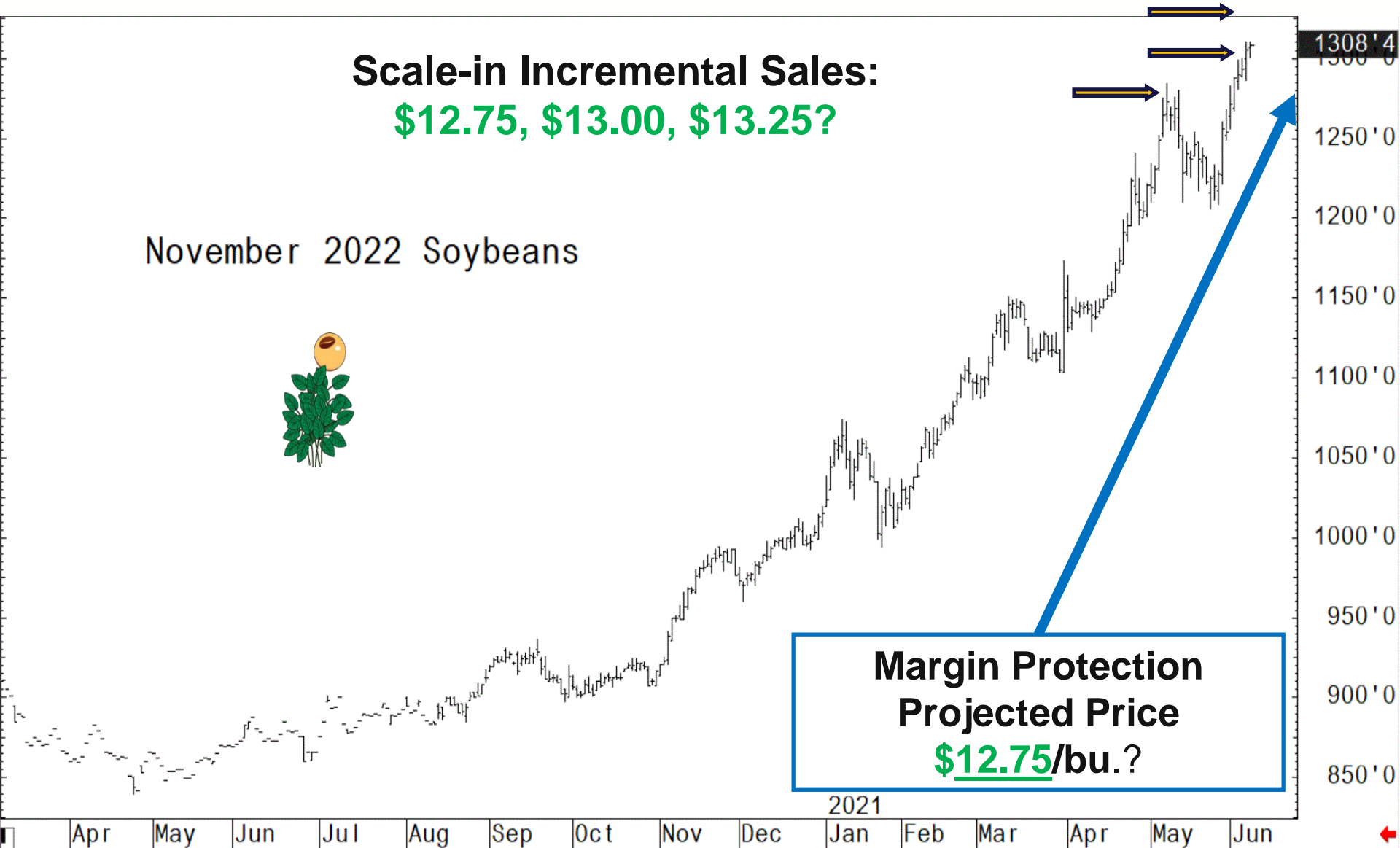
Date	Bushels	Put or Call	Strike price	Premium	Basis	Estimated Cash Floor	Why? Reason for Action
<b>6/10/21</b>	10,000	Put	\$13.40	-0.50	-0.40	<b>\$12.50</b>	Buy Puts if Nov. Soybeans trade above \$14.00



# Nov. '22 Soybean Marketing Strategy

Scale-in Incremental Sales:  
**\$12.75, \$13.00, \$13.25?**

November 2022 Soybeans



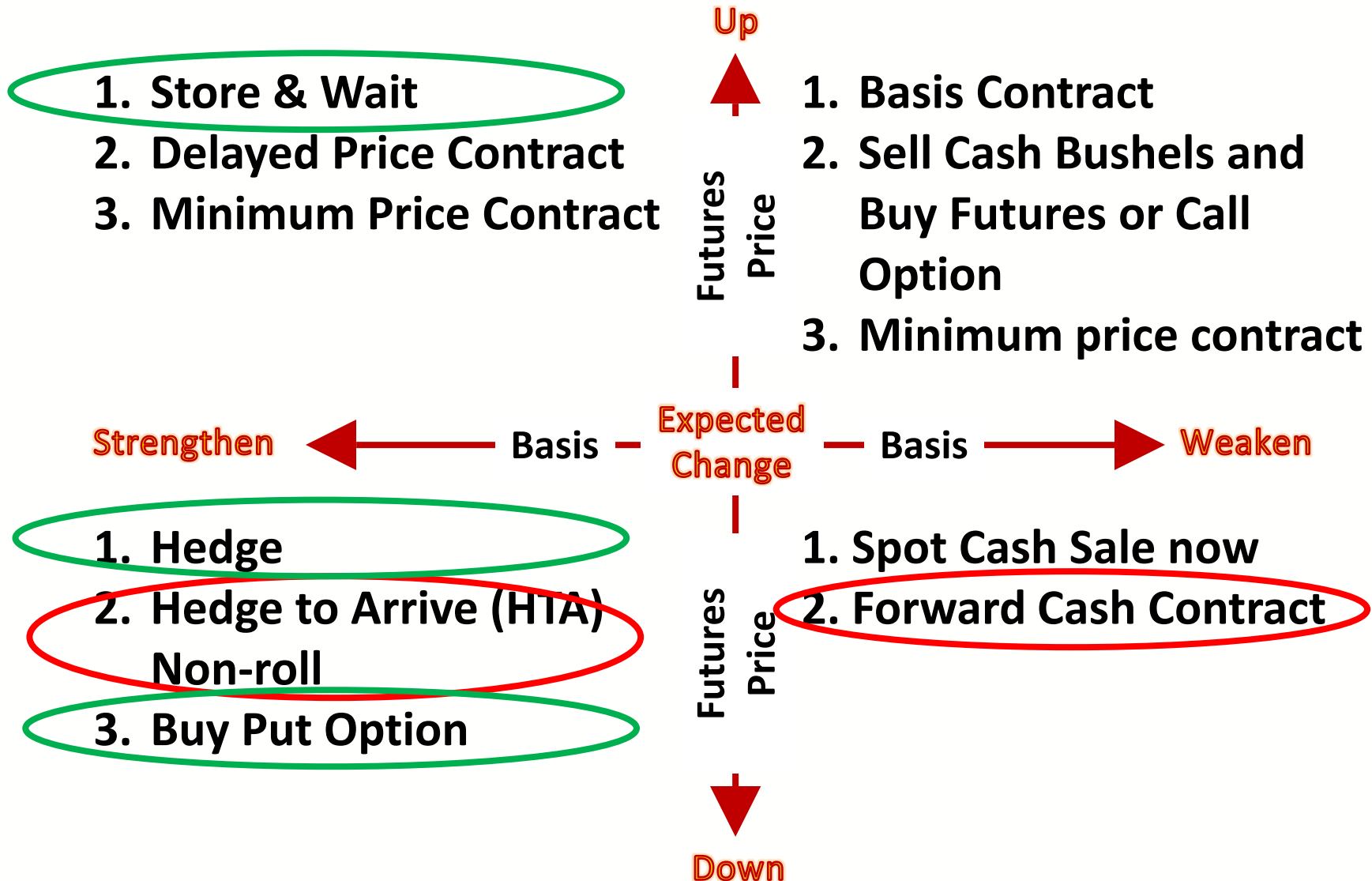
**Margin Protection  
Projected Price  
\$12.75/bu.?**

2021

Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun



# Crop Marketing Matrix



# Crop Risk Management Web Sites

- U of Illinois Extension - Farm Doc Daily e-Newsletter, FAST Tools, Publications, Webinars, Podcasts, Crop Insurance Premium Comparison, Farm Bill & ARC/PLC Payment “What If” Tool

[www.farmdoc.illinois.edu](http://www.farmdoc.illinois.edu)

- Iowa State University Extension - Ag Decision Maker (Monthly e-newsletter, Webinars, Videos, Farm Outlook, Information Files, Decision Tools, Iowa Commodity Challenge, Farm Bill Information with Iowa ARC/PLC Payment Estimator)

[www.extension.iastate.edu/agdm](http://www.extension.iastate.edu/agdm)

- Purdue University Extension – Videos, Webinars & Publications on ARC/PLC, Crop Insurance & Crop Marketing

<https://ag.purdue.edu/commercialag/home>