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## PROJECTED PRICES AND HARVEST PRICES 2017

I was reflecting on this cropping season and what was projected for the price of soybeans and corn at the beginning of the year and what actually happened. As I write this article the Farmers Cooperative local price of corn is \$3.03/bu or 55 cents under the Board of Trade (basis) and soybeans are \$9.21/bu or an 86 cents basis. At the Ethanol Plant in Adams, NE cash corn was \$3.20, the highest levels since early September. Delivery in the last half of December is \$3.30, which would be the highest nearby cash value since early August.

I recently read a good grain marketing update written by Gary Schmitkey in Illinois. He says when national corn and soybean yields are above trend yields, harvest prices often are lower than projected prices. Conversely, harvest prices tend to be above projected prices when national yields are below trend. This negative relationship reflects grain supply impacts on prices. Higher than trend yields typically indicates more grain supply, leading to lower prices. Conversely, yields below trend yields typically indicate less grain supply and lower prices.

The projected price for corn in 2017 was \$3.96 per bushel (based on futures price not the local price). The harvest price ended up for crop revenue insurance purposes at \$3.49 per bushel or a \$.47 per bushel less than the projected price. We now have 5 years in a row where the Risk Management Agency (RMA) fall price is below the spring forecasted. However, we all still remember the extreme drought and heat year of 2012 where the fall RMA price hit \$7.50 per bushel or \$1.82/bu higher.

The projected price for soybeans in 2017 was \$10.19 per bushel. The harvest price ended up at \$9.75 per bushel or \$.44 less than the projected price. Last year was opposite with soybeans, it went up 90 cents per bushel in the fall.

In many respects, 2017 is a typical year. National yields were above trend in 2017. From 1972 to 2017, yields are above trend in 60% of the years. In years when yields are above trend, harvest prices are below projected prices in about 70% of the years. In 2017, both corn and soybean harvest prices are below the projected prices.

Gary says an interesting "fact" is that the corn and soybean harvest prices were exactly the same in 2016 and 2017. Harvest price in both years was \$3.49 for corn and \$9.75 for soybeans. The chance of having the same harvest prices in two adjacent years for one crop is very small. Chance for two crops are even smaller. There is no significance to this fact, other than it rarely happens. The entire article can be found at: <https://goo.gl/1ZUj8V>

**New Marketing Grain App** – Write your grain marketing plan down for the 2017 crop post-harvest strategy. Now with the use of technology there is an iPad or smartphone app to assist you with a grain marketing plan. The Grain Marketing Plan smart phone application allows you to create grain marketing plans for corn, soybeans and winter wheat.

The application updates you daily with new information allowing you to modify your plans based on current market conditions. Most importantly, this application helps you implement your plan by notifying you when it's time to market your grain based on price and date targets that you set for your farming operation.



The Grain Marketing Plan App is based upon work supported by USDA-NIFA, the North Central Extension Risk Management Education Center, the Nebraska Corn Board and Nebraska Extension Innovation Funding. For more information go to: <https://farm.unl.edu/grain-marketing-plan>

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