



# May 2018 Newsletter

## Current Reminders

- You must get prior approval before replanting any acres. Your claim will be denied if there is no prior approval.
- Crop-Hail policies can be purchased during the growing season. You can buy this named peril policy for about \$2-4 / acre.
- We strongly encourage wheat acres be covered by at least a hail policy.
- July 15<sup>th</sup> is the deadline for reporting acres on Spring crops. Certifying acres at FSA prior to visiting with your agent is not a requirement as we have the same maps and boundaries.

## Approaching Deadlines

Final Planting Date for Full Coverage on corn	6/5/18
Final Planting Date for Full Coverage on soybeans	6/20/18
Last Day to File Prevent Plant corn claims	6/28/18
Spring Crop Acreage Reporting Date	7/15/18
Last Day to File Prevent Plant soybean claims	7/18/18
Wheat insurance premiums due	7/31/18
Interest attaches on open wheat premiums	8/1/18

## In Season Risk Management

### Forward selling against guaranteed bushels

Current Closing Market Prices: (5/3/18)

2018 Crop Insurance Projected Price

December 2018 corn contract 🌽	\$4.22 ¼	\$3.96
November 2018 soybean contract 🌱	\$10.49 ½	\$10.16

Example corn insurance client:

Approved Yield	X	Coverage Level	=	Guaranteed Bushels	X	Spring Price	=	Insurance Guaranteed Dollars / Acre
160 bpa	X	80%	=	128 bpa	X	\$3.96	=	\$507
Current Futures Price	X			Guaranteed Bushels			=	Current Projected Gross Revenue / Acre
\$4.22 ¼	X			128 bpa			=	\$540

In the example above, the client has guaranteed bushels of 128 bushels per acre against all planted acres of corn. Either they are going to grow this much corn, or they are going to get paid at least \$3.96 per bushel for every bushel shortfall below 128. This guarantee per acre does not apply to prevent plant acres.

This example client can consider forward selling up to 128 bushels per acre right now and lock themselves in for a net revenue minimum of \$507.00 / acre. This fact is true as long as 1.) they forward sell above the \$3.96 futures level, 2.) there is zero cancellation fees against unfilled grain contracts, and 3.) they are forward selling such a way to net a \$3.96 cash price for the grain sales they are making (also includes previous grain sales). If any 1 of the 3 contingencies mentioned are not true, then it is still possible to make grain sales now at current market prices and have net inbound revenue per acre less than your insurance guarantee of \$507 / acre.

Disclaimer: This information is intended for educational purposes only. There are no guarantees expressed or implied by the hypothetical example aforementioned. Considering guaranteed crop insurance bushels should be done on a case by case basis. This newsletter cannot be construed as a recommendation to make cash grain transactions, but merely an educational tool highlighting features of the USDA multi-peril crop insurance policy. This information does not modify, replace, or supersede any USDA published policy provisions or procedures.