Commodity Marketing Strategies



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Why Market?



What is a commodity?

How does this affect marketing?

When should you consider marketing?

What is the purpose of marketing?



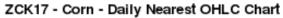
Understanding Analytics

Market fundamentals (fundamental information) relates to supply and demand.

Technical information is the mystifying art of reading into price action and reaction.



Corn Prices-The big picture





U.S. Corn Billion Bu.

1.73

1.72

2.32



Corn Prices-New Crop

ZCZ17 - Corn - Daily Candlestick Chart





Soybean Prices-The big picture





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Soybean Prices-New Crop

ZSX17 - Soybeans - Daily Candlestick Chart





Marketing Background

Prepare....for repetition.



Marketing Terminology

- Cash
- Basis
- Cash Contract
- Basis Contract
- Futures
- Futures Hedge
- Options
- Contract Month
- Strike Price

- Offsetting Transaction
- Trend lines
- Fundamental Information
- Technical Information
- Bullish
- Bearish
- Long
- Short



Cash Contract

Simple and effective.

Known price at harvest by locking in basis.

Must deliver the grain.



Futures Hedge

- Relatively simple marketing strategy.
- Take an offsetting position in the futures market.

- Futures price is set but basis can move.
- Requires margin.



Options

The right but not the obligation to enter into a futures contract.

Buying options requires no margin.

Selling options does.



Thank You!

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- Link to more information:
- www.efarmanagement.okstate.edu



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