
Commodity Marketing Strategies



Trent Milacek
NW Area Ag Econ
Specialist

trent.milacek@okstate.edu

580-237-7677



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

ZCK17 - Corn - Daily Nearest OHLC Chart



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

ZSK17 - Soybeans - Daily Nearest OHLC Chart



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!

- Trent Milacek
- NW Area Ag Econ Specialist
- trent.milacek@okstate.edu

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



Funding Support from:



This material is based upon work supported by USDA/NIFA under Award Number 2015-49200-24228.

