

Price Checks for Delaware Soybeans

Issue (Who cares and why?)

Basis is a measurement representing the difference between the local cash and the futures price of a particular commodity. Delaware farmers and other grain industry representatives rely on basis record as an indicator in making their marketing decisions. This historical basis record is necessary to assist Delaware farmers in profitably marketing grain and soybeans in order to capture as much of the basis value as possible.

What has been done?

A study was conducted in the spring of 2002 that updated Delaware's soybean basis records for the Northern and Southern Eastern shore areas from the years 1996/97-2000/01. The University of Delaware is noted as the objective source in recording and publishing basis history.

Impact

Recent estimates value the movement of basis in Delaware anywhere from \$4 to 12 million annually when accounting for the total volume of row crops grown in the first state. Farmers typically use the basis as their decision indicator to determine the best time to buy and sell grains, and when to accept a supplier's offer or a buyer's bid. Buyers use the basis to determine the cash price that they are willing to offer on a given day and as an indicator to suppliers/sellers as to when the best time might be for them to receive the grain. In 2001, the average cash receipt value of Delaware's soybean production was \$31,773,000 based on 171 to 201 thousand acres harvested.

Funding

Delaware Soybean Board

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Delaware Soybean Basis Publication: <http://ag.udel.edu/departments/frec/>

(Summary tables are located for soybeans, pp. 38 and 44, corn, pp. 26 and 32, and wheat, pp. 50 and 56.)