Since wheat harvest is here, it's a good time to address some wheat hedging options. First, below is a chart which shows the estimated economic returns in wheat for the month of April. We calculated the returns based off extension budgets we tweaked from the University of Georgia. The yellow bar is the trend in dollars per acre; the green bar is the five day moving average, and the dotted lines measures variability (the average day-to-day revenue change). The main point to get across from the chart is that we think profit margins in wheat are getting thin. In addition to the chart below, the near-term price outlook in our opinion does not look favorable. As an example, if you were to look at a six-month July wheat futures price chart it will show that the overall long-term trend is down. In addition, wheat production in the U.S. this year is estimated to be very high. So what do we suggest? First, calculate what price you can live with and set target contracts close to that number. Second, focus on trying to price during a rally (even though it may be a small one). Third, utilized minimum price contracts or some bull call options spreads to establish a floor price but have the ability to profit if a market rally should occur. The following is an example: Price your harvest bushels at $5.85/bushel ($5.85 is the wheat cash price delivered into Marshallville as of this publication); attached a minimum price contract to those bushels by buying a 640 DEC 12 call option (at-the-money); finance it by writing a 720 DEC 12 call. This would net you at 29 cents debit. You have a floor price establish at $5.56/bushel with the potential of pricing at $6.36/bushel. Taking into account a $5.67/bushel breakeven price, this Scenario would return 12% on the upside but lose 2% return on the downside. Factor in it's a six month marketing period, then it a 24% APY on the upside to a -4% APY on the downside. In terms of a rewards versus risks, a reward of 24% to a 4% loss with a cost of 5% of total production, would calculate to a reward versus risk ratio of 2.7 (24÷ (5+4)). Personally, its better to see higher ratios but this is a good option for producers who need to get some bushels price but still have the ability to benefit with a rally was to occur. For comparison purpose, the S&P Index has returned 9% year-to-date.