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In The Cattle Markets

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Forage Insurance

Forage is one of the major costs associated with cow-calf operations. Producers need to continue to monitor costs as returns begin to decline compared to 2014. Two insurance products are available for producers as a risk management tool for forage production. These include the Pasture, Rangeland, and Forage (PRF)¹ insurance and the Annual Forage (AF)² insurance, both offered through the USDA – Risk Management Agency. Both programs use a rainfall index to determine losses and trigger indemnities.

Beginning with the 2016 crop year, the Rainfall Index PRF is available in all 48 contiguous states. The Vegetation Index PRF will no longer be offered. The signup deadline for 2016 calendar year coverage is on November 15, 2015. PRF is a single-peril, subsidized insurance product available to producers with grazing or haying land that is from a perennial forage. An indemnity is paid if the rainfall index for the insured's area falls below a trigger level selected by the producer. The rainfall index value is based upon the rainfall over an entire grid area and not on an individual farm or ranch or at a specific weather station. For more detailed information, a UNL NebGuide is available at:

<http://extensionpublications.unl.edu/assets/html/g2217/build/g2217.htm>.

AF insurance is available for Nebraska, North Dakota, South Dakota, Kansas, Oklahoma, Texas and Colorado. AF is a subsidized, production risk management tool for producers with annual forage crops including but not limited to grazing, haying, grazing/haying, grain/grazing, green chop, grazing/green chop, or silage that are used for livestock feed or fodder. AF plans are available for two different growing seasons, fall planted forage and spring planted forage. The fall planted forage is for annual forage planted between July 15 and November 15th with a growing season from September 1 to March 31st. The spring planted forage is for annual forages with a planting date between December 15th and July 15th with a growing season from March 1 to September 30th. The signup deadline for spring planted forage is December 15, 2015. More detailed information can be found in a UNL BeefWatch newsletter article by my colleague Jay Parsons at:

<http://newsroom.unl.edu/announce/beef/4535/26304>.

Producers must pay subsidized premiums to participate in PRF and AF as risk management tools. Livestock Forage Disaster Program (LFP) is a disaster assistance program that is based on county losses. PRF may be used to cover gaps that LFP may not cover. Producers interested in LFP or AF insurance are encouraged to visit the USDA websites to access more

¹ USDA RMA PRF website: <http://www.rma.usda.gov/policies/pasturangerforage/>

² USDA RMA AF website: <http://www.rma.usda.gov/policies/ri-vi/annualforage.html>

information including decision support tools, grid locators, and historical rainfall indexes for their specific locations.

The Markets

Cattle prices last week were mixed compared to prior week levels but down over year ago levels. The 5-area fed cattle price for the week was up over \$7 with yearling steers up \$2-\$3 and lighter weights down. Corn prices were down for the week trading at \$3.59 in Omaha but up \$0.65 over year ago levels.

<i>Data Source: USDA-AMS Market News</i>		Week of 10/9/15	Week of 10/2/15	Week of 10/10/14
5-Area Fed Steer	all grades, live weight, \$/cwt	\$125.35	\$117.71	\$163.82
	all grades, dressed weight, \$/cwt	\$195.92	\$187.48	\$257.78
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$203.67	\$208.44	\$245.26
	Choice-Select Spread, \$/cwt	\$5.47	\$3.26	\$12.16
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$181.72	\$188.38	\$248.25
	Nebraska 7-market, \$/cwt	\$197.52	\$194.48	\$249.35
	Oklahoma 8-market, \$/cwt	\$186.44	\$184.34	\$248.92
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$206.62	\$201.20	\$287.68
	Nebraska 7-market, \$/cwt	\$217.26	\$217.55	\$300.39
	Oklahoma 8-market, \$/cwt	\$196.20	\$200.49	\$273.93
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.59	\$3.62	\$2.94
	DDGS, Nebraska, \$/ton	\$117.90	\$125.40	\$105.00