IN THE CATTLE MARKETS

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SOUTH DAKOTA STATE UNIVERSITY EXTENSION

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Forage Production Insurance Changes

Earlier this summer, the USDA's Risk Management Agency announced major changes to hay insurance for many states. The affected product, Forage Production, has historically insured against yield losses on alfalfa and alfalfa mixes in dairy states. Beef producers have been able to use the product too as it covers the hay crop and not cattle. The change adds revenue insurance to forage (hay) in many states.

In the June *Acreage* report, USDA's NASS estimated there were 50.0 million acres of hay expected to be harvested nationwide in 2026. Alfalfa was estimated at 15.0 million acres while other hay accounted for 35.0 million acres. Forage Production insurance covered only 1.4 million acres. Of those, there were 0.5 million acres insured in South Dakota, 0.4 million acres in Montana, 0.1 million acres in Wisconsin, and 0.1 million acres in North Dakota.

Beginning with coverage for 2027, the revenue feature means that Forage Production will include Revenue Protection (RP) for selected counties in the following states: California, Idaho, Iowa, Michigan, Minnesota, Montana, Nebraska, North Dakota, Pennsylvania, South Dakota, Washington, and Wisconsin. RP should be familiar with crop producers and insurance agents, as it is commonly used for corn, soybeans, and wheat. RP ties the projected and harvested price for hay, through a formula or equation, to a combination of futures prices for corn, soybean meal, and Class III milk. Hay prices in the affected states have positive correlations with the futures prices for the past two decades. The correlation tends to be the highest between hay prices and soybean meal futures, reflecting the protein content of alfalfa. The correlation is slightly lower between hay and corn futures. In non-dairy states, the correlation is often weaker between hay prices and milk futures in some of the states.

A key feature of revenue insurance is that the indemnity payment can increase if the underlying crop price increases before harvest. For producers raising hay for on-farm use, having RP would generally mean a higher indemnity payment when there are yield losses. A higher indemnity payment means more funds would be available to buy replacement feed. For producers that routinely raise hay to sell to others, having RP would protect revenue streams better when forward selling hay compared to just having yield insurance.

There are alternatives for producers in other states. Pasture, Rangeland, and Forage (PRF) coverage is available nationwide and can generally cover haying. PRF covered 8.3 million acres for haying across the U.S. in 2026. Texas had the most acres covered with PRF at 1.9 million acres. Florida was next with 0.9 million acres, followed by South Dakota with 0.7 million acres. Producers may also consider the Non-insured Disaster Assistance Program (NAP) for forage. However, such coverage is still minimal for forage crops.

The Markets

The cash market was higher for fed cattle and for boxed beef last week. The futures for live cattle and feeder cattle were steady for the week. Cash prices for feeders were higher across weights and locations. Cash corn was lower for the week.

		Week of 8/7/26	Week of 7/31/26	Week of 8/8/25
5-Area Fed Steer	all grades, live weight, $/cwt	$235.21	$233.06	$242.01
	all grades, dressed weight, $/cwt	$371.11	$362.61	$381.25
Boxed Beef	Choice Value, 600-900 lb., $/cwt	$366.51	$362.81	$373.67
	Choice-Select Spread, $/cwt	$18.28	$19.08	$24.12
700-800 lb. Feeder Steer	Montana 3-market, $/cwt	--	$380.00	$380.00
	Nebraska 7-market, $/cwt	$397.13	--	$378.37
	Oklahoma 8-market, $/cwt	$360.57	$355.55	$353.88
500-600 lb. Feeder Steer	Montana 3-market, $/cwt	$420.00	--	--
	Nebraska 7-market, $/cwt	$481.38	$475.65	$443.74
	Oklahoma 8-market, $/cwt	$432.63	$429.69	$415.41
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$4.27	$4.34	$3.85
	DDGS, Nebraska, $/ton	$158.40	$155.33	$137.89

Data Source: USDA-AMS Market News as compiled by LMIC

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Contributing Organizations

American Farm Bureau Federation

UF IFAS Extension, University of Florida

South Dakota State University Extension

UofA Division of Agriculture Research & Extension, University of Arkansas System

University of Georgia Extension

Texas A&M AgriLife Extension

Colorado State University Extension

K-State Research and Extension

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