



Feeder Cattle Outlook

January 2009

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Relevant Factors

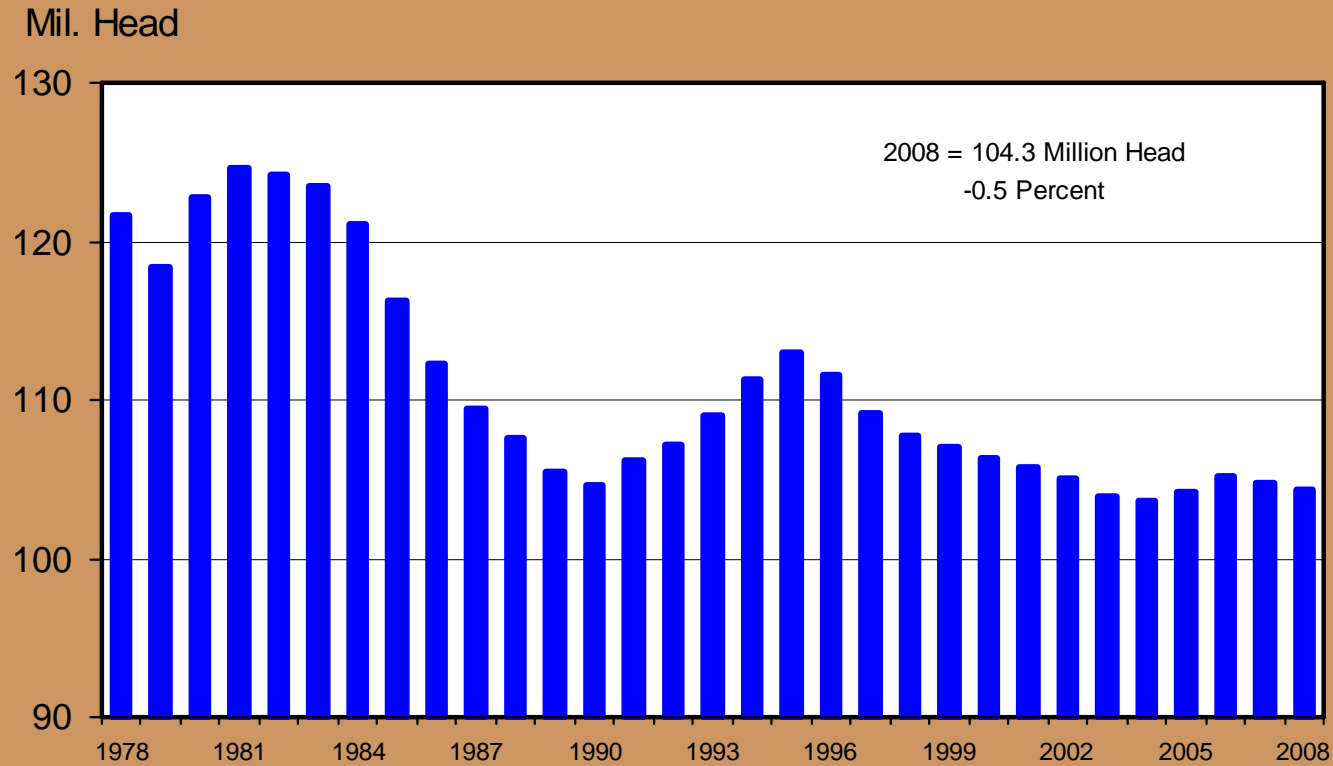
Cattle Supply

- Inventory
- Calf Crop
- Feeder Demand
- Price

Supply



JULY 1 CATTLE INVENTORY U.S.



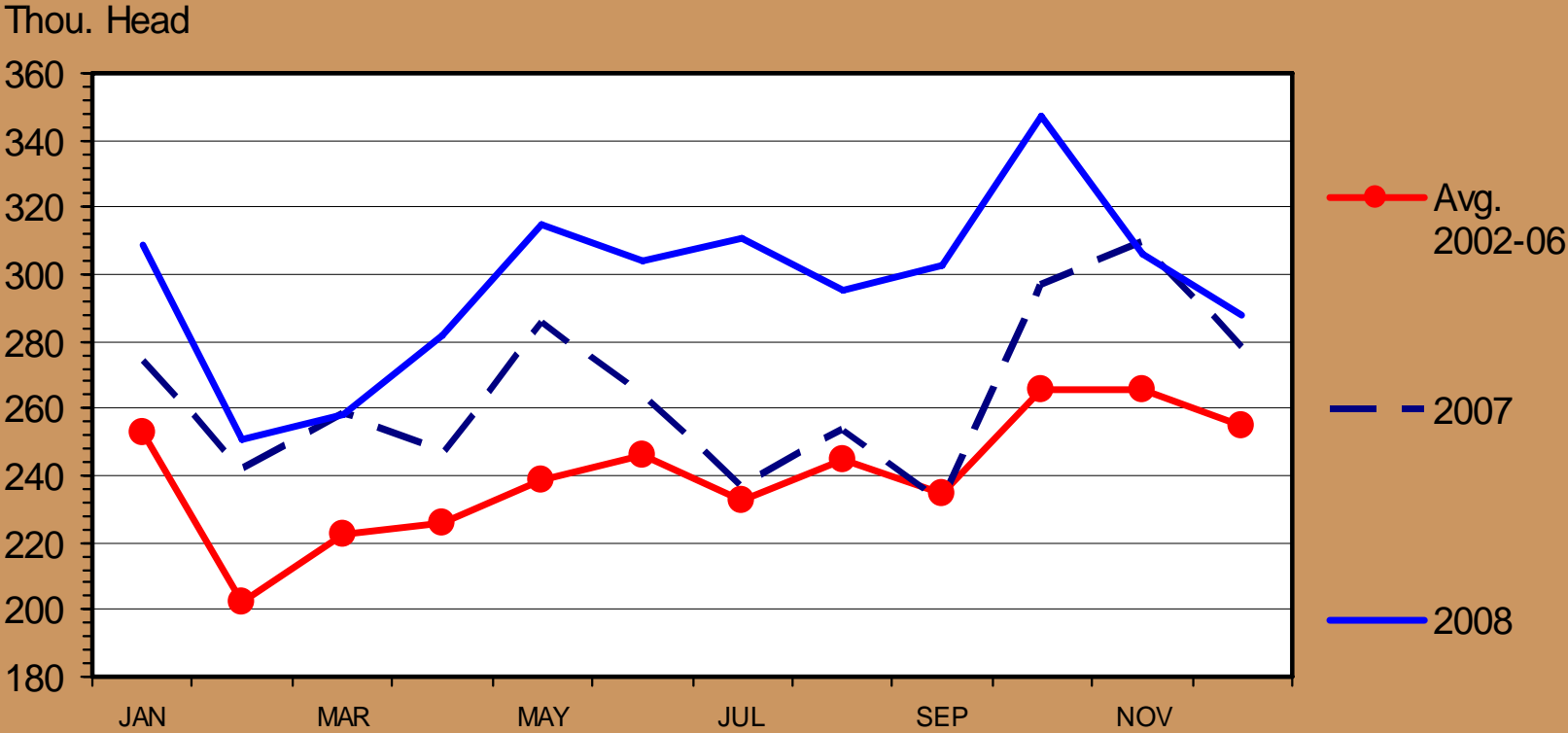
Livestock Marketing Information Center

Data Source: USDA/NASS

C-N-45
07/25/08

BEEF COW SLAUGHTER

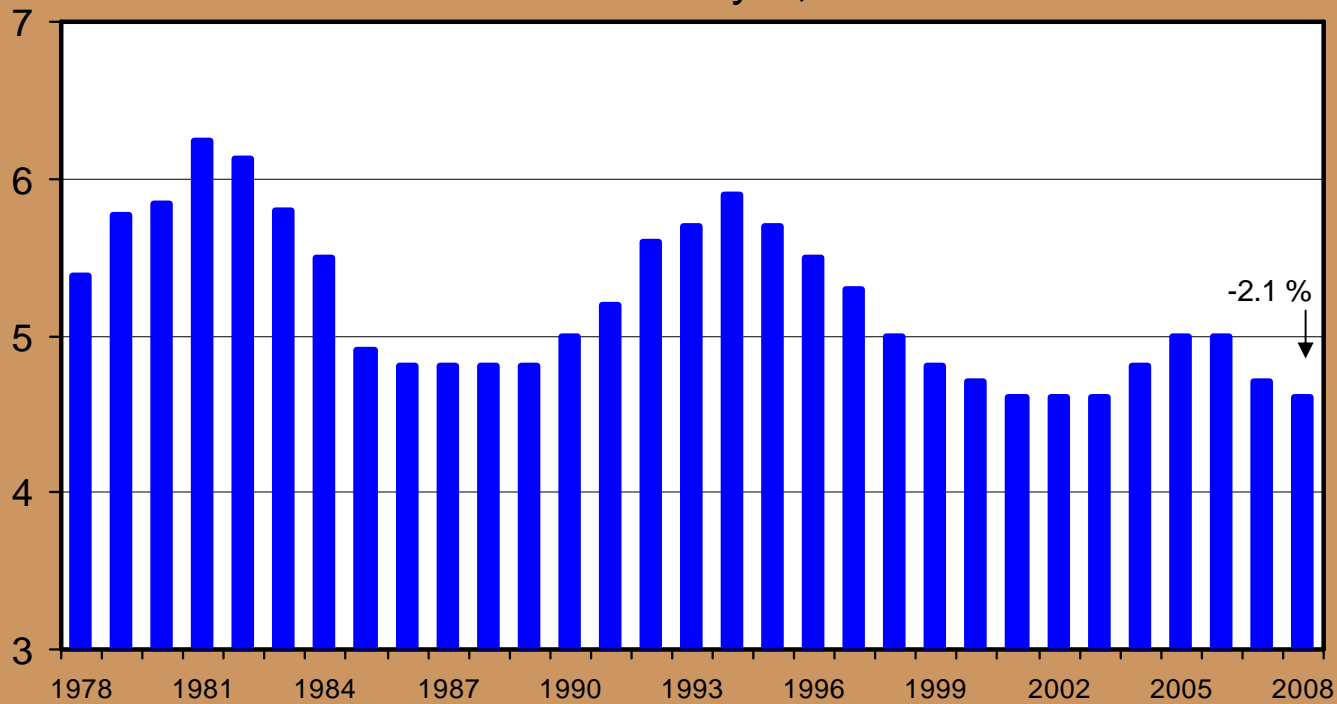
Federally Inspected, Monthly



HEIFERS HELD AS BEEF COW REPLACEMENTS

Mil. Head

July 1, U.S.



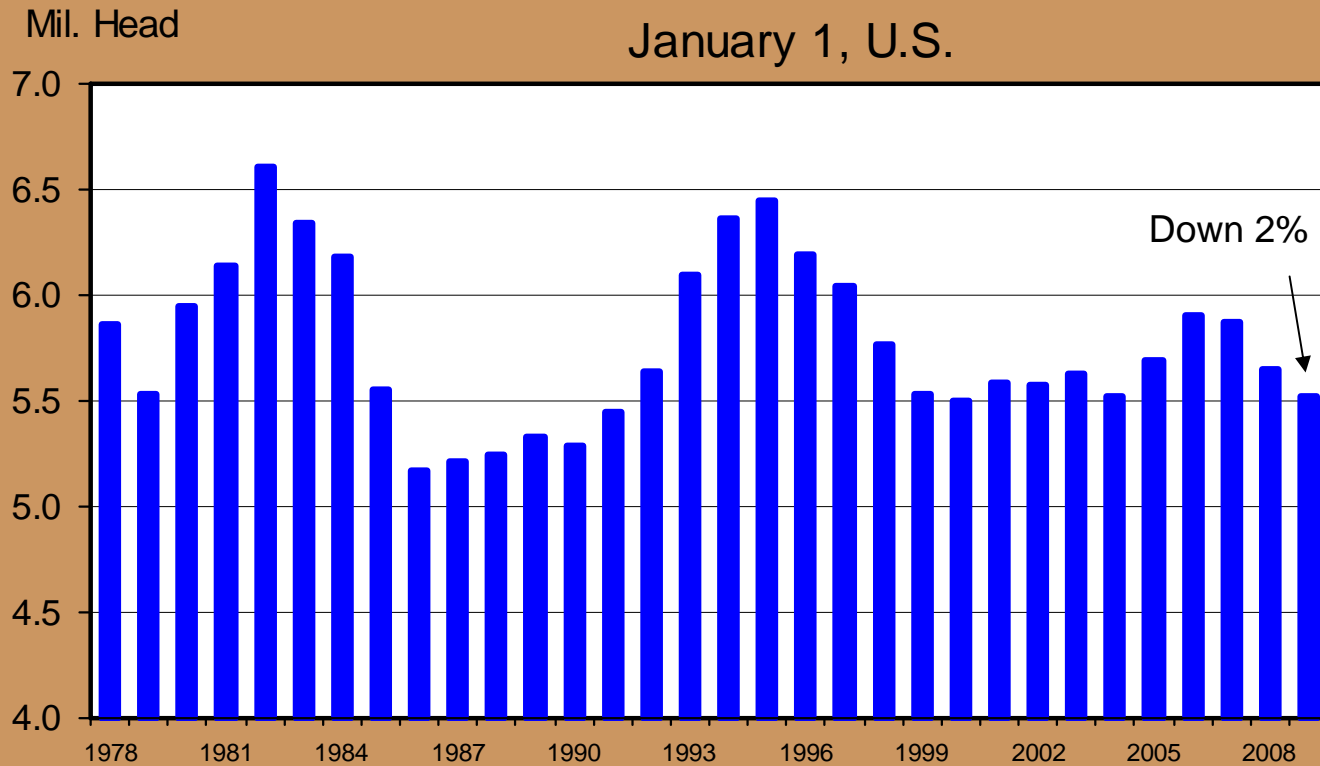
Livestock Marketing Information Center

Data Source: USDA/NASS

C-N-37
07/25/08

HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.



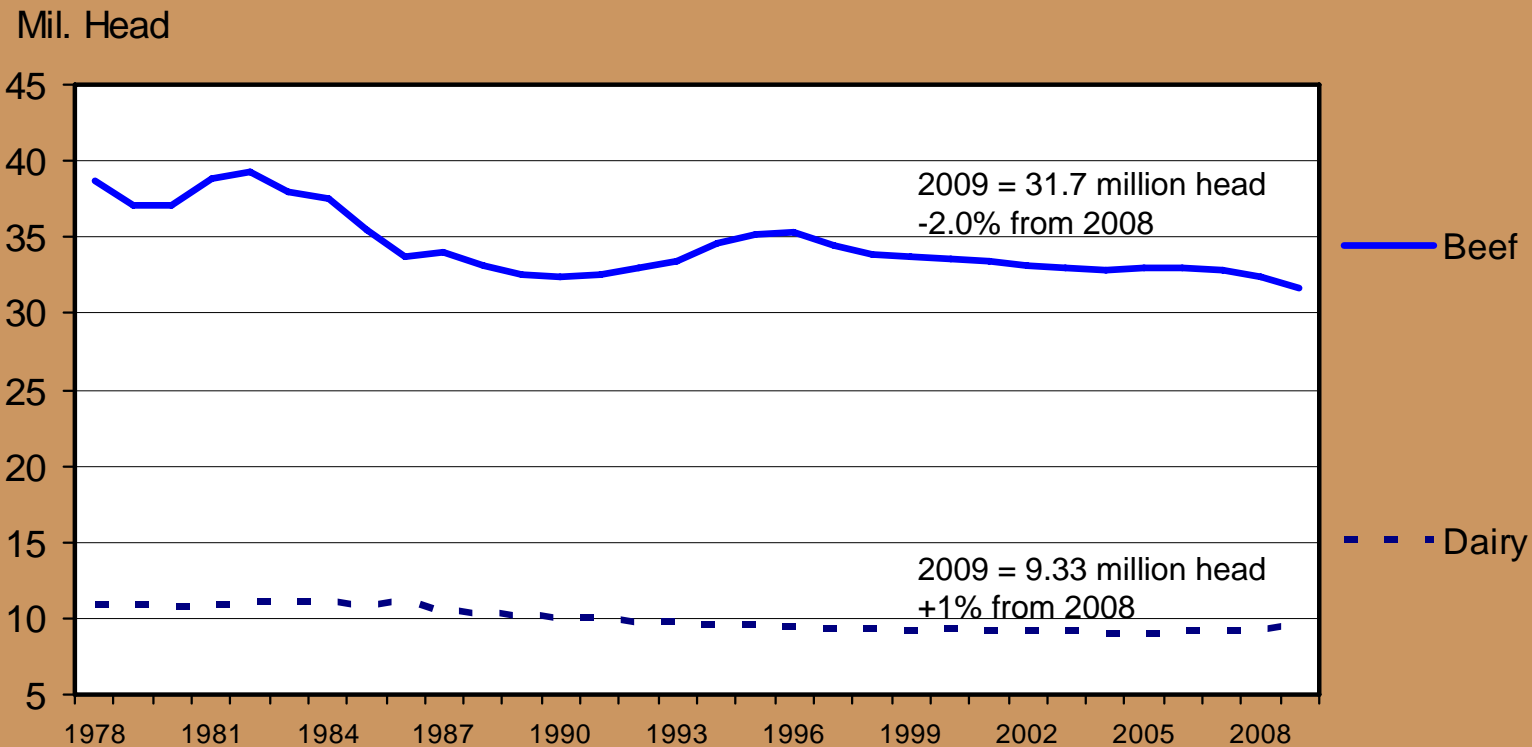
Livestock Marketing Information Center

Data Source: USDA/NASS

C-N-37
07/25/08

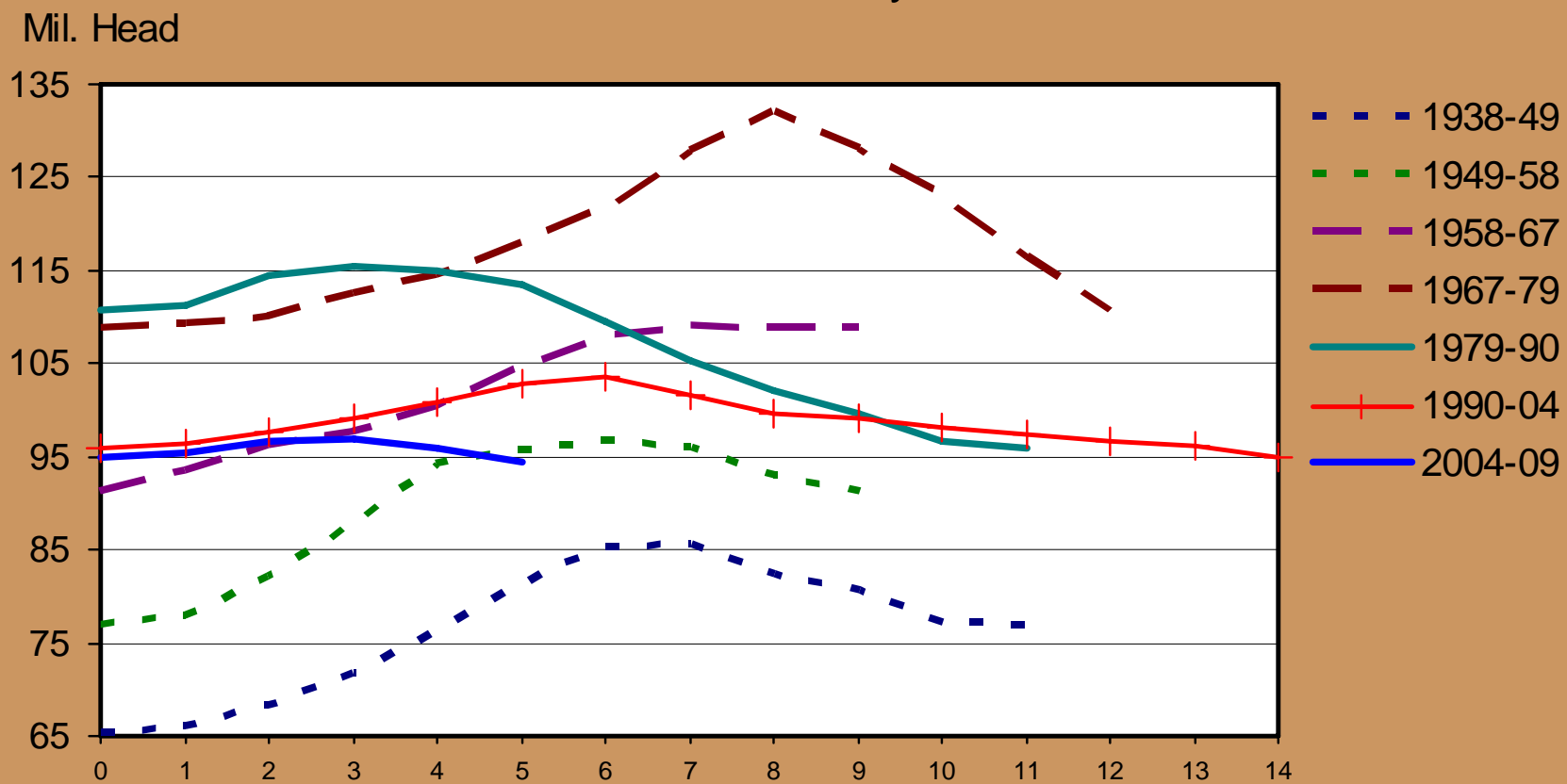
JANUARY 1 COW INVENTORY

U.S., Annual



TOTAL CATTLE INVENTORY BY CYCLE

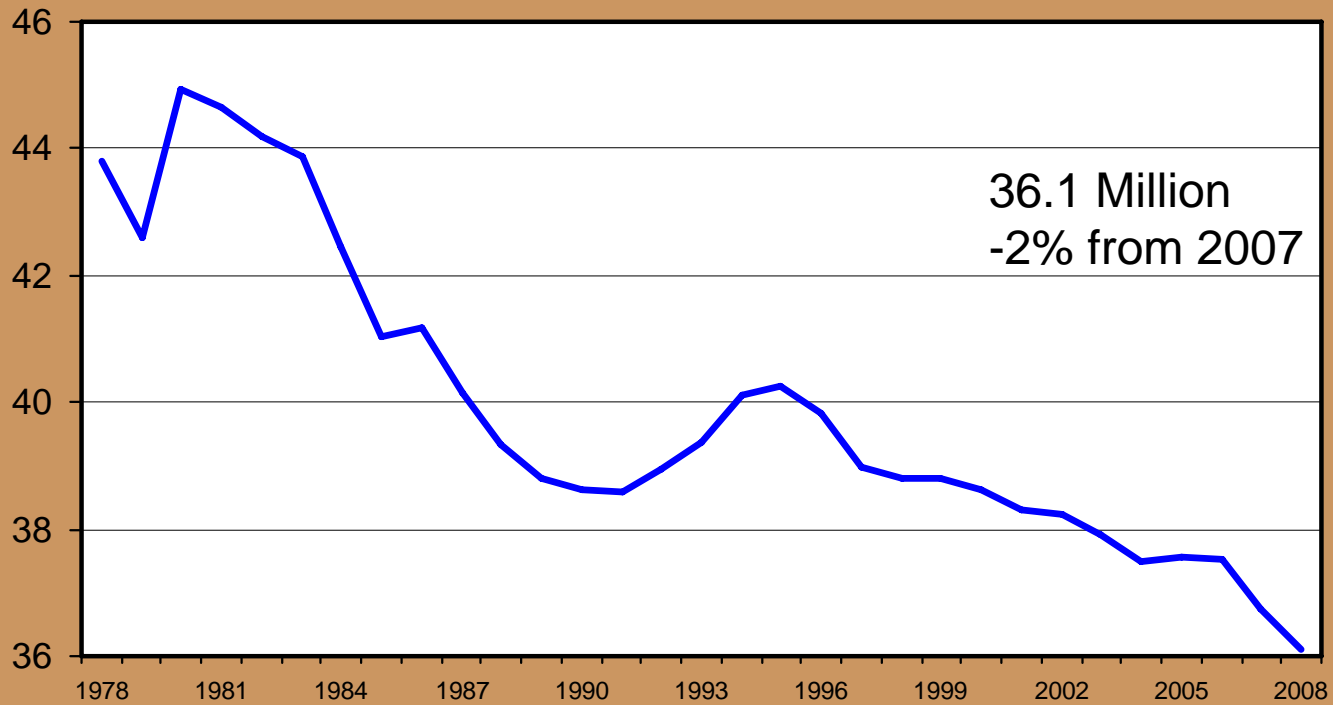
U.S., January 1



CALF CROP

July 1 Estimates, U.S., Annual

Mil. Head



Livestock Marketing Information Center

Data Source: USDA/NASS

C-N-18B

07/25/08

Beef Cow Inventory 2009

- **Increased Cow Slaughter in 2008**
- **Reduced Heifer Retention in 2008**
- **2009 Beef Cow Inventory is smaller**
 - **A 2.0% decrease**
 - **Smaller Calf Crop in 2009**
 - **Fewer feeders to place into feedlots**

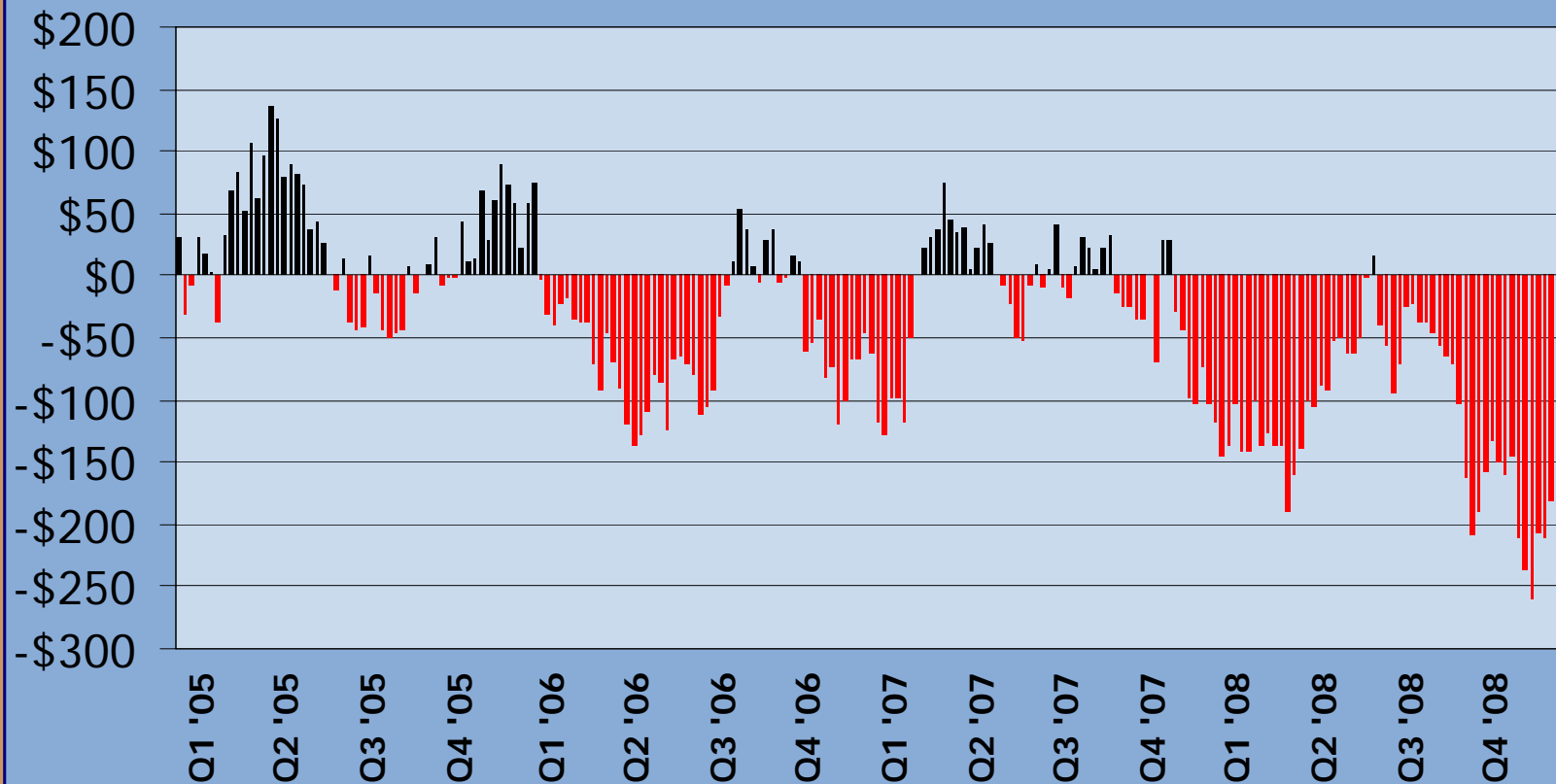
Demand for Feeder Cattle



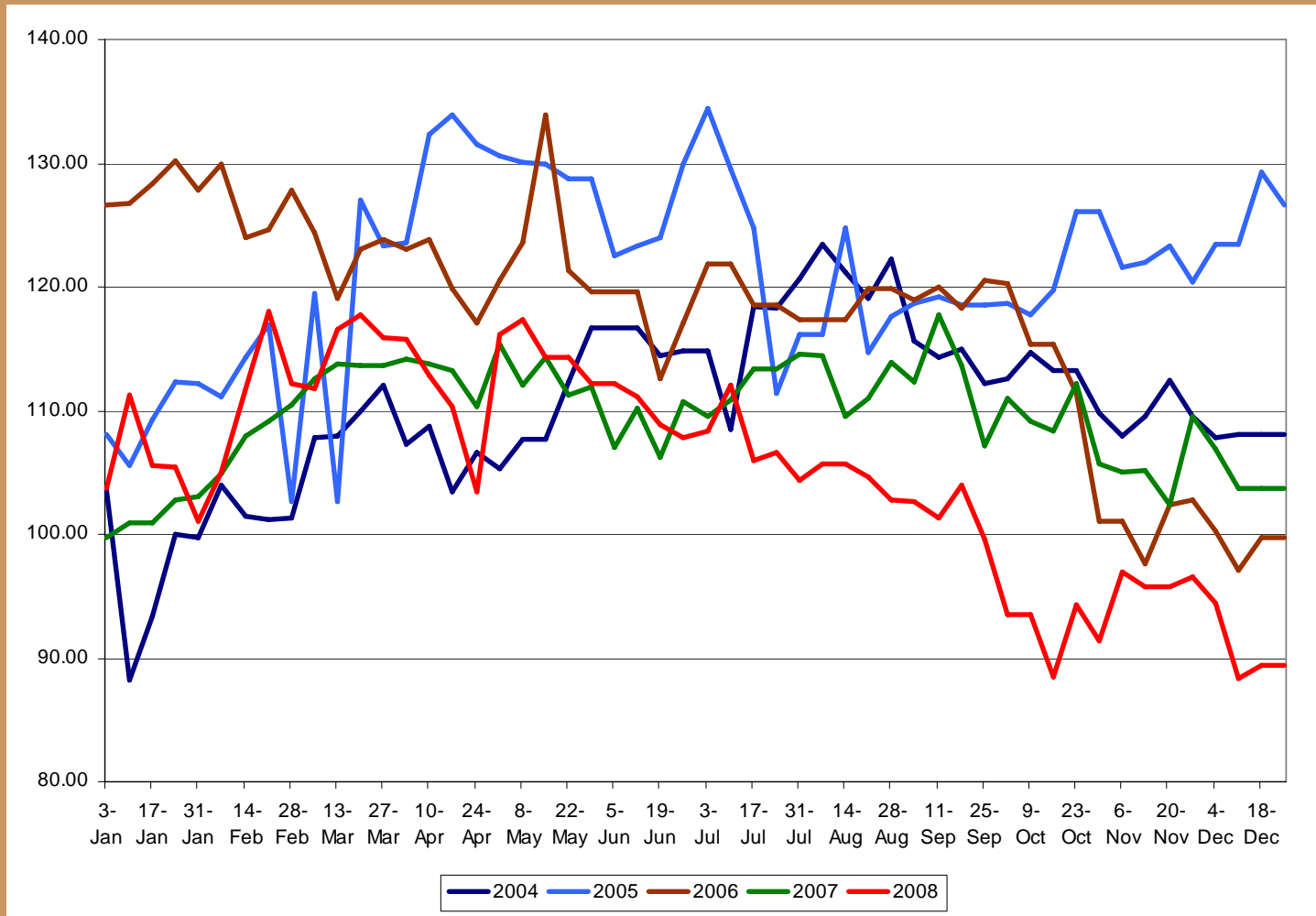
Feedlot Profitability

Estimated Nebraska Feedlot Returns (\$/head)

This wk: **-\$181.25**, Average last 13 wks: **-\$188.49**, Average last 4 yrs: **-\$37.58**



Utah 550 lb Steer Prices at Salina



Other Options for Calves

- **Background or drylot at low gain (1.5 - 2.5 lb adg)**
 - Not profitable with present hay & grain prices
- **Wheat Pastures**
 - To early to know what demand will be this fall
- **Corn Stalks**
 - Likely some potential
- **Retained Ownership**

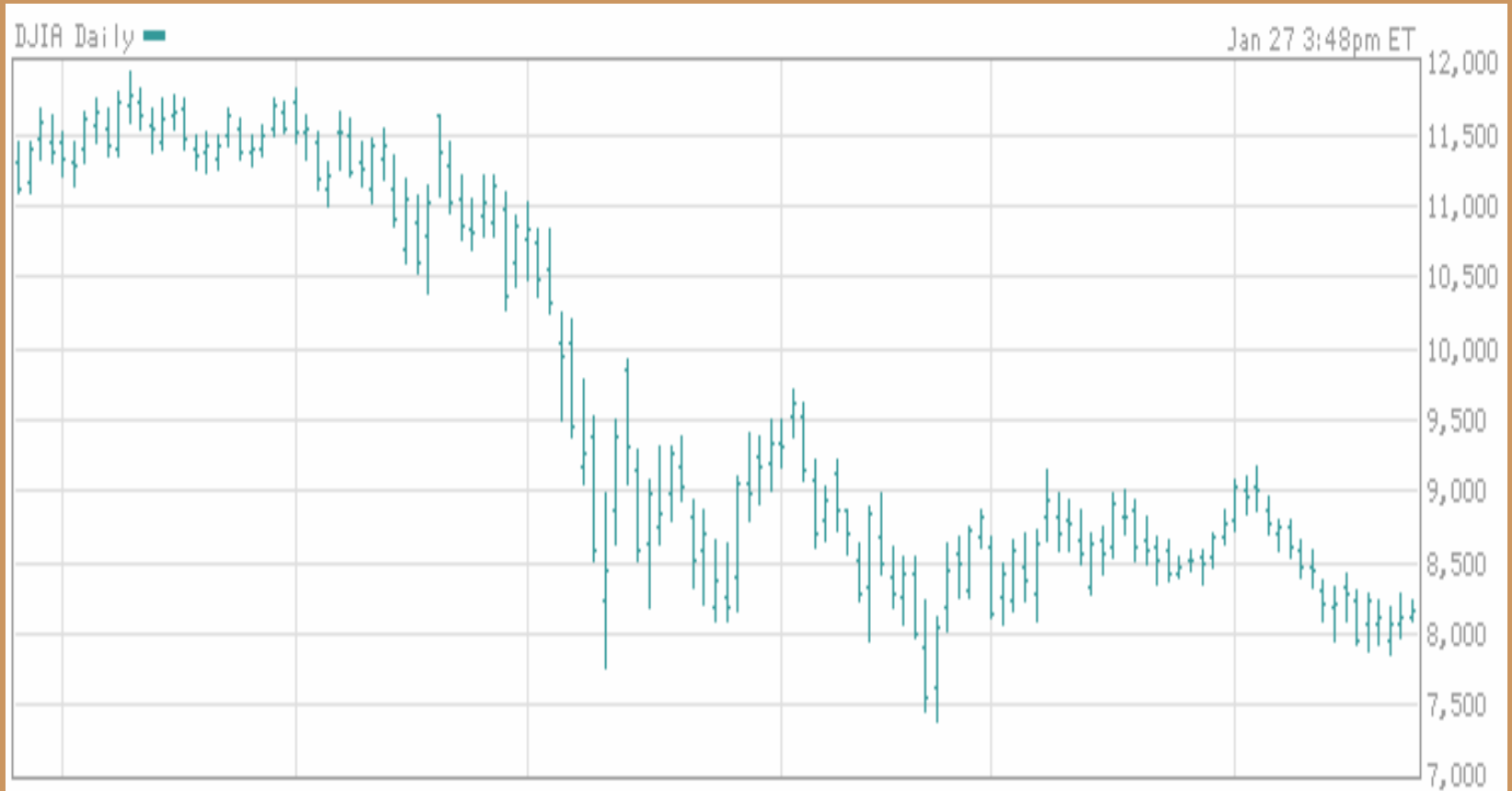
Retained Ownership Not Always the Answer

- **Low Calf Prices do not always mean you should retain ownership**
- **Could lose even more money if you are not careful**
- **Evaluate each alternative before proceeding**

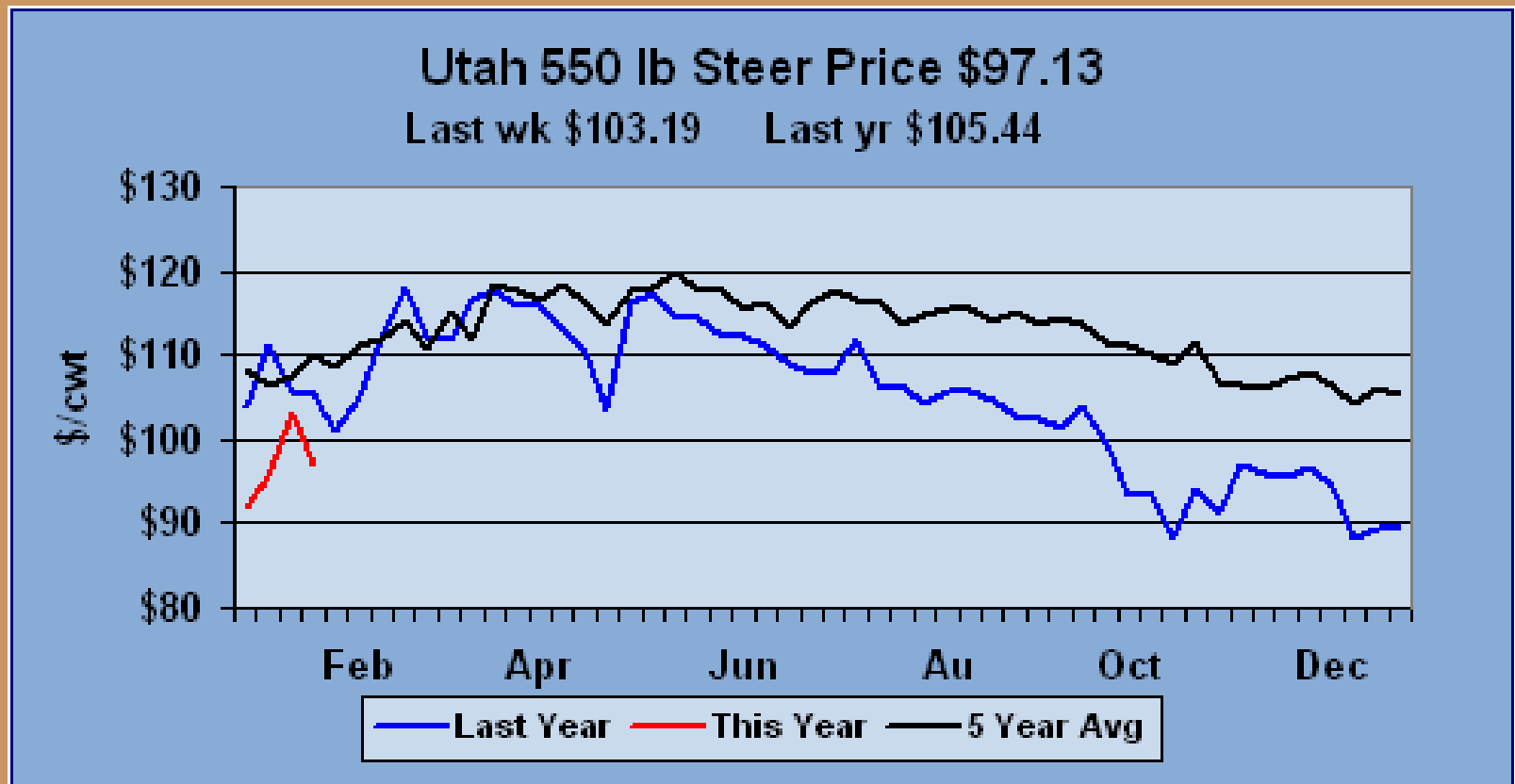


Demand Summary

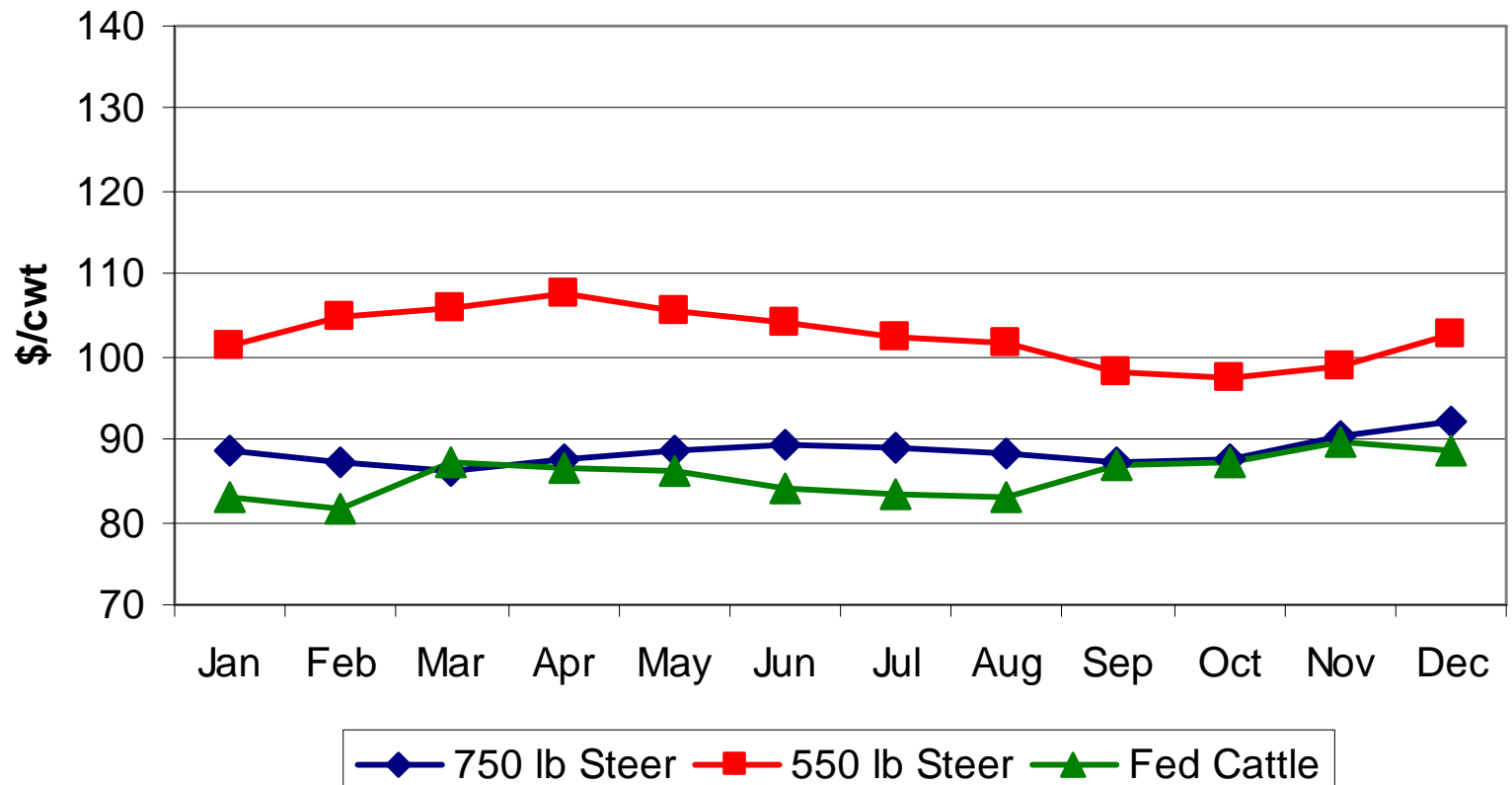
- **It's the Economy, Stupid**
- **It's the Stupid Economy**



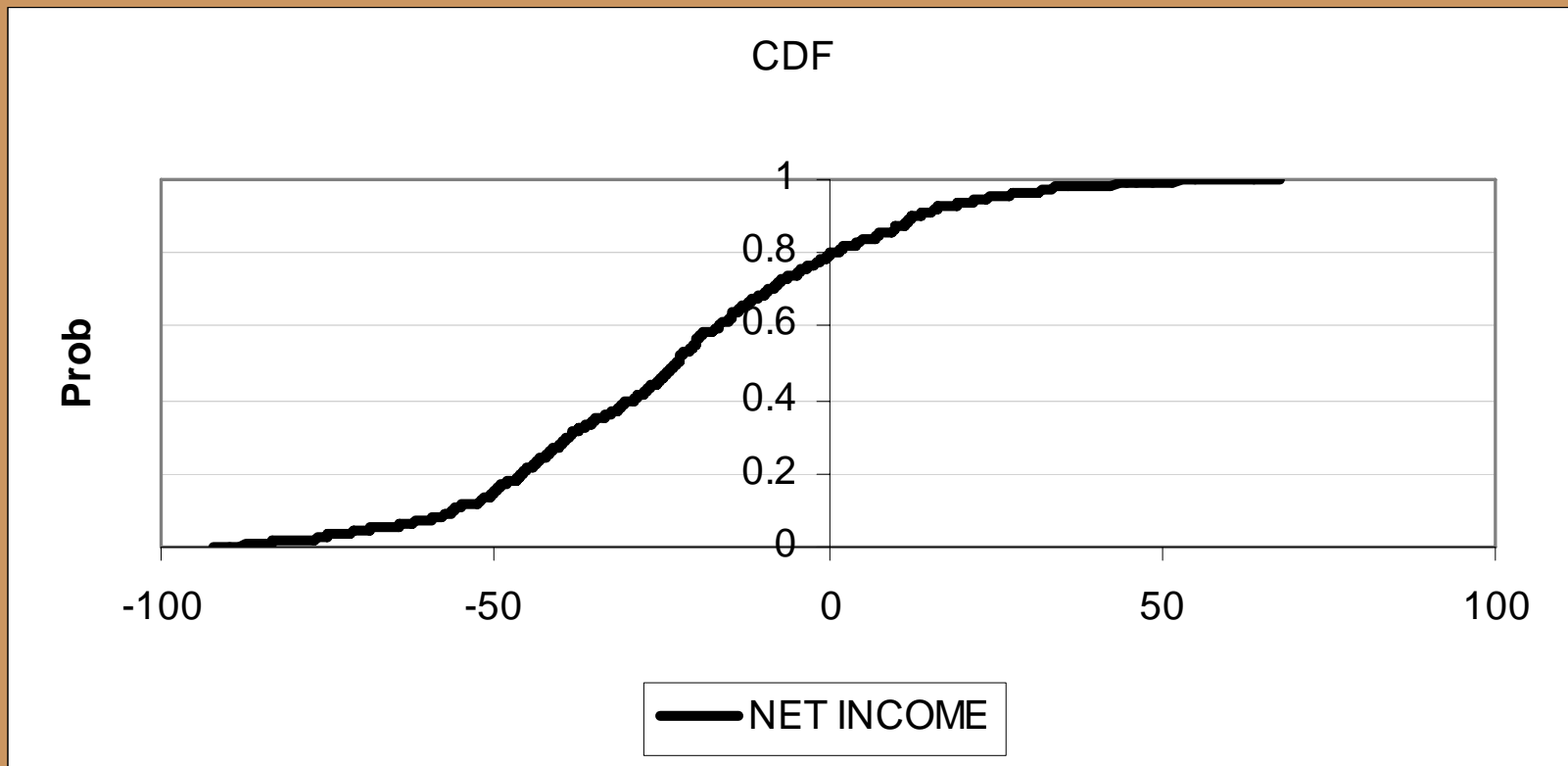
Current Utah Calf Prices



Futures Based Price Forecasts As of January 30, 2009



Beaver Cow-calf Return/Head With Price & Production Risk



USDA-RMA

- **Crop Insurance Products**
- **Livestock Insurance Products**
- **Farm/Ranch Revenue Insurance Products**
- **Valuable resources to help manage risk in agriculture**
- **<http://www.rma.usda.gov/>**



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Risk Management Agency (RMA)

Serving America's agricultural producers

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Calculating Price Change Limits for Revenue Products

RMA has provided an example of how to calculate price change limits for revenue products, in response to inquiries.

FCIC Board Approves 508-H Concept Proposal Submission Procedures

USDA's FCIC Board approved [new procedures](#) for submitting a concept proposal for insurance plans to the Board under section 508(h).

Request for Applications, Community Outreach and Assistance Partnership Program

Applications are due by 5 p.m. EST on Feb 13, 2009.
[Partnership and Cooperative Agreements home](#)

FCIC Board Approves Additional States for Biotechnology Pilot

The FCIC Board has approved Kansas and Nebraska for a premium rate reduction for producers who plant Pioneer and Dow AgroSciences Herculex® Xtra and Herculex® Xtra RR2® hybrids for irrigated and non-irrigated corn for grain.

Processing Pumpkins Insurance Program Available in Eleven Illinois Counties

RMA has released a privately owned 508(h) insurance program for processing pumpkins, beginning in crop year 2009.

Spotlights

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Farm Risk Plans



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Crop Policies

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Overview

Yield-based (APH) Insurance Coverage:

Actual Production History (APH) policies insure producers

Group Risk Plan (GRP) policies use a county index as the

Dollar Plan provides protection against declining value due to

Rainfall Index (RI) is based on weather data collected and

Vegetation Index (VI) is based on the U.S. Geological

Revenue Insurance Plans:

Note: All revenue-based options determine revenue differently. See each policy's provisions for their definition of revenue.

Adjusted Gross Revenue (AGR) - insures revenue of the
Crop Revenue Coverage (CRC) - provides revenue protection based on price and yield expectations by paying for losses below the guarantee at the higher of an early-season price or the harvest price.

Group Risk Income Protection (GRIP) - makes indemnity payments only when the average county revenue for the insured crop falls below the revenue chosen by the farmer.

Income Protection (IP) - protects producers against reductions in gross income when either a crop's price or yield declines from early-season expectations. To determine coverage, see the policy provisions.

Revenue Assurance (RA) - provides dollar-denominated coverage by the producer selecting a dollar amount of target revenue from a range defined by 65-75 percent of expected revenue. To determine coverage, see the policy provisions.

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Livestock



Buying a livestock insurance policy is one risk management option. Producers should always carefully consider how a policy will work in conjunction with their other risk management strategies to insure the best possible outcome.

[Archive](#)

2009 Livestock Gross Margin (LGM). PDF files.
Provides protection against loss of gross margin (market value of livestock minus feed costs).

LGM Cattle

- [2009 Policy](#)
- [2008 Underwriting Rules](#)
- [2008 Handbook](#)
- [Premium Calculation Instructions](#)
- [2009 LGM Commodity Exchange Endorsement](#)
- [Frequently Asked Questions: PDF | HTML](#)

LGM Dairy

- [2009 Policy](#)
- [2009 Underwriting Rules](#)
- [2009 Handbook](#)
- [Premium Calculation Instructions](#)
- [2009 LGM Commodity Exchange Endorsement](#)
- [Frequently Asked Questions: PDF | HTML](#)

LGM Swine

- [2009 Policy](#)
- [2008 Underwriting Rules](#)
- [2008 Handbook](#)
- [Premium Calculation Instructions](#)
- [2009 LGM Commodity Exchange Endorsement](#)
- [Frequently Asked Questions: PDF | HTML](#)

2009 Livestock Risk Protection (LRP). PDF files.
Provides protection against price declines.

- [2008 Basic Policy](#)
- [Coverage Prices, Rates and Actual Ending Values](#)
 - [Chicago Mercantile Exchange \(CME\) Notice](#)
- [2008 LRP Handbook](#)
 - [Slipsheet](#)
- [LRP-Lamb Frequently Asked Questions: PDF | HTML](#)
- [Specific Coverage Endorsements](#)
 - [Feeder Cattle \(08-LRP-FEEDER CATTLE\)](#).
 - [Fed Cattle \(08-LRP-FED CATTLE\)](#).
 - [Lamb \(09-LRP-LAMB\)](#).
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2007 Utah Crop Insurance Profile

Insurance Plans Available in Utah

Insurable Crops	Insured Acres	Total Acres	Percent Insured
Adjusted Gross Revenue – LITE	Liability		\$0.00
Apples	691	1,384	50%
Barley	4,738	38,000	12%
Beans (Dry)	1,626	3,000	54%
Cherries (Sweet)	164	585	28%
Corn	9,103	70,000	13%
Forage Production	24,416	860,000	3%
Forage Seeding	0	55,000	0%
Fresh Freestone Peaches	228	1,278	18%
LRP Fed Cattle	Liability		\$0.00
LRP Feeder Cattle	Liability		\$0.00
LRP Lamb	Liability		\$0.00
LRP Swine	Liability		\$0.00
Nursery	Liability		\$2,514,153
Oats	273	35,000	Less than 1%
Onions	971	NA	
Safflower	12,787	NA	
Wheat	95,575	146,000	65%
TOTALS	150,572	1,210,247	12%
			NA= Not available

Utah Fifteen-Year Crop Insurance History

Year	Policies Earning Premium	Net Acres Insured	Liability \$	Gross Premium \$	Losses \$	Loss Ratio
1993	414	72,802	5,989,729	919,247	458,057	0.50
1994	313	44,425	5,041,170	847,552	738,266	0.87
1995	2,337	238,342	11,941,046	1,353,437	1,337,651	0.99
1996	1,260	179,384	9,448,131	1,044,279	890,859	0.85
1997	562	108,212	6,562,025	807,132	378,180	0.47
1998	372	68,528	4,899,933	562,801	375,201	0.67
1999	458	90,493	5,840,351	716,329	1,315,962	1.84
2000	457	92,787	6,844,925	747,040	1,294,772	1.73
2001	463	100,807	7,484,769	1,057,964	1,828,237	1.73
2002	501	108,522	7,980,395	1,209,437	3,703,644	3.06
2003	510	114,389	11,566,011	1,360,483	1,831,347	1.35
2004	783	159,786	18,870,178	2,452,479	2,606,338	1.06
2005	852	174,087	21,594,395	2,656,201	3,072,811	1.16
2006	695	150,330	15,356,530	2,096,350	2,260,862	1.08
2007	602	150,555	19,151,450	2,161,102	1,630,194	0.75
Total	10,579	1,853,449	158,571,038	19,991,833	23,722,381	1.19

USDA-RMA Contacts for Utah

Davis Regional Office

Contact: Nancy Beaumont, Director

Address: 430 G Street, # 4168

Davis, CA 95616

Phone: (530) 792-5870

Fax: (530) 792-5893

E-Mail:

nancy.beaumont@rma.usda.gov

Western Regional Compliance Office

Contact: Susan Choy, Director

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Davis, CA 95616

Phone: (530) 792-5850

Fax: (530) 792-5865

E-Mail:

susan.choy@rma.usda.gov

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- <http://extension.usu.edu/agribusiness/>

