



Livestock Gross Margin insurance available for Wyoming cattle producers

By James Sedman and John Hewlett

Livestock Risk Protection (LRP) insurance has been an effective risk management tool for cattle producers and feeders since 2003. Livestock Gross Margin (LGM) insurance is another federal crop insurance product now available for Wyoming cattle producers and feeders.

Whereas LRP was designed to insure against declines in price at marketing time, LGM protects the gross feeding margin on finishing cattle.

LGM Provisions

LGM has many of the same advantages of LRP contracts. It may be used for small-sized herds, unlike futures and options contracts that require relatively large contracts. LGM may be purchased monthly throughout the year on the last business day of the month. The LGM insurance period is 11 months, and insurance coverage begins one month following the

sign-up date. A producer completes an initial application, including the target marketing report outlining the total number of head to be marketed and expected marketing times within the period. No more than 5,000 head may be insured in any one insurance period, and no more than 10,000 head may be insured in any insurance year (defined by the Risk Management Agency [RMA] as July 1 through June 30 of the following year).

There are two types of LGM contracts available – calf-finishing and yearling-finishing contracts. Calf contracts assume calves enter the feedlot at 550 pounds and exit at 1,150 pounds and consume 54.5 bushels of corn. Yearling contracts assume yearlings enter at 750 pounds and exit at 1,250 pounds and consume 57.5 bushels of corn. Prices used to calculate LGM insurance coverage are determined by end-of-the-month Chicago Mercantile Exchange (CME) live cattle, feeder cattle, and corn contract prices.



How LGM Works

Gross margin under LGM insurance is the difference between gross revenue and the variable costs determined by the futures prices used in the contract. The expected gross margin (EGM) uses the futures prices at the beginning of the contract period and the time when the producer expects to market the cattle. It is important to remember that, as with LRP insurance, the actual price received at the time of marketing is not figured into the payment equation. For each month

of the contract period, the actual gross margin (AGM) is calculated and compared with the EGM. The differences between the EGM and the AGM for each month will be totaled, and, if the actual margin is less than the insured amount for the entire insurance period, an indemnity will be paid at the end of the contract.

Keep in mind gains in margin could offset any indemnities paid if gains are large enough, depending on the length of the period. Premiums for LGM insurance

vary each month, and higher deductibles result in lower premium costs.

To learn more about livestock gross margin insurance, consult a local authorized crop insurance representative. They can help match a policy to individual risk management needs. For a listing of insurance agents, visit the RMA Web page at www.rma.usda.gov.

For more information about this and other risk management topics on the Web and for a detailed description of this and other livestock risk management topics, consult the Western Risk Management Library at <http://agecon.uwyo.edu/riskmgt>.

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Four counties to offer Master Cattleman program

By Bridger Feuz

Producers in and around Albany, Campbell, Johnson, and Lincoln counties will have an opportunity to participate in this year's Wyoming Master Cattleman Program.

Master Cattleman, which is based on a successful pilot program in Uinta County, is designed specifically for Wyoming producers. They learn about tools and strategies for analyzing cattle production and marketing opportunities. Additionally, University of Wyoming Cooperative Extension Service (UW CES) specialists and area educators and other industry experts teach classes on new as well as proven techniques for cattle production and marketing.

The key to the success of the program is that, at the end of each of the production strategy sessions, producers will work through an example using tools from earlier sessions. Each strategy will be analyzed for its potential from a goals/risk perspective and a financial "what if" analysis. The goal is not only to help producers determine if the production strategies will work but also to help them be better able to make that determination at other meetings and seminars they may attend.

The program, which costs \$75, consists of eight sessions two to three hours in length. The four counties will begin offering the classes mid-January, and they will go through mid-March. The dates are not yet set. If you are a producer from Albany, Campbell, Johnson, or Lincoln County, contact your local UW CES educator for specific times and dates. Contact information is at <http://ces.uwyo.edu/Counties.asp>. The sessions are open to producers from any counties, and it is hoped the program will grow into a statewide program.

The 10 graduates of last year's pilot program were asked if they would recommend this course to others. All said they would. This program represents a significant time commitment, but the value of the information will be well worth the investment in time.

Feuz is a UW CES educator serving Uinta and Sweetwater counties. He can be reached at (307) 783-0570 or brfeuz@uintacounty.com.



UW extension team invites citizens to information sessions

The Profitable and Sustainable Agriculture Systems team in the University of Wyoming Cooperative Extension Service (UW CES) has scheduled winter programming to serve Wyoming citizens.

Ag Profitability Conference – Monday, December 3, Parkway Plaza, Casper.

Estate planning, livestock insurance, small acreage. More topics coming. For more information, contact UW CES Educator Wayne Tatman at (307) 532-2436 or watman@uwyo.edu.

Range Beef Cow Symposium, December 11-13 – Larimer County Fairgrounds, Fort Collins, Colorado.

Featured speakers to provide updates on production topics: beef industry issues, genetics, reproduction, range and forage management, cattle health, beef nutrition, and more. For more information, contact Extension Beef Cattle Specialist Steve Paisley at (307) 837-2000 or spaisley@uwyo.edu.

Winter Ag Expo – January 7-8, Wyoming State Fairgrounds, Douglas.

This is a combined program that includes "Ropin' the Wind," AIME (Ag-Based Innovative Marketing Expo), and farmers' market conference, as well as a large equipment and livestock display area. For more information, contact Paisley at (307) 837-2000 or spaisley@uwyo.edu.

Farm and Ranch Days – January 30-31, Riverton.

Agriculture risk management, cattle outlook. More topics coming. For more information, contact UW CES Educator Ron Cunningham at (307) 332-1044 or ronc@uwyo.edu.

Wyoming Groundskeepers and Growers Association Conference – January 30-February 1 Parkway Plaza, Casper.

Various speakers on horticultural topics will be featured, and commercial pesticide applicator certification as well as certified arborist CEUs (continuing education units) can be earned. Contact is www.wgga.org.

WESTI (Wyoming Extension's Strategically and Technologically Informative) Ag Days – February 5-6, Worland Community Center, Worland.

The workshop will include a variety of presentations including pesticide applicator training, beef cattle nutrition, new herbicide chemistry for crop production, and more! For more information, contact UW CES Educator Jim Gill at (307) 347-3431 or jrgill@uwyo.edu.

Organic and Natural Workshop – Friday, February 15, Powell.

The all-day workshop will include lunch and a keynote speaker. Topics covered will include organic



law, regulations, inspection, crop and livestock production, business start-up analysis, and product marketing. There is a registration fee. Contact UW CES Educator Sandra Frost at (307) 754-8836 or sfrost1@uwyo.edu.

Feeding and Balancing the Soil – March 3-5, Goshen County Fairgrounds, Torrington.

This seminar is based on the Albrecht model of soil fertility balancing. Crops grown in balanced, healthy soil develop an internal resistance to pests and disease, and weed pressure is often reduced. There's more to soil fertility than cover crops and compost! Nutrient balance is the key to healthy plant growth. The conference will include both organic and conventional inputs as well as pasture fertility. The fee is \$75 for those who register early. For more information, contact Tatman at (307) 532-2436 or watman@uwyo.edu, or Ron Kaufman (307) 575-2394 or Kaufman@scottsbuff.net