

Protection for Cow/Calf Producers

Adding to the Livestock Risk Protection portfolio, the USDA Risk Management Agency is now offering Weaned Calf Risk Protection for cow/calf producers. The new program adds to the suite of livestock insurance available to livestock producers such as Livestock Gross Margin (LGM), Livestock Risk Protection (LRP), Pasture, Rangeland, Forage (PRF), Annual Forage (AF), and Dairy Revenue Protection (DRP).

The program will be available in Colorado, Nebraska, South Dakota and Texas. More states will likely be added later if the program proves successful.

“There are many variables and pressures involved in running a cow/calf operation, making it even more important that ranchers have a variety of insurance options available similar to the wide range of options available to crop growers,” says RMA Administrator Marcia Bungler.

Weaned Calf Risk Protection coverage is provided for a decline in price and loss of yield due to a decrease of overall weaning weight. Coverage includes risk protection against calf death loss, price fluctuations, or price changes with a harvest option.

Producers can choose Revenue Protection or Yield Protection. Under the Yield Protection plan, the producer will be paid on a variance from their calves’ normal weaning weights. To verify historical average weaning weight, producers with a history of raising calves will need to provide verifiable records. The plan is designed to cover issues such as drought, damaged forage or severe weather events.

Revenue Protection is the amount determined by multiplying the production guarantee (per weaned calf) by the greater of your applicable projected price or harvest price. The Revenue protection-Harvest Price Exclusion option uses only the applicable projected price. Producers who retain ownership of their calves after weaning are eligible for the program but will need to provide verifiable weaning weights.

Like LRP and LGM, Weaned Calf Risk Protection is government subsidized, in this case between 50 and 85 percent depending on the chosen coverage level.

At this time the product is only meant to cover spring-born calves born between February 1 and July 31.

Weaned Calf Risk Protection is available for the 2024 crop year. Producers interested in purchasing the insurance must sign up with a crop insurance agent by January 31, 2024.

What did we learn in the last 90 days?

Rob Mohr - Livestock Risk Agent



What did we learn?

We learned that what goes up can come down twice as fast. LRP has been busy paying claims for producers that had coverage in place. It is doing exactly what it was supposed to do, covering your risk in times of market downturn. Both swine and cattle markets have had tremendous volatility this year and LRP has covered losses in both industries.

I have met several producers this fall from all over the county and one common thought is what the market “should” do. LRP gives producers the ability to be optimistic and safe at the same time - cautiously optimistic.

I get asked regularly, “what is the market going to do?” My answer always includes, “if you can lock in a floor to cover your break even, then that is a good place to start.”

Some quotes from producers I have the privilege to work for include, “there is no reason for me to buy cattle without LRP, it saved my bottom line” - John B. in Illinois. Or “LRP offers peace of mind” - Zack in Missouri.

The important thing for producers to keep in mind is that livestock markets do not always reflect supply and demand as intended. The world we trade and do business in is not the same one the previous generation faced. Get educated and know your numbers and get them covered.

If you have a group that would like to learn about livestock risk protection, get ahold of us.

Have a safe and blessed 2024.

Until next time,
Rob



More to read:

“Speer: Stalking the LRP Smoke Monster”
“Speer: LRP Options Actions”

Drovers.com



Advice from the Experts

Livestock Roadshow

The USDA is hosting a series of workshops this winter for producers to learn about new and expanded livestock risk management products. The “Livestock Roadshow,” hosted by USDA’s Risk Management Agency (RMA), will highlight policy improvements. Two virtual Livestock Roadshows are scheduled for January. To learn more and to see the full listing of upcoming in-person roadshow events, visit the [Livestock Roadshow webpage](#).

Are they FED up or down?

Thaddeus M. Tharp, Senior Loan Officer, Land O’Lakes Finance Company

The federal reserve met on December 12-13. They came out of that meeting leaving their target rate steady at 5.25-5.5 percent. This comes on the heels of a report showing that inflation dropped to 3.1 percent in November 2023, after hitting decade highs in 2022 at over 9 percent. From a general economy standpoint this is good news. But how does that equate to the farm gate?

Comparing November 2022 to November 2023, it means an additional \$.13 Per day in your cost of gain. The guys that put a floor on things surely slept better than those left open. Where the FED rate goes from here is about as easy to guess as where the Live and Feeder board as well as their cash companions are going to end up when you are ready to sell cattle. There are still opportunities.



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SHOOTIN' THE BULL
Market Recap
By Christopher Swift

www.livestockriskpartners.org

LRP NEWS



Livestock Risk Partners
Wapello St. Hwy. 61 South
Mediapolis, IA 52637

Protect Your Livestock Investment

The logo for Livestock Risk Partners (LRP) is displayed in a square frame. It features the letters "LRP" in a large, bold, white font. To the right of "LRP", the words "Livestock Risk Partners" are stacked vertically in a smaller, white, sans-serif font.

Livestock Risk Protection

A small, square portrait of Rob Mohr, a man with a beard and a blue and white plaid shirt, is positioned to the left of the contact information.

Rob Mohr
Livestock Risk Partners
Wapello St. Hwy. 61 South
Mediapolis, IA 52637
319-931-2951
rmohr@livestockriskpartners.com
www.livestockriskpartners.org