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Cattle Insurance

USDA's Risk Management Agency (RMA) has announced two pilot programs that begin this week and that extend insurance protection to fed and feeder cattle. The Fed Cattle Insurance Program is available in Illinois, Iowa, and Nebraska. The Feeder Cattle Insurance Program is available in Colorado, Iowa, Kansas, Nebraska, Nevada, Oklahoma, South Dakota, Texas, Utah, and Wyoming. Coverage levels range between 70 and 95 percent of the expected ending value, which is based on expected cash price at the policy end date. The Federal Crop Insurance Corporation (FCIC) will subsidize 13 percent of the producer's gross premium under both programs.

The fed cattle program is for slaughter cattle expected to grade select or better with a yield grade of 1-3. The insurance period is in approximately 30-day increments between 13 to 52 weeks. A producer could select an insurance period of 120 or 210 days for yearlings or calf feds. The feeder cattle program is for steers that will weigh 650-900 pounds at the end of the insurance period. The insurance period is also in approximately 30-day increments from 22 to 52 weeks. The maximum number of fed cattle and feeder cattle that may be insured in any one year is 4,000 and 2,000 head, respectively.

Both programs are very similar to buying a put option for price protection. For more details, producers in the pilot program states should contact a crop insurance agent. More information can also be found by visiting the Risk Management Agency web site: <http://www3.rma.usda.gov>

The Markets

Slaughter cattle prices were steady to weaker in the southern plains, with the bulk of the trade occurring at \$80. Prices were \$1 lower in the north with slaughter cattle prices at \$126-127 dressed. Choice boxed beef prices were higher for the week and the Choice -Select spread decreased. Feeder cattle trade was very light. Prices were generally steady in Kansas and Nebraska on the few lots that did sell.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$79.64	\$80.00	\$62.98
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$126.57	\$127.57	\$100.82
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$87.98	\$87.67	\$77.16
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$98.00	\$99.80	\$89.07
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$91.46	\$91.92	\$80.50
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$108.93	\$106.80	\$97.50
Choice Boxed Beef Price, 600-750 lb. carcass	\$149.18	\$147.78	\$115.77
Choice-Select Spread, 600-750 lb. carcass	\$15.95	\$17.64	\$8.56