

Ag Radio Programs for November 20 - 26, 2017

Livestock Risk Management Considerations

This is Ag Outlook on 1420 KJCK, I'm Chuck Otte, Geary County, K-State Research and Extension Ag & Natural Resources Agent. I spent a couple of days in county agent updates last week which always means that I come back to the office with a lot of good topics for radio programs. Ag economists like to look at all sorts of things that are number related when it comes to farming. Naturally, every economic discussion I've ever listened to started with, "Let's assume". So when you can lay out your assumptions up front, it's easy to be correct and sound smart. I prefer to look back and say, how did we get here and what decisions were made correctly. It is estimated that over 75% of all feeder cattle are sold as cash with no price protection involved. That drops to 40 to 50% of fed cattle and part of that is because so many fed cattle come out of large feedlots where there are full time staff hired to do price protection on everything. There are numerous tools available to cattle producers that can allow them to take away some of that risk. Unfortunately, taking away some of the risk oft times takes away the potential for unlimited profit as we saw a few years ago. Producers can stay in the cash market and get what they can. They can get into the futures with a hedge or use some of the other futures markets products like hedge and call, a put option or a put and call. But who's willing to do that much effort - honestly, not very many producers, especially on feeder cattle. Ultimately, each producer has to do what they are comfortable with. There is a newer product out there available through the USDA called Livestock Risk Protection for Feeder Cattle that may work for some producers. This has been Ag Outlook on the Talk of JC, 1420 KJCK, I'm Chuck Otte.

Livestock Risk Protection for Feeder Cattle

This is Ag Outlook on 1420 KJCK, I'm Chuck Otte, Geary County, K-State Research and Extension Ag & Natural Resources Agent. I ended yesterday's program with a mention of the Livestock Risk Protection product. This is through the USDA Risk Management Agency and gives you a risk management tool to protect against declining market prices without taking away all of the potential for upside price gain. In essence it provides a floor for prices. While I'm mainly talking about cattle, the product is also available for pigs and lambs too. If markets drop, as they did in the past couple of years, you got protection on the bottom end. If prices go up, your profit goes up, but not quite as much as if you were just in the cash market because there is, of course, a premium to be paid. This program has a great deal of flexibility. You can select coverage for calves, steers, heifers even predominantly Brahman cattle or dairy cattle. You can choose from two weight ranges, under 600 pounds and 600 to 900 pounds. The shortest period of time that you can buy the contract for is 13 weeks, so it does require some planning ahead. But you can also buy coverage clear out to 52 weeks. For feeder cattle the most coverage you can buy in a year is 2,000 head. You can choose coverage prices from 70 to 100% and you have a set of prices that you can select from. If it sounds a little bit like crop insurance, you are correct. And unlike futures contracts, you can select how many head you want to cover, you aren't stuck on what a contract size is. Naturally, the RMA is laying off their risk on Mercantile Exchange, but it does give you some flexibility. Oh, and current premiums are anywhere from 1 to 8 dollars per cwt. This has been Ag Outlook on the Talk of JC, 1420 KJCK, I'm Chuck Otte.

Pasture, Rangeland and Forage Insurance

This is Ag Outlook on 1420 KJCK, I'm Chuck Otte, Geary County, K-State Research and Extension Ag & Natural Resources Agent. There is a new risk management tool out there called Pasture, Rangeland and Forage Insurance designed to offer you some protection for your grazing or haying acres against abnormally low rainfall events. While it's been around for ten years now and available in Kansas since 2009, I don't think very many folks are familiar with it. Granted, the past few years we've been doing pretty well, but we all know that the next drought could be just around the corner. Unlike other risk management products, this isn't providing coverage based on how much forage you grow, but it is based on how much rain falls at previously determined locations near you. In other words, it doesn't protect you against poor management, just poor rainfall. This is a single peril form of crop insurance. Fire, hail, insects, or any other production risk isn't covered, just rainfall. It is sold by private insurance agents it uses a dollar coverage per acre designed to allow you to buy replacement feed and it is area based. They don't put a rain gauge on your farm, it's based on a grid system of established official rain gauges. You can get a guarantee from 70 to 90% of normal precipitation. Once you pick your field location, the program calculates the four weather stations it will use. You can buy coverage for a set period of time with a minimum of two months. For native hay, most producers would choose 6 months or less. I was putting through some real world figures to see how what it came up with and I felt that the coverage was quite reasonable as in often \$6 per acre or less. If you're interested, give me a call! This has been Ag Outlook on the Talk of JC, 1420 KJCK, I'm Chuck Otte.

Air Quality and Livestock Operations

This is Ag Outlook on 1420 KJCK, I'm Chuck Otte, Geary County, K-State Research and Extension Ag & Natural Resources Agent. You may have recently heard about new reporting requirements for farms that will require farms to report releases of hazardous substances into the air. If you haven't heard about this, you probably will. The rule is currently on hold until a circuit court rules on it. This goes back to CERCLA ruling which stands for comprehensive environmental response, compensation and liability act that was designed to make it a requirement to notify the public of the release of hazardous substances in the environment. The original intent was likely to make sure that if a trainload of toxic compounds derailed, the public had to be notified. But as often happens, from the time the law is written and passed and then interpreted by all the lawyers and bureaucrats and then the operational rules are developed, changes happen. In 2008 farms and ranches were ruled exempt from this requirement. Subsequent lawsuits and legal battles later, in April 2017, that exemption was struck down and was supposed to start on November 15th but it's still on hold. Regardless, let me cut to the chase. The hazardous substances of interest are ammonia and hydrogen sulfide from livestock operations. Normal fertilization is exempt from this rule. If an operation releases more than 100 pounds of either of these compounds into the atmosphere, the EPA must be notified. Don't panic! Cattle on pasture aren't going to be affected. Backgrounding operations, dairies, and feedlots need to pay attention, but if you have less than 300 head you are unlikely to exceed the threshold. This has been Ag Outlook on the Talk of JC, 1420 KJCK, I'm Chuck Otte.

Ag Census 2017

This is Ag Outlook on 1420 KJCK, I'm Chuck Otte, Geary County, K-State Research and Extension Ag & Natural Resources Agent. Every five years we get a new farm bill and another census of agriculture. Years that end in 2 or 7 are ag census years. The Ag Census, unlike a survey, involves EVERY farm operation that has more than \$1,000 of production or sales annually. Basically if you receive a form in the mail, you have to fill it out. If you rent all of your land out to someone else, you fill out the first and last section and that's about it, but you still have to fill it out. If you are an active farming operation, lucky you, you get to fill out the whole thing. The 2012 form was 24 pages long, I don't expect the 2017 form to be any shorter. Forms will be sent out very soon starting in early December. You do have the option of filling the form out on line or you fill out the paper forms and mail them back in. Completed forms are due February 5, 2018 so you can wait until after the holidays, but don't wait too long! Here's the important part of all of this. By law you HAVE to fill out the census form. If they don't get your form back, they will start calling you or coming by to visit with you. You can be annoying and obnoxious but I would encourage you to just bite the bullet and do it. In today's world of hacking of computers everywhere I'm sure that some folks are concerned about the privacy of their data but ag census data is stored out of reach of hackers. It is kept confidential for decades. In fact if you are the only commercial producer of say garlic in the county, they won't even release data for that commodity for the county or the state. Please take the time to fill out your census form. We need that data! This has been Ag Outlook on the Talk of JC, 1420 KJCK, I'm Chuck Otte.