

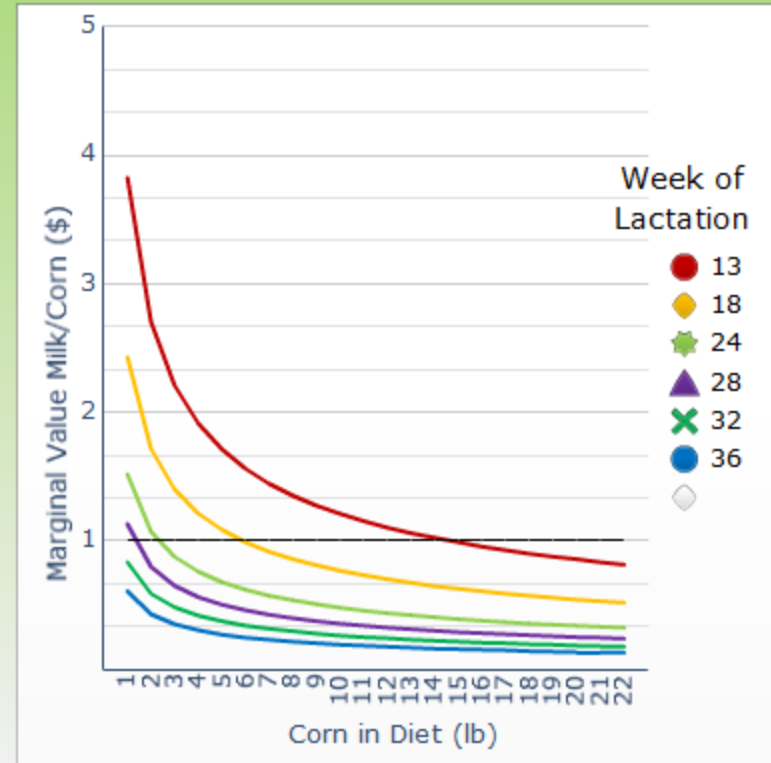
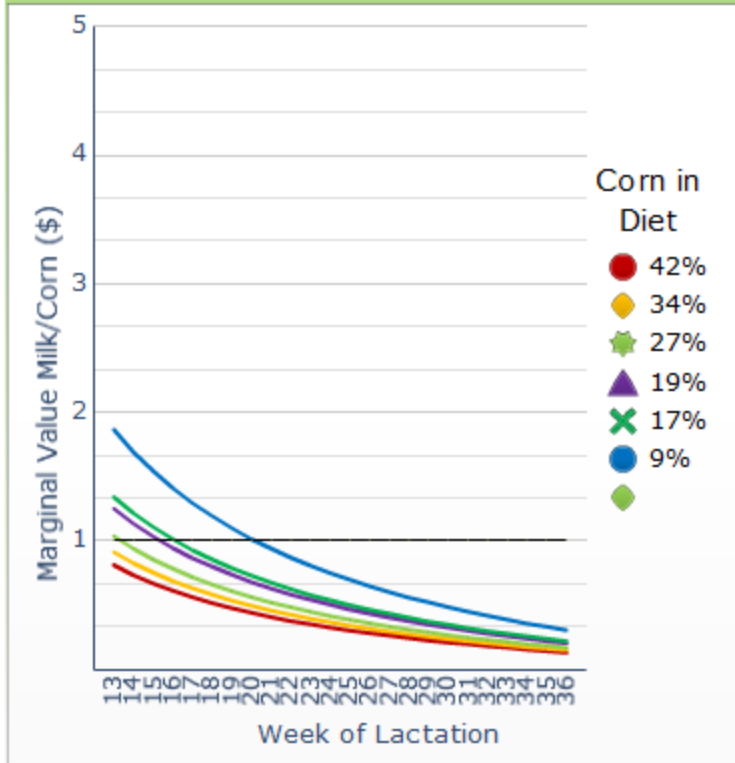
Strategic Alternatives to Corn Grain Feeding

Victor E. Cabrera, vcabrera@wisc.edu, 608-265-8506

Milk Price (\$/cwt)

Corn Price (\$/bu)

<http://www.uwex.edu/ces/dairymgt/>



Improving dairy farm sustainability through strategic alternatives to corn grain feeding

Income Over Feed Cost

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Milk (\$/cwt)	18
Alfalfa (\$/ton)	177
Corn (\$/bu)	6
SBM (\$/ton)	358

Diet	Alfalfa hay	Corn grain	Soybean
1	38-48-68%	42-40-25%	18-10-05%
2	48-58-78%	34-33-17%	16-7-3%
3	58-68-88%	27-25-9%	13-05-01%
4	68-88-98%	19-09-00%	11-01-00%
5	98-98-98%	00-00-00%	00-00-00%





Development of a dairy economic decision support system for Wisconsin



- Development of a stochastic, dynamic dairy herd simulation model capable of evaluate the economic outcomes of numerous managerial strategies
- Identification and organization of local scientific knowledge to improve dairy economic outcomes (reproduction, physiology, genetics, nutrition, health, etc.).
- Development of a computer application to help researchers, dairy producers, dairy farm consultants, and extension agents make cost-efficient and profitable decisions
- A stochastic economic risk analysis and forecasting tool for dairy herd production and expansion

Lactation benchmark curves for Wisconsin dairy herds

Lactation Benchmark Curves for Wisconsin

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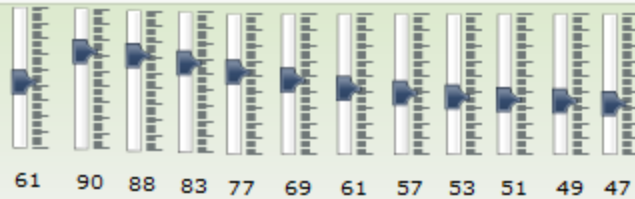
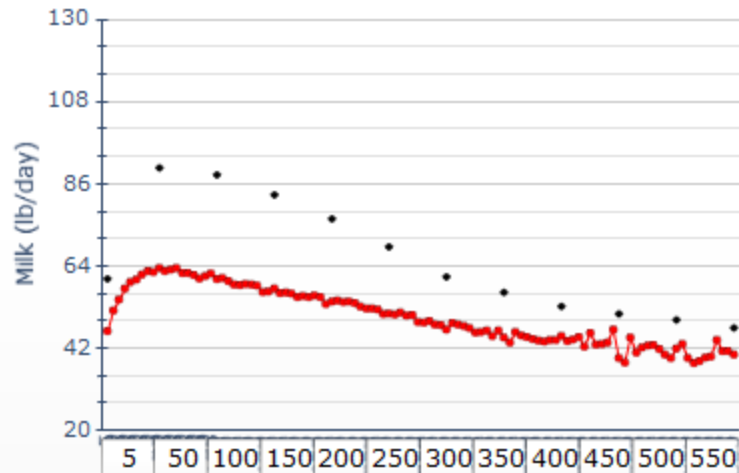
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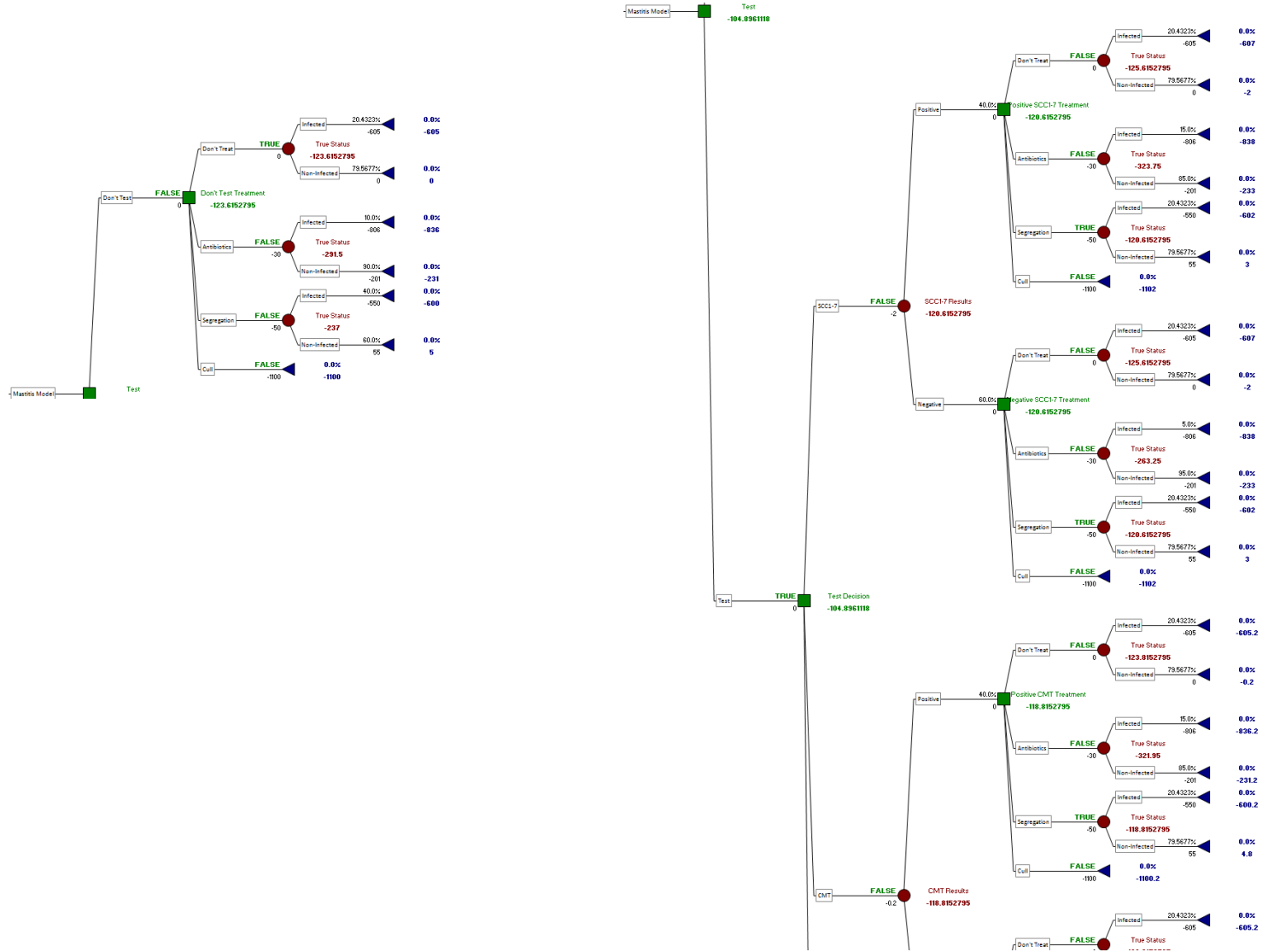
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Compare benchmark (red line) with your data (black dots)



Early postpartum mastitis testing and treatment decision-making



How does it work ?

LGM-Dairy pays the difference, if positive, between an expected gross margin guarantee and actual gross margin, where gross margin is milk price less the feed costs per cwt.

The insured margins are calculated using futures prices for milk, corn and soybean meal.

Producers need to estimate the quantity of milk to be marketed, the feed quantity to be used, a deductible level and the months to insure the gross margin.

Farmers can insure any amount of milk up to 240,000 cwt per insurance period.

Deductible level ranges between \$0 and \$1.50 of the gross margin guarantee.

Insurance coverage begins one full month after the sales closing date.

LGM-Dairy is only sold on the 3rd to last business day of every month. Sales period starts at 4 P.M. the 3rd to last business day and ends at 9 A.M. the following day.



LGM-Dairy More Information:

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Additional information at:

http://future.aae.wisc.edu/lgm_dairy.html
<http://www.uwex.edu/ces/dairymgt/>
<http://www.rma.usda.gov/livestock/>

LGM-Dairy: Livestock Gross Margin Insurance for Dairy Cattle



A New Risk Management
Tool for Wisconsin Dairy
Farms!

Livestock gross margin for dairy cattle

LGM-DAIRY: LIVESTOCK GROSS MARGIN INSURANCE FOR DAIRY CATTLE



What is LGM-Dairy?

LGM-Dairy is a new insurance policy approved by the USDA Risk Management Agency available for dairy producers since August 2008.

LGM-Dairy protects producers against unexpected declines in the gross margins (milk prices less feed costs).

No producer premium subsidy is available for this insurance program, although all administrative and policy subsidies are paid by the federal government.

LGM-Dairy premiums depend on producers' marketing plan, coverage selected, deductible level, futures and price volatility. Producer premiums are average of long-run expected indemnities at sign-up.

In which states is LGM-Dairy available?



States Eligible to Participate in the LGM-Dairy Program (Darker Gray), 2008

What are the benefits of LGM-Dairy ?

Convenience: Producers can sign-up for LGM-Dairy insurance 12 times a year over a 11-month rolling period.

Customization: LGM-Dairy can be tailored to any size farm and to any month or months of the year.

Bundled option insurance: LGM-Dairy is similar to buying both a call option to limit higher feed costs and a put option to set a floor on milk prices.

What does LGM-Dairy not insure?

Risk of dairy cattle death.

Unexpected production losses.

Unexpected increase in feed use.

Anticipated declines in milk prices or increases in feed costs.

Multiple years of decline in milk prices or increase in feed costs.



LGM-DAIRY: LIVESTOCK GROSS MARGIN INSURANCE FOR DAIRY CATTLE



Effects of the incidence and prevalence of 5 selected clinical And sub-clinical diseases on the Income Over Feed Cost (IOFC) in Wisconsin dairy herds



- Milk fever
 - Retained placenta
 - Displaced abomasum
 - Lameness
 - Clinical ketosis
 - Follicular and luteal cysts
-
- Clinical visits to 30 farms during a year
 - Connection of Financial and DHI records
 - Estimates of cost of diseases
 - Correlation of estimates with income over feed costs losses



Publications not previously reported



- Liu, J., Men, C., Men, C., Cabrera, V.E., Uryasev, S., Fraisse, C.W. 2008. Optimizing crop insurance under climate variability. *Journal of Applied Meteorology and Climatology* 47:2572-2580.
- Cabrera, V.E., Hagevoort, R., Solis, D., Kirksey, R., Diemer, J.A. 2008. Economic Impact of Milk Production in the State of New Mexico. *Journal of Dairy Science* 91:2144-2150.
- Cabrera, V.E., Mathis, C.P., Kirksey, R.E., Baker, T.T. 2008. Development of a seasonal prediction model for manure excretion by dairy cattle. *The Professional Animal Scientist* 24(2):175-183.
- Cabrera, V.E., Breuer, N.E., Hildebrand, P.E. 2008. Participatory modeling in dairy farm systems: a method for building consensual environmental sustainability using seasonal climate forecasts. *Climatic Change* 89:395-409.



Leverage



- Cabrera, V.E. Development of a Dairy Economic Decision Support System for Wisconsin. 07/01/08-06/30/10. USDA Hatch. \$54,532. Awarded
- Cabrera, V.E., Gould, B.W. Assessment of gross margin insurance versus traditional price risk management strategies. 10/01/09-09/30/11. Hatch Interdisciplinary Multistate. \$58,430. Pending
- Cabrera, V.E., Shaver, R., Jones, B. Improving dairy farm sustainability through strategic alternatives to corn grain feeding. 9/1/09-8/31/11. NCR-SARE. \$129,704. Pending
- Cabrera, V.E., Shaver, R., Jones, B. Improving dairy farm sustainability through strategic corn grain feeding. 01/01/09-12/31/09. UW-Madison Graduate School. \$46,807. Pending
- Gould, B.W., Cabrera, V.E. The Use of Gross Margin Insurance versus Traditional price risk management strategies by Wisconsin dairy farm operators: Development of web-based decision tools. 01/01/09-12/31/09. UW-Madison Graduate School. \$40,000. Pending

Dairy Cattle Management - Cooperative Extension - University of Wisconsin-Extension - Mozilla Firefox

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http://www.uwex.edu/ces/dairymgt/

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Welcome to Dairy Management UW-Extension


This site is designed to support dairy farming decision-making focusing on model-based scientific research. The ultimate goal is to provide user-friendly computerized decision support systems to help dairy farms improve their economic performance.

Dr. Cabrera focuses on model-based decision support in dairy cattle and in dairy farm production systems. Dr. Cabrera's primary interest is to improve cost-efficiency and profitability along with environmental stewardship in dairy farms by using simulation techniques, artificial intelligence and expert systems. Dr. Cabrera's research and Extension programs involve interdisciplinary and participatory approaches towards the creation of user-friendly decision support systems. As an Extension Specialist, Dr. Cabrera works in close relationships with county-based Extension faculty, dairy producers, consultants, and related industries.


Highlighted Works of Interest

New September 2008 !

 [LGM-Dairy Brochure](#) (2 pages, 342 KB)


 [Corn-to-Milk PPT](#) (15 slides, 854 KB)

New August 2008 !



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