



## Risk management options for Wyoming cow-calf producers

By James Sedman and John Hewlett

Anyone directly involved with the cattle business can say it is not the most stable enterprise.

Risk is inherent in many forms, from price and markets to weather, disease, and other production risks. Producing a quality beef animal is no longer enough. Successful producers must manage risks and production. While no single strategy will eliminate all risk exposure, having a comprehensive risk-management plan to succeed is essential. Producers should outline a plan for the most important risks in their operations, including answers to: What level of income is necessary for the operation to succeed? What price should cattle bring to assure that level of revenue? What can be done to ensure that price, and what strategies are available to lower production risks?

### Livestock Risk Protection a "Crop Insurance" Alternative for Cow-calf Producers

Livestock producers and feeders now have a risk-management alternative similar to federal crop insurance programs: Livestock Risk Protection Insurance. This federally subsidized insurance can protect

cow-calf producers from downside price risk. Separate contracts are available for feeder calves up to 600 pounds and for calves 600 to 900 pounds. Producers determine the marketing date, total number of head, and average weight per head. Prices for the contracts are determined daily and are tied to Chicago Mercantile Exchange (CME) contracts for that month. Once a producer determines a coverage level – from 70 to 95 percent of the expected end value – and pays the premium, protection is provided from dips in market price.

### Futures and Options

While CME feeder cattle futures and options markets may be intimidating, they should not be discounted as a risk-management tool. Working with a professional broker who specializes in risk management for cattle producers offers the possibility of bolstering the bottom line, potentially taking advantage of upside potential and, most importantly, reducing downside risk exposure. After outlining a production strategy and risk-management plan for the coming year, consider consulting with a trusted futures adviser or a service with a proven track record.



### Marketing Alliances

Alliances may be an alternative to increased market price and may eliminate some risk. Organizations such as U.S. Premium Beef, Consolidated Beef Producers (CBP), and other cooperative alliances and organizations often offer increased marketing opportunities and higher cash prices over conventional marketing approaches. Producers must meet certain breed or animal type requirements, depending on the organization. For example, CBP offers a marketing service for fed cattle. For a small per-head fee, a

representative with access to a large number of buyers will list and sell fed cattle – often at a premium over the current cash market. This may be an excellent way for cow-calf producers who retain ownership to reduce the risks involved with selling fed cattle and achieve a higher price.

### Reducing Production Risk

There are many ways for beef producers to reduce production risk in addition to higher market prices. Marketing alliances can increase prices received and lower production risk arising from disease, traceability, or quality differences. Those already

producing quality products may benefit from participating in programs such as the Beef Quality Assurance program, which seeks uniform standards for vaccinations, handling, and record-keeping to help increase the bottom line and lower risk exposure. In one or two years, the beef industry will likely begin implementing some type of national identification system. Market cattle that are age- and source-verified are selling at a premium in today's production environment. Utilizing programs such as these or working directly with feedlots or packers to develop a quality program can help lower production risk exposure and increase returns.

For a listing of insurance agents, contact a local Farm Service Agency or visit the U.S. Department of Agriculture's Risk Management Agency at [www.rma.usda.gov](http://www.rma.usda.gov). For more information about this and other risk management topics on the Web, consult the Western Risk Management Library at <http://agecon.uwyo.edu/riskmgt>.

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## Understanding behavior of pesky rodents helps in their management

By Michael Smith

Ground squirrels, prairie dogs, and pocket gophers are common critters around Wyoming and frequently occur or move in around agricultural areas, homes, and gardens.

They are frequently thought of in the cute-and-furry category and as having some redeeming ecosystem values. They provide food for avian and mammalian predators, and prairie dogs have a significant impact on their local area with their hole digging and removal of vegetation.

These activities provide a home for other creatures – most notably, the black-footed ferret. Burrowing owls, rattlesnakes, and other animals that use burrows frequent prairie dog towns. The uncommon kit fox is frequently associated with prairie dog towns and would be expected to prey on small rodents.

Fleas, particularly those that carry bubonic plague, are a not-so-good association with rodents. In recent years, bubonic plague in eastern Wyoming prairie dogs depopulated large areas. Humans rarely contract plague from rodents and their fleas.

Understanding habitats required and used by these animals is

helpful in their management. These animals need deep soils so their burrows are below the frost during winter. Their ability to minimize energy lost during hibernation frequently determines if they survive winter. Ground squirrels are true hibernators, while prairie dogs may surface on warmer winter days. If the holes are not deep enough, so much energy is expended keeping warm they



may not survive. Ground squirrels, prairie dogs, and pocket gophers are plant eaters, and forages available in winter do not contain enough digestible nutrients to make eating energetically worthwhile.

Low-growing vegetation is a requisite for their habitat so they can see and avoid predators. Roadsides, turn rows, and short grass prairie provide favorable habitats. Taller vegetation, such as in a hayfield, is suitable if the height is consistently reduced as with grazing; however, pocket gophers prefer alfalfa fields and readily forage on underground roots of the alfalfa plant.

Reductions in ground squirrels and prairie dog populations can be encouraged by favoring predators. Raptor perches in or adjacent to prairie dog towns encourage avian predators. Rows of hay bales or similar visual obstructions in a prairie dog town favor mammalian predators. Minimizing the area and length of time vegetation is short, using techniques such as time-controlled grazing, can be helpful, as can be controlling residual vegetation height.

Lethal controls can include trapping in small areas. Ground squirrels are easily trapped with a "0"-size leg hold jaw trap placed



over the burrow entrance without bait. The squirrel will stop on the top of the trap before diving into the hole. Live traps are effective given some experimentation with attractive baits. Peanut butter mixed with oats might work. Shooting can be effective but time consuming.

Pocket gophers can be trapped by placing body-gripping traps in a main or lateral tunnel – preferably near the freshest mound.

If considering chemical pesticides, aluminum phosphide gas pellets and zinc phosphide grain baits are available for prairie dog control. For pocket gopher control, strychnine milo and Rozol™ are available.

All are restricted-use products, are only approved for underground

use, and require a private applicators license that can be obtained through a local University of Wyoming Cooperative Extension Office. A list of county offices is available on-line at <http://www.uwyo.edu/UWces/Countries.asp>.

Products can be purchased through a local weed and pest control district office. A list of offices is available at [http://www.wyoweed.org/wp\\_dist.html](http://www.wyoweed.org/wp_dist.html).

Call or contact either for further information.

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