

**SUMMARY OF CHANGES FOR THE
LIVESTOCK GROSS MARGIN FOR DAIRY CATTLE
COMMODITY EXCHANGE ENDORSEMENT
(Released April 2024)**

- Added language that clarifies that this endorsement attaches to the Livestock Gross Margin for Dairy Cattle Insurance Policy.
- Calculations for expected and actual prices are modified, and examples are provided.

**UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
LIVESTOCK GROSS MARGIN FOR DAIRY CATTLE
COMMODITY EXCHANGE ENDORSEMENT**



In return for your payment of premium, this Livestock Gross Margin for Dairy Cattle, Commodity Exchange Endorsement will be attached to and made part of the Livestock Gross Margin (LGM) for Dairy Cattle Insurance Policy subject to the terms and conditions described therein.

This endorsement contains an explanation of the manner in which the data from CME Group and AMS prices are used to set expected and actual prices for Livestock Gross Margin (LGM) for Dairy Cattle.

Expected Prices

Expected prices are calculated as described below.

- (a) Milk
 - (i) For all insurance months January through December:
 - Preliminary CME Class III milk futures daily settlement prices for the contract month that is equal to the insurance month, observed on the effective date.
- (b) Corn
 - (i) For insurance months March, May, July, September, and December:
 - Preliminary CME corn futures daily settlement prices for the contract month that is equal to the insurance month, observed on the effective date.
 - (ii) For insurance months of January and February:
 - Preliminary CME corn futures daily settlement prices for the contract month of March, observed on the effective date.
 - (iii) For insurance month of April:
 - Preliminary CME corn futures daily settlement prices for the contract month of May, observed on the effective date.
 - (iv) For insurance month of June:
 - Preliminary CME corn futures daily settlement prices for the contract month of July, observed on the effective date.
 - (v) For insurance month of August:
 - Preliminary CME corn futures daily settlement prices for the contract month of September, observed on the effective date.
 - (vi) For insurance months of October and November:
 - Preliminary CME corn futures daily settlement prices for the contract month of December, observed on the effective date.
- (c) Soybean Meal
 - (i) For insurance months January, March, May, July, August, September, October, and December:
 - Preliminary CME soybean meal futures daily settlement prices for the contract month that is equal to the insurance month, observed on the effective date.
 - (ii) For insurance month of February:
 - Preliminary CME soybean meal futures daily settlement prices for the contract month of March, observed on the effective date.
 - (iii) For insurance month of April:
 - Preliminary CME soybean meal futures daily settlement prices for the contract month of May, observed on the effective date.
 - (iv) For insurance month of June:
 - Preliminary CME soybean meal futures daily settlement prices for the contract month of July, observed on the effective date.
 - (v) For insurance month of November:
 - Preliminary CME soybean meal futures daily settlement prices for the contract month of December, observed on the effective date.

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Actual Prices

Actual prices are calculated as described below.

- (a) Milk
- (i) For all insurance months January through December:
- The actual milk price is the Class III Price for the insurance month, as published by USDA AMS, Market Information Branch in the Announcement of Class and Component Prices report (available at <https://mymarketnews.ams.usda.gov/viewReport/2991>).
 - For example, for January 2024, the Announcement of Class and Component Prices report published on January 31, 2024, has the actual Class III price of \$15.17 per hundredweight.
- (b) Corn
- (i) For insurance months March, May, July, September, and December:
- Simple average of final CME corn futures daily settlement prices for the contract month that is equal to the insurance month, observed over three trading days prior to the contract first notice date.
 - For example, for July 2025, the first notice date is June 30, 2025. The actual price is the simple average of daily settlement prices for June 25th, 26th, and 27th, 2025.
- (ii) For insurance month of January:
- Simple average of final CME corn futures daily settlement prices for the contract month of March, observed over three trading days prior to January 1st.
 - For example, for January 2025, March 2025 corn futures, simple average of daily settlement prices for December 27th, 30th, and 31st, 2024.
- (iii) For insurance month of February:
- Simple average of final CME corn futures daily settlement prices for the contract month of March, observed over three trading days prior to February 1st.
 - For example, for February 2025, March 2025 corn futures, simple average of daily settlement prices for January 29th, 30th, and 31st, 2025.
- (iv) For insurance month of April:
- Simple average of final CME corn futures daily settlement prices for the contract month of May, observed over three trading days prior to April 1st.
 - For example, for April 2025, May 2025 corn futures, simple average of daily settlement prices for March 27th, 28th, and 31st, 2025.
- (v) For insurance month of June:
- Simple average of final CME corn futures daily settlement prices for the contract month of July, observed over three trading days prior to June 1st.
 - For example, for June 2025, July 2025 corn futures, simple average of daily settlement prices for May 28th, 29th, and 30th, 2025.
- (vi) For insurance month of August:
- Simple average of final CME corn futures daily settlement prices for the contract month of September, observed over three trading days prior to August 1st.
 - For example, for August 2025, September 2025 corn futures, simple average of daily settlement prices for July 29th, 30th, and 31st, 2025.
- (vii) For insurance month of October:
- Simple average of final CME corn futures daily settlement prices for the contract month of December, observed over three trading days prior to October 1st.
 - For example, for October 2025, December 2025 corn futures, simple average of daily settlement prices for September 26th, 29th, and 30th, 2025.
- (viii) For insurance month of November:
- Simple average of final CME corn futures daily settlement prices for the contract month of December, observed over three trading days prior to November 1st.
 - For example, for November 2025, December 2025 corn futures, simple average of daily settlement prices for October 29th, 30th, and 31st, 2025.
- (c) Soybean Meal
- (i) For insurance months January, March, May, July, August, September, October, and December:
- Simple average of final CME soybean meal futures daily settlement prices for the contract month that is equal to the insurance month, observed over three trading days prior to the

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- contract first notice date.
- For example, for July 2025, the first notice date is June 30, 2025. The actual price is the simple average of daily settlement prices for June 25th, 26th, and 27th, 2025.
- (ii) For insurance month of February:
- Simple average of final CME soybean meal futures daily settlement prices for the contract month of March, observed over three trading days prior to February 1st.
 - For example, for February 2025, March 2025 soybean meal futures, simple average of daily settlement prices for January 29th, 30th, and 31st, 2025.
- (iii) For insurance month of April:
- Simple average of final CME soybean meal futures daily settlement prices for the contract month of May, observed over three trading days prior to April 1st.
 - For example, for April 2025, May 2025 soybean meal futures, simple average of daily settlement prices for March 27th, 28th, and 31st, 2025.
- (iv) For insurance month of June:
- Simple average of final CME soybean meal futures daily settlement prices for the contract month of July, observed over three trading days prior to June 1st.
 - For example, for June 2025, July 2025 soybean meal futures, simple average of daily settlement prices for May 28th, 29th, and 30th, 2025.
- (v) For insurance month of November:
- Simple average of final CME soybean meal futures daily settlement prices for the contract month of December, observed over three trading days prior to November 1st.
 - For example, for November 2025, December 2025 soybean meal futures, simple average of daily settlement prices for October 29th, 30th, and 31st, 2025.

Offer Availability

Available insurance months are determined by the closing month of the policy. The closing month is determined by the month of the first day of the sales period. For example, if LGM for Dairy Cattle has sales periods that begin on January 7, 14, 21, and 28, the closing month of all of these sales periods is January. Table 1 presents the information on insurable months based on the closing month (in Column 1). The closing month determines the insurance period (in Column 2). Within each insurance period, the insurance months are shown in Column 3 and the relevant milk and feed months are shown in Columns 4-6. Commodity exchange contract months are shown in **bold**.

The sales period begins on the Thursday of the week when the coverage prices and rates are posted on the RMA website and ends at 9:00 AM Central Time of the following calendar day. Sales will not be available for purchase if the Thursday of the sales period is a CME market holiday or if USDA releases the Milk Production, the Cold Storage or the Dairy Products report on that date. If the expected milk and feed prices are not available on the RMA website, LGM for Dairy Cattle will not be offered for sale for that sales period.

Feed Equivalent Conversions

You may choose not to convert feed to corn and soybean meal equivalents and use default values for the feed inputs. The default values for feed coefficients are 0.014 tons (0.5 bushels) of corn and 0.002 tons (4 pounds) of soybean meal per hundredweight of milk. For example, if you have target marketings of 1,560 cwt of milk, you will multiply $1,560 \times 0.014$ to get 21.84 tons of corn. To determine the tons of soybean meal, multiply $0.002 \times 1,560 = 3.12$ tons of soybean meal.

Table 2 contains suggested conversion rates for dairy feeds to convert feeds into corn and soybean meal equivalents. For example, if a producer fed 140 bushels of oats and 0.2 tons of meat meal, he/she would need to convert these to corn and soybean meal equivalents.

The conversion for the oats can be done in two steps:

Step 1. Converting feed to tons.

$$140 \text{ bushels of oats} \times (32 \text{ pounds}/1 \text{ bushel of oats}) \times (1 \text{ ton}/2,000 \text{ pounds}) = 2.24 \text{ tons}$$

Step 2. Using the suggested conversion rates for corn and soybean meal equivalents.

$$2.24 \text{ tons of oats} \times 0.120 = 0.2688 \text{ tons of soybean meal equivalents}$$

$$2.24 \text{ tons of oats} \times 0.779 = 1.7450 \text{ tons of corn equivalents}$$

The conversion for the meat meal can be done in one step as the meat meal is already measured in tons:

Step 1. Using the suggested conversion rates for corn and soybean meal equivalents.

$$0.2 \text{ tons of meat meal} \times 1.227 = 0.2454 \text{ tons of soybean meal equivalents}$$

$$0.2 \text{ tons of meat meal} \times -0.349 = -0.0698 \text{ tons of corn equivalents}$$

So the corn and soybean meal equivalents for 140 bushels of oats and 0.2 tons of meat meal are 0.5142 tons of soybean meal ($0.2688 + 0.2454$) and 1.6752 tons of corn equivalent ($1.7450 - 0.0698$).

Feeds should be combined when creating corn and soybean meal equivalents. Please notice that many of the protein meal feeds have negative corn equivalent values. Producers may utilize their own conversion rates to create corn and soybean meal equivalents. The values in Table 2 are only suggested conversion rates. Target feed values must be within the bounds set with the LGM for Dairy Cattle Insurance Standards Handbook.

Table 1. Cycles within the insurance periods for LGM for Dairy Cattle Insurance

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6		
Sales Closing Month	Insurance Period	Insurance Month	Class III Milk Price	Corn Price	Soybean Meal Price		
January	February-December	March	March	March	March		
		April	April	April	April		
		May	May	May	May		
		June	June	June	June		
		July	July	July	July		
		August	August	August	August		
		September	September	September	September		
		October	October	October	October		
		November	November	November	November		
		December	December	December	December		
		February	March January	April	April	April	April
				May	May	May	May
June	June			June	June		
July	July			July	July		
August	August			August	August		
September	September			September	September		
October	October			October	October		
November	November			November	November		
December	December			December	December		
March	April-February			January	January	January	January
				May	May	May	May
				June	June	June	June
		July	July	July	July		
		August	August	August	August		
		September	September	September	September		
		October	October	October	October		
		November	November	November	November		
		December	December	December	December		
		April	May-March	January	January	January	January
				February	February	February	February
				June	June	June	June
July	July			July	July		
August	August			August	August		
September	September			September	September		
October	October			October	October		
November	November			November	November		
December	December			December	December		
January	January			January	January		
February	February			February	February		
March	March			March	March		

Table 1. continued

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6		
Sales Closing Month	Insurance Period	Insurance Month	Class III Milk Price	Corn Price	Soybean Meal Price		
May	June-April	July	July	July	July		
		August	August	August	August		
		September	September	September	September		
		October	October	October	October		
		November	November	November	November		
		December	December	December	December		
		January	January	January	January		
		February	February	February	February		
		March	March	March	March		
		April	April	April	April		
		June	July-May	August	August	August	August
				September	September	September	September
October	October			October	October		
November	November			November	November		
December	December			December	December		
January	January			January	January		
February	February			February	February		
March	March			March	March		
April	April			April	April		
May	May			May	May		
July	August-June			September	September	September	September
				October	October	October	October
		November	November	November	November		
		December	December	December	December		
		January	January	January	January		
		February	February	February	February		
		March	March	March	March		
		April	April	April	April		
		May	May	May	May		
		June	June	June	June		
		August	September-July	October	October	October	October
				November	November	November	November
December	December			December	December		
January	January			January	January		
February	February			February	February		
March	March			March	March		
April	April			April	April		
May	May			May	May		
June	June			June	June		
July	July			July	July		

Table 1. continued

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Sales Closing Month	Insurance Period	Insurance Month	Class III Milk Price	Corn Price	Soybean Meal Price
September	October-August	November December January February March April May June July August	November December January February March April May June July August	November December January February March April May June July August	November December January February March April May June July August
October	November-September	December January February March April May June July August September	December January February March April May June July August September	December January February March April May June July August September	December January February March April May June July August September
November	December-October	January February March April May June July August September October	January February March April May June July August September October	January February March April May June July August September October	January February March April May June July August September October
December	January-November	February March April May June July August September October November	February March April May June July August September October November	February March April May June July August September October November	February March April May June July August September October November

Table 2. Suggested Conversion Rates for Dairy Feeds, Based on Protein and Energy Content per Ton

	Soybean Meal Ratio	Corn Ratio
Barley	0.111	0.866
Blood meal	2.025	-1.235
Brewer's grain, dry	0.433	0.357
Brewer's grain, wet (21% DM)	0.099	0.081
Brewer's grain, wet (40% DM)	0.188	0.155
Corn, shelled	0.000	1.000
Corn and cob meal (ear corn)	-0.007	0.985
Corn gluten meal, dry	1.408	-0.420
Corn gluten feed, dry	0.304	0.597
Whole cottonseed	0.323	0.850
Cottonseed meal (41% CP)	0.905	0.036
Cottonseed meal (36% CP)	0.867	0.015
Distiller's grain with solubles, dried (92% DM)	0.394	0.686
Distiller's grain with solubles, wet (60% DM)	0.257	0.447
Feather meal	1.600	-0.743
Fish meal, herring	1.875	-0.865
Fish meal, menhaden	1.651	-0.768
Hominy	0.057	0.977
Meat meal	1.227	-0.349
Meat and bone meal	1.426	-0.555
Molasses, cane, dry	0.075	0.791
Molasses, cane, wet	-0.037	0.747
Oats	0.120	0.779
Peanut skins	0.265	0.439
Whole soybeans	0.836	0.279
Soybean meal	1.000	0.000
Soyhulls	0.100	0.819
Thin stillage (slop) (6% DM)	0.026	0.045
Wheat	0.161	0.884
Wheat bran	0.235	0.585
Wheat middlings	0.274	0.523