Have Crop Damage? Report It Promptly!

If your crop is damaged, you are responsible to file notice with your agent within 72 hours. The policy requires that such notices should be in writing. Therefore, if you file a notice of damage by phone, ask your crop insurance agent for a copy of the notice that they file with the insurance company because it is critical that a paper trail exists. Also, remember the evidence of damage must be viewed by an adjuster or you may lose policy benefits.

Heat Stress: Don’t Let It Bring You Down

Address the following management practice to provide a cool, comfortable environment for your cows this summer:

- Provide unlimited supplies of fresh, cool water (55–65°F) for drinking
- Provide ample shade
- Consider fans and sprinklers
- Maintain clean, dry bedding
- Adjust feeding schedules to feed more frequently during the cool of night

LGM Sign-Up: June 28

Funding for the Dairy Livestock Gross Margin (LGM) Program is readily available for the June sign-up period. The program is authorized in the lower 48 states, and with this widespread availability, funding will likely be quickly utilized. Dairy producers should give the LGM for dairy program consideration based on the extreme volatility in feed pricing alone. A policy could help to set a guaranteed margin and provide relief in an unstable environment.

If you feel that dairy LGM may benefit you, contact your crop insurance agent as soon as possible to get details for your farm and to take care of pre-enrollment issues. Sign-ups will begin on Friday, June 28 and continue through June 29, if funds are not exhausted.

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**Report Crop Damage Promptly**

**Managing Heat Stress**

**LGM Sign Up: June 28**

**Will Your SCC Go Up?**

**Plenty of Milk Ahead, USDA Says**

**Crop Insurance Success Story**

**LGM Dairy Basics**

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If you have any questions, give us a call at: (856) 769-0090
Summer Has Arrived! Will YOUR SCC Count Go Up?

Who can afford to pay penalties on every CWT of milk shipped? If you can, ignore the rest of this article, otherwise, read on. All too often, it is accepted that once summer is here, somatic cell counts are going to increase. There are several reasons why somatic cell counts could go up in the summertime, but there is no good excuse for an increase in SCC to take place.

Bacteria, the leading culprit of mastitis, thrives in warm, moist conditions. With temperatures and humidity up, the cows’ environment is basically an incubator. Without following best management practices, bacteria could be prevalent on nearly all surfaces that the cows come in contact with. Increased bacterial presence translates to higher odds of infection which ultimately can lead to mastitis and affect the SCC in the bulk tank.

Some best management practices that should be followed to avoid a high SCC include:

- Scrape up alleys and holding areas regularly
- Maintain bedding areas with clean, DRY bedding
- Provide ample ventilation
- Be diligent in milking prep

For best results, it is critical to follow all recommended practices since omitting any one gives bacteria a chance to thrive.

Plenty of Milk Ahead, USDA Says *Source: Dairy Today, 6/12/2013

Milk prices are forecast in the $17-$19 range for this year and next.

USDA left its forecast for 2013 U.S. milk production unchanged but slightly lowered next year's milk output on expectations of lower dairy profitability, in today's World Agricultural Supply and Demand Estimates (WASDE) report.

Relatively weak milk-to-feed ratios in the third and fourth quarter of 2013 are expected to slow production growth in the first half of 2014, the report noted.

Even so, the latest estimates still put expected U.S. milk production at record large numbers. 2013 U.S. milk production is projected at 201.8 billion pounds, while next year’s output is pegged at 204.5 billion pounds, down about 100,000 lb. from May's WASDE report.

Fat basis exports for 2013 were projected lower based on slow butter exports through April. USDA raised estimates for skim-solid exports on expectations of continued robust nonfat dry milk (NDM) exports. Fat and skim basis exports for 2014 were unchanged. Fat basis imports are raised for 2013 and 2014.

USDA lowered forecasts for 2013 cheese and butter prices from last month, reflecting greater stocks and weaker-than-expected prices to date. The NDM price was raised on tightening supplies and expectations of continued robust export demand. USDA also narrowed the price range for whey.

As a result of the lower cheese price forecast, the 2013 Class III price outlook was reduced to $17.80-$18.20 per cwt., just slightly below May's forecast. The Class IV price forecast dropped to $18.15-$18.65 per cwt., down a little as lower butter prices more than offset higher NDM.

For 2014, the butter price forecast was lowered as stocks remain high, but other product prices are unchanged. The Class III price forecast was unchanged at $17.00-$18.00 per cwt., but the Class IV price was lowered about 5 cents per cwt. to $17.75-$18.85 per cwt.

The All Milk price is forecast at $19.60-$20.00 per cwt. for 2013 and $18.95-$19.95 for 2014.
Hunterdon County, NJ - Fulper Farms is a family owned and operated dairy farm that has more than a century of farm family history. Built on a foundation of strong work ethic, true family values and a passion for farming, Fulper Farms has been a successful operation making pure, wholesome dairy products and growing high quality crops. A large part of the Fulper Farms success story has been the use of risk management tools, including the use of crop insurance.

Currently, the operation consists of 120 Holstein cows milked twice daily that produce about 8,000 pounds of milk per day. About 1,200 acres of field crops are raised that include hay, straw, corn and soybeans. All feed for the dairy animals is produced on farm and it takes 350 acres to produce this feed. Farming practices that are “green” and environmentally friendly are utilized on the farm including the use of renewable energy, nutrient recycling and soil conservation.

Robert Fulper, 4th generation farmer and partner in Fulper Farms, is the farm manager that has been making important business and risk management decisions for the farm. At the beginning of each year, Robert works with staff from the Salem County Extension Office to complete a financial analysis of his operation (FINPACK) where he evaluates the farm’s balance sheet, budgets for each crop and creates a flow sheet for the upcoming year of farming. Through this financial analysis, Robert is able to decide what crop insurance policy or policies best suit the needs for his operation in the upcoming year.

Currently, Robert insures his grain using a revenue protection plan with buy up to 70% coverage. By using the yield with revenue protection, Mr. Fulper is able to take advantage of the higher price of grain whether it be the projected or harvest price. Robert forward contracts grain so there is peace of mind when the contracts are due by using crop insurance. If yields are negatively impacted by an insurable cause, the indemnity payment will allow grain to be bought to fill the contract at harvest price. Also, since all of the dairy feed is made on farm, crop insurance helps to ensure that if yields are lacking due to insurable cause and feed is short, an indemnity payment will help to purchase feed.

Mr. Fulper states, “The risk in farming (grain) has become extremely high. Costs to plant crops have doubled, and if those crops fail, the risk is too much to absorb. Crop insurance gives me peace of mind that I will not have to carry all of the risk if I have a poor growing year.”

The future of Fulper Farms is dependent upon the 5th generation who are already key decision makers in the farm operation. Through innovation and farm education along with a risk management plan, Fulper Farms is sure to thrive and produce fresh dairy products and high quality crops for generations to come.

For additional information, or a list of NJ crop insurance agents, contact the Garden State Crop Insurance Education Team at 1-800-308-2449 or visit us online at http://salem.rutgers.edu/cropinsurance
**Livestock Gross Margin (LGM) for Dairy**

Livestock Gross Margin (LGM) for dairy is an insurance program that provides protection against unexpected declines in the gross margin of a dairy operation. The market value of milk (gross revenue) minus feed costs (variable cost) equals gross margin. This expected value is calculated based on the futures prices of milk (Chicago Class III) and feed (corn and soybean meal) based on the futures market of the Chicago Mercantile Exchange. Unlike crop insurance where the majority of revenue risk exists with production, the risk with LGM dairy lies predominately with price of milk and feed. This program does not set a support price on milk nor does it consider variable costs beyond feed. Instead, LGM for dairy strictly covers the difference between the expected gross margin and the actual gross margin. Other causes of revenue loss such as production loss, damage to livestock, livestock death, etc. are not covered. LGM for dairy is a risk management tool for dairymen to help them remain sustainable.

To participate in the LGM for dairy program, expected prices would be determined for both feed and milk in the futures market. The next step would be to determine how many cwt of milk are to be insured. Once this is determined, the gross margin guarantee is established and then at month’s end, the actual prices of milk and feed are determined. Actual gross margin may then be calculated to determine if an indemnity payment is owed.

Any amount of milk may be insured assuming that specified amount can in fact be produced. The limit of milk that can be covered in a year is 240,000 cwt.

Premiums are determined using a premium calculator program based on the amount of milk insured, expected gross margins for each period, and deductibles. Producers may select deductible levels between $0 and $2.00 per hundredweight of milk in $0.10 increments.

An application must be completed and filed while funds remain available but not later than the sales closing date of the initial insurance period for which coverage is requested. Coverage for the milk described in the application will not be provided unless the insurance company receives and accepts a completed application and a target marketing report, premium is paid in full, and the insurance company sends the producer a written summary of insurance. Coverage begins one full month following the sales closing date of the policy. In the eleven months in an insurance policy, ten months are insured because the month following sign up is not covered. To participate in the LGM for dairy program, consult your crop insurance agent.

This newsletter is brought to you by the Garden State Crop Insurance Education Initiative, a partnership between the USDA Risk Management Agency, New Jersey Department of Agriculture and Rutgers Cooperative Extension of Salem County. For additional information about crop insurance, contact your crop insurance agent, locate a crop insurance agent at www.rma.usda.gov/tools/agent.html, visit our website http://salem.rutgers.edu/cropinsurance or call our toll free hotline 1-800-308-2449.

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