

Commodity Exchange Endorsement for Livestock Gross Margin for Swine

This endorsement contains the exchange prices and basis values that are used to set expected and actual prices for LGM for Swine. To find the relevant commodity exchange prices for LGM for Swine, choose a closing date (in Column 1). The closing date determines the insurance period (in Column 2). Within each insurance period, the insurance months are shown in Column 3 with the relevant hog and feed months shown in Columns 4-9 (Columns 4-6 for farrow-to-finish operations, Columns 7-9 for finishing operations). Commodity exchange contract months are shown in **bold**.

For example, given the closing date of January 30, the insurance period runs from February to July. This insurance period contains the insurance months of February, March, April, May, June, and July. The month of February is the first month of the insurance period but no marketings will be insured in February. You will not be allowed to insure swine the first month of any insurance period. Coverage begins on your swine one full calendar month plus one (1) day following the sales closing date, unless otherwise specified in the Special Provisions, provided the premium for the coverage has been paid in full. For the March insurance month, the expected hog price is the March hog price. Since March does not have a hog futures contract, the expected March hog price is the weighted average of expected hog prices for two surrounding contract months (February and April) plus the March hog basis. The expected corn price for farrow-to-finish operations for the March insurance month is the December corn price. Since December corn futures have expired, the expected corn price for the March insurance month is the simple average of final daily settlement prices for the CBOT corn futures contract for December expressed in dollars per bushel in the last three trading days prior to the day that the contract expires plus the December corn basis. The expected soybean meal price for farrow-to-finish operations for the March insurance month is the December soybean meal price. Since December soybean meal futures have expired, the expected soybean meal price for the March insurance month is the simple average of final daily settlement prices for the CBOT soybean meal futures contract for December expressed in dollars per bushel in the last three trading days prior to the day the contract expires. There is no basis adjustment for soybean meal.

For the July insurance month (continuing the January 30 closing date example), the expected hog price is the July hog price. Since July does have a hog futures contract, the expected July hog price is the simple average of final daily settlement prices for the CME lean hog futures contract for July expressed in dollars per hundredweight over the three trading days prior to the last trading day in January plus the July hog basis. The expected corn price for farrow-to-finish operations for the July insurance month is the April corn price. Since there are no corn futures contracts that expire in April, the April expected corn price is the weighted average of expected corn prices for surrounding contract months (March and May) plus the April corn basis. The expected soybean meal price for farrow-to-finish operations for the July insurance month is the April soybean meal price. Since there are no soybean meal futures contracts that expire in April, the April expected soybean meal price is the weighted average of expected soybean meal prices for surrounding contract months (March and May).

The sales period begins as soon as RMA reviews the price data submitted by the developer and ends at 9:00 AM Central Time the next day. If the expected gross margins are not available on the RMA website, LGM for Swine will not be offered for sale for that insurance period.

Table 1. Cycles within the insurance period for LGM for Swine Insurance

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
Sales			<i>Farrow-to-Finish</i>			<i>SEW/Finishing</i>		
Closing Date	Insurance Period	Insurance Month	Hog Price	Feed Price		Hog Price	Feed Price	
				Corn	Soybean Meal		Corn	Soybean Meal
January	February - July	March	March	December	December	March	January	January
		April	April	January	January	April	February	February
		May	May	February	February	May	March	March
		June	June	March	March	June	April	April
		July	July	April	April	July	May	May
February	March - August	April	April	January	January	April	February	February
		May	May	February	February	May	March	March
		June	June	March	March	June	April	April
		July	July	April	April	July	May	May
		August	August	May	May	August	June	June
March	April - September	May	May	February	February	May	March	March
		June	June	March	March	June	April	April
		July	July	April	April	July	May	May
		August	August	May	May	August	June	June
		September	September	June	June	September	July	July
April	May - October	June	June	March	March	June	April	April
		July	July	April	April	July	May	May
		August	August	May	May	August	June	June
		September	September	June	June	September	July	July
		October	October	July	July	October	August	August
May	June - November	July	July	April	April	July	May	May
		August	August	May	May	August	June	June
		September	September	June	June	September	July	July
		October	October	July	July	October	August	August
		November	November	August	August	November	September	September
June	July - December	August	August	May	May	August	June	June
		September	September	June	June	September	July	July
		October	October	July	July	October	August	August
		November	November	August	August	November	September	September
		December	December	September	September	December	October	October

Table 1. Continued

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
Sales			<i>Farrow-to-Finish</i>			<i>SEW/Finishing</i>		
Closing Date	Insurance Period	Insurance Month	Hog Price	Feed Price		Hog Price	Feed Price	
				Corn	Soybean Meal		Corn	Soybean Meal
July	August - January	September	September	June	June	September	July	July
		October	October	July	July	October	August	August
		November	November	August	August	November	September	September
		December	December	September	September	December	October	October
		January	January	October	October	January	November	November
August	September - February	October	October	July	July	October	August	August
		November	November	August	August	November	September	September
		December	December	September	September	December	October	October
		January	January	October	October	January	November	November
		February	February	November	November	February	December	December
September	October - March	November	November	August	August	November	September	September
		December	December	September	September	December	October	October
		January	January	October	October	January	November	November
		February	February	November	November	February	December	December
		March	March	December	December	March	January	January
October	November - April	December	December	September	September	December	October	October
		January	January	October	October	January	November	November
		February	February	November	November	February	December	December
		March	March	December	December	March	January	January
		April	April	January	January	April	February	February
November	December - May	January	January	October	October	January	November	November
		February	February	November	November	February	December	December
		March	March	December	December	March	January	January
		April	April	January	January	April	February	February
		May	May	February	February	May	March	March
December	January - June	February	February	November	November	February	December	December
		March	March	December	December	March	January	January
		April	April	January	January	April	February	February
		May	May	February	February	May	March	March
		June	June	March	March	June	April	April

Table 2. Swine Basis (\$/cwt)

State	January	February	March	April	May	June	July	August	September	October	November	December
Colorado	1.91	1.29	2.82	2.46	0.42	1.24	-0.06	-1.69	-1.46	-1.01	-0.75	-0.77
Illinois	0.77	1.24	2.66	2.84	0.64	1.35	0.54	-1.31	-1.86	-0.79	-1.30	-0.72
Indiana	-2.39	-1.41	-0.07	-0.33	-2.88	-1.17	-2.43	-4.10	-4.40	-3.63	-4.54	-3.07
Iowa	-1.50	-1.49	1.71	1.76	-1.47	-0.43	-0.16	-2.18	-1.62	-1.90	-2.37	-1.96
Kansas	-3.01	-3.63	-2.10	-2.46	-4.50	-3.68	-4.98	-6.61	-6.38	-5.93	-5.67	-5.69
Michigan	-4.61	-3.63	-2.29	-2.55	-5.10	-3.39	-4.65	-6.32	-6.62	-5.85	-6.76	-5.29
Minnesota	-2.01	-0.38	0.66	-0.03	-2.47	-0.89	-0.32	-0.01	-2.22	-0.30	-2.38	-1.58
Missouri	-6.63	-5.55	-3.75	-4.16	-6.71	-5.92	-7.49	-9.04	-9.54	-8.95	-9.86	-8.85
Montana	2.35	3.19	4.50	4.09	2.27	3.17	2.74	2.45	0.71	1.68	1.01	1.56
Nebraska	0.72	1.40	2.69	2.40	-0.50	1.10	1.13	0.63	-0.73	0.24	-0.81	-0.20
Nevada	-2.89	-3.51	-1.98	-2.34	-4.38	-3.56	-4.86	-6.49	-6.26	-5.81	-5.55	-5.57
North Dakota	0.55	1.39	2.70	2.29	0.47	1.37	0.94	0.65	-1.09	-0.12	-0.79	-0.24
Ohio	-1.64	-1.09	0.76	0.16	-2.90	-1.36	-1.54	-3.61	-4.32	-2.06	-4.00	-2.26
Oklahoma	-6.39	-6.62	-5.99	-6.62	-9.20	-7.46	-8.87	-10.20	-10.51	-9.76	-9.83	-7.82
South Dakota	0.83	1.67	2.98	2.57	0.75	1.65	1.22	0.93	-0.81	0.16	-0.51	0.04
Texas	-4.89	-5.12	-4.49	-5.12	-7.70	-5.96	-7.37	-8.70	-9.01	-8.26	-8.33	-6.32
Utah	4.09	3.47	5.00	4.64	2.60	3.42	2.12	0.49	0.72	1.17	1.43	1.41
West Virginia	-1.32	-0.77	1.08	0.48	-2.58	-1.04	-1.22	-3.29	-4.00	-1.74	-3.68	-1.94
Wisconsin	-4.83	-3.20	-2.16	-2.85	-5.29	-3.71	-3.14	-2.83	-5.04	-3.12	-5.20	-4.40
Wyoming	-2.84	-2.16	-0.87	-1.16	-4.06	-2.46	-2.43	-2.93	-4.29	-3.32	-4.37	-3.76

Table 3. Corn Basis (\$/bushel)

State	January	February	March	April	May	June	July	August	September	October	November	December
Colorado	0.08	0.00	0.01	0.01	0.06	0.09	0.15	0.13	0.20	0.09	0.04	-0.04
Illinois	-0.02	-0.06	-0.07	-0.03	-0.03	-0.01	-0.06	-0.09	-0.09	-0.12	-0.10	-0.08
Indiana	-0.01	-0.03	-0.04	-0.03	0.02	-0.04	-0.03	-0.06	-0.09	-0.18	-0.16	-0.04
Iowa	-0.16	-0.19	-0.18	-0.17	-0.17	-0.16	-0.21	-0.24	-0.18	-0.22	-0.22	-0.19
Kansas	-0.01	-0.05	-0.06	-0.04	-0.04	-0.02	-0.01	-0.04	-0.01	0.08	0.07	-0.02
Michigan	-0.13	-0.15	-0.14	-0.12	-0.10	-0.10	-0.11	-0.10	-0.12	-0.22	-0.25	-0.25
Minnesota	-0.23	-0.28	-0.27	-0.25	-0.25	-0.24	-0.25	-0.27	-0.26	-0.28	-0.30	-0.31
Missouri	-0.03	-0.01	-0.02	-0.02	-0.01	0.01	-0.05	-0.05	-0.13	-0.19	-0.12	-0.08
Montana	0.30	0.29	0.31	0.36	0.37	0.40	0.34	0.40	0.43	0.33	0.27	0.23
Nebraska	-0.11	-0.16	-0.17	-0.17	-0.14	-0.13	-0.16	-0.17	-0.17	-0.15	-0.15	-0.19
Nevada	0.08	0.00	0.01	0.01	0.06	0.09	0.15	0.13	0.20	0.09	0.04	-0.04
North Dakota	-0.30	-0.31	-0.29	-0.24	-0.23	-0.20	-0.26	-0.20	-0.17	-0.27	-0.33	-0.37
Ohio	-0.02	-0.03	-0.05	-0.03	0.00	0.03	-0.01	-0.05	-0.10	-0.16	-0.17	-0.09
Oklahoma	0.17	0.13	0.12	0.14	0.14	0.16	0.17	0.14	0.17	0.26	0.25	0.16
South Dakota	-0.29	-0.28	-0.29	-0.25	-0.23	-0.21	-0.32	-0.27	-0.26	-0.34	-0.39	-0.35
Texas	0.25	0.23	0.26	-0.41	0.18	0.24	-0.38	0.09	0.27	0.36	0.31	0.22
Utah	0.54	0.46	0.47	0.47	0.52	0.55	0.61	0.59	0.66	0.55	0.50	0.42
West Virginia	0.24	0.24	0.27	0.30	0.37	0.37	0.32	0.30	0.26	0.09	0.14	0.15
Wisconsin	-0.14	-0.13	-0.17	-0.11	-0.12	-0.12	-0.12	-0.15	-0.11	-0.15	-0.18	-0.22
Wyoming	0.11	0.03	0.04	0.04	0.09	0.12	0.18	0.16	0.23	0.12	0.07	-0.01