

Utilizing USPB Leased Delivery Rights

Leasing USPB Class A delivery rights was a good strategy for many cattle producers during delivery year 2015. Delivery rights become available for lease when Class A unitholders own more delivery rights than cattle they intend to deliver in a given delivery year. They can be leased by unitholders, and other cattle producers who have been approved as Associates. When available for lease, delivery rights provide unitholders with the opportunity to deliver additional cattle above and beyond the number of delivery rights they currently own. They also provide cattle producers that do not own delivery rights several benefits, including access to quality based grids and carcass data at no additional cost. Quite often, cattle producers that do not currently own delivery rights discover that they too should consider ownership.

The results indicate leasing is a good strategy for those that utilize it. During delivery year 2015, those that delivered against leased delivery rights earned average grid premiums of a little more than \$51 per head above the cash market. Cattle delivered against leased delivery rights during that time period also performed very well, grading an average of 80% Choice and higher and 26% CAB. The lease rate for delivery year 2016 has been set at \$5 per delivery right, and is subject to change without notice.

Current dynamics in the beef industry point to the importance of a sound marketing plan for quality based finished cattle. With today's higher breakevens, grid premiums can make a significant difference in terms of profit or loss on the right quality of cattle. Please call the USPB office for further assistance in leasing or if you have any other questions.