

Utilizing USPB Leased Delivery Rights

Leasing USPB Class A delivery rights has proven to be a good strategy for many cattle producers during delivery year 2017. 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. Thus far during Delivery Year 2017, producers who leased delivery rights **averaged approximately \$39 per head in grid premiums*** above what they could have sold those cattle for on the Kansas cash market.

The timeframe of USPB's delivery year is going to change to 'January to December'. Transitioning to the new delivery year will begin on August 27, 2017 and end on December 30, 2017 (Transition Period). Delivery year 2018 will be a full 12 month period and will begin on January 1, 2018. The lease rate for company's facilitated lease program during the Transition Period will be \$6 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 delivery rights or if you have any other questions. □

* Delivery year 2017 grid premiums are based on the average performance of cattle delivered by USPB producers and are not indicative of future grid premiums. Grid premiums you receive, if any, will be based on the performance of the cattle you deliver.