Econ 337 Spring 2012

Quiz #2 3/29/2012
32 points possible

True or False (two points each):

1. T or F LRP is like futures and options in that it has a fixed contract size and cannot be customized to the producer.
2. T or F One motivation for vertical linkage in the livestock industry is to provide consistent product that enhances consumer satisfaction.
3. T or F Feed costs are less than 50% of the overall costs to produce cattle and hogs.
4. T or F The dressing percentage is the percentage of cattle in a herd that dress out Choice or better.
5. T or F Two major components that determine milk pricing are butterfat and protein content.
6. T or F Every gallon of milk produced in the U.S. is covered by the federal milk marketing order.
7. T or F Since the federal government is involved in dairy markets through marketing orders, there is really no need for dairy price risk management through futures and options.
8. T or F Marketing orders only exist for milk.
9. T or F Livestock insurance products have a deductible, just like car insurance.
10. T or F Centralized pricing refers a single entity like a coop or consortium negotiating a price for its members.
11. T or F One of the main jobs of a marketing order is to regulate prices.
12. T or F Three major factors for value-based cattle premiums are carcass weights, quality grade distribution, and yield grade distribution.
13. T or F One of the main jobs of a marketing order is to guarantee markets and/or force sales.
14. T or F A higher percentage of fed cattle than market hogs are "captive" by packer ownership or marketing contract.
15. T or F Most cattle grade out as Choice.
16. T or F Class IV milk is used for cheese.