

AN ATTITUDE OF GRATITUDE

Harvest is winding down and the holidays are drawing near. It's the time of year that we typically reflect on the many blessings that we have in our lives.

As livestock producers in the upper Midwest, we all know of the daily challenges our profession can bring us, but I would encourage each of you to take the time to be thankful.

At Producers Livestock, we are thankful that you choose to partner with us when marketing, financing or hedging your livestock. We do not take the opportunity to serve you light-



By **Tim Meyer**
President, CEO
Producers Livestock Marketing Association

ly and work hard every day to earn your business, keep your business and help you build your business if that is your desire.

In 2023, we have accomplished many things at Producers Livestock that we are very proud of.

We have launched a new website (www.producers-livestock.com), established a social media presence on Twitter, Facebook, LinkedIn and YouTube, and we continue to add valuable staff members to our team throughout our multiple divisions.

We are already making plans for 2024 and look forward to announcing even more ways for you to benefit from your partnership with Producers Livestock.

I am very grateful to lead our team of dedicated professionals that take great pride in serving your livestock marketing needs in a courteous and specialized manner. I could not be prouder of the work they do every day on your behalf.

As the holiday season draws near, I am thankful that my blessings are bigger than my problems and I try to remind myself every day that grati-

tude and attitude are not challenges; they are choices.

On behalf of all of us at Producers Livestock, I'd like to wish you and yours a Happy Thanksgiving, Merry Christmas and Happy New Year!

PLMA WEBSITE:



www.Producers-Livestock.com

UPCOMING PLMA BOARD OPENINGS

Would you or someone you know be interested in becoming part of the board of directors for Producers Livestock?

We are currently accepting calls from anyone interested in this opportunity. Elections for directors of the Producers Livestock Board are held annually in February.

- Directors are elected for a three-year term.
- To run for director, a person must be an active member/customer of Producers Livestock Marketing Association.
- Regions up for election/re-election in 2024 are eastern Nebraska and western Nebraska.

If you, or someone you know, are interested in running or need more information about sitting on the board, please contact either Tim Meyer or Deb Engler at (402) 597-9189.

SPOTLIGHT ON: JAKE HOPWOOD

By **Aly Goos**
Analyst, corporate division
Producers Livestock
Marketing Association

Producers Livestock is pleased to introduce our newest Beef Marketing Agent for the South Dakota and northern Nebraska region, Jake Hopwood. Jake has been with us since the end of July, so a few of you might recognize him by now.

Procuring cattle has always been something that interested Jake and has been an important part of previous jobs in sale barns and feedlots.

Before coming to Producers, Jake received his Bachelor of Science degree in Animal Science from the University of Nebraska-Lincoln. After college, he worked for Power Genetics as a feedlot cowboy and Rep Valley

■ SEE HOPWOOD ON PAGE 2

RESPONDING TO SURPRISE MARKET CHANGES

During this first week of November, we are continuing to see the cattle markets rebuild after the losses suffered based on the Cattle On Feed Report released on Oct. 20. This report shocked the bullish cattle markets and may have been a warning shot about being diligent with price risk management.

The Live Cattle Futures for December 2023, February 2024 and April 2024 dropped \$6 to \$7 per hundredweight on Monday, Oct. 23 following the report. As of Nov. 2, December 2023 has gained back \$6.33, February 2024 \$5.45, and April 2024 \$5.05 per hundredweight.

The report did give us the opportunity to make some great basis trades on that following Monday and Tuesday.

Cash bids started out at \$182-\$183 and ended with the packers paying \$185-\$186 by the end of the week.

The cash market has had support from the increased



By **Mike Sila**
Senior Vice President, beef division
Producers Livestock Marketing Association

slaughter levels the past three weeks. Weekly slaughters for the last three weeks have been estimated at 635,000-640,000 head.

Feeder Cattle Futures began to descend a couple days before the report was released. They haven't fared quite as well as Live Cattle Futures. November 2023, January 2024, and March 2024 Feeder Cattle lost \$13.95 to \$15.22 per hundredweight. As of the close on Nov. 2, they have recouped, \$6 to \$7 per hundredweight.

Calves in the salebarns weren't affected quite as much as the Feeder Cattle Futures. The average price for 625-

pound steer calves dropped \$10 per hundredweight the week after the report, according to the Nebraska Weekly Livestock Auction Summary.

As we finish the month of October, at the time of writing this, we continue to see a decline in sale barn receipts. Salebarn receipts for October in Nebraska are running 4.69% lower than October 2022. Nebraska's receipts in September were 24.21% lower than September 2022.

Salebarn receipts in South Dakota were 7.09% higher in September, and 2.04% lower

■ SEE SURPRISE ON PAGE 3

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BE READY TO REWARD THE MARKET

It is hard to believe that it is November already!

Producers are busy trying to finish up on harvest and roll up cornstalk bales. The weather has proven to be a challenge recently with rain and even some snow showers holding up progress.

As dry as we have been around here, we will take the moisture any time we can get it.

The Cattle on Feed report that was released on Oct. 20, was viewed by traders as being negative. The report showed all cattle on feed on Oct. 1 at 11.58 million head, which is 101% of last year.

Cattle that were placed into feedlots in September were reported at 2.206 million head, which is 106% of last year. This placement figure came in a lot bigger than expected. The average guess was closer to 101%.

Cattle marketed during September totaled 1.663 million head, which is 89% of last year.

As a result, the futures markets opened lower and some months traded limit down.

We had many phone calls from livestock producers about the markets and many were unaware of the current live cattle and feeder cattle limits that have been in effect since June 1.

The current live cattle and feeder cattle limits are as follows in the green box included with this



By Kyle Krager

President
Producers Commodities LLC

article.

These limits will remain in effect until the first trading day of June 2024.

The underlying fundamentals still look favorable for the cattle market going forward. Hopefully, there will be some opportunities to get cattle hedged down the

Cattle Limits 2023

	Per Hundredweight	
	Daily Limit	Expanded Limit
Live Cattle	\$6.75	\$10.00
Feeder Cattle	\$8.25	\$12.25

road, but with all the uncertainty taking place in the world today, we as producers need to be ready to reward the market when we are given a chance.

There is a new product available from Producers Livestock to help with risk management on new calves or any other cattle that you are feeding. Producers Livestock is offering a contract that references the Nebraska Fed Cattle (cash) market.

General Information

The Nebraska Fed Cattle Contract is a tool that allows producers a way to manage basis risk as well as futures risk without a contract directly with the packer. This is not a packer contract. We are not locking up any shackle space for your cattle by using this product. When your cattle are ready to market, you and your agent sell the cattle just as you normally would.

Before entering into the contract, we need to know which two-week window you plan on marketing your cattle. We need to know this because the contract is established with a two-week settlement timeframe; we will provide a basis bid specific for that two-week window.

Basis bids can change at any time; it just depends on the current market and the demand for that time period. Please contact

■ SEE REWARD ON PAGE 4

HOPWOOD

■ FROM PAGE 1

Feedyard in Orleans, Nebraska, as their office manager.

He then worked as a field rep and aspiring auctioneer for Imperial Auction Market in Imperial, Nebraska. After a year in Imperial, he moved to Valentine, Nebraska to work for Valentine Livestock Auction as a field rep and auctioneer. Throughout his five years in Valentine, he learned the ins and outs of marketing and representing cattle.

Jake says that, "understanding the importance of value in cattle and how they are marketed has resulted in me becoming a better cattle buyer for the customers that I procure for."

Most recently, Jake worked as a sorter for Columbus Sales Pavilion while starting up his own operation with his dad in Shelby, Nebraska. They background 150-200 head through the winter.

Jake says he is fortunate to have grown up in this industry. His grandfather started an order buying business in the late 1970s and his dad and brother are still operating L&A Order Buyers today.

In his short time with Producers Livestock, Jake has come to enjoy the relationships he has formed with producers as well as traveling and being able to see new places in South Dakota. Making sure everyone is on the same page as far as what type of cattle are being bought and the end goal for those cattle is one of Jake's top priorities.

Another highlight of his job is the rush he gets from sitting in a salesbarn, in Jake's words, he's, "battling with other buyers on some of the best cattle that are



■ SEE HOPWOOD ON PAGE 3

HOLD FOR USPS STATEMENT OF OWNERSHIP

CHANGE IS GOOD!

It has been six months since I officially joined the Producers Livestock team and I believe change is good.

On my first day, our calves on the farm were basically brand new and now they are weaned and Dad has them started on feed. Back then, the days were getting longer and now they are getting shorter. I've been going back to our farm near Soldier, Iowa, most weekends, and it seems like it's dark both directions of travel.

If I'm not on the phone with my dad, lining up all the things we plan to do for the day while I'm driving, I'm usually listening to talk radio hoping to glean something I can use in my credit role here.

Last weekend, on my way to the farm, I actually was thinking back to the days when I would go to the Sioux City Stockyards to help my dad, when he worked in the hog and cattle alleys for Producers.

We would leave most mornings around 4:30 so he could be prepared for the market each day. During the hour-long-plus drive in the dark, my dad explained to me how the day would go and what he wanted me to help with—all while listening to talk radio.

While I was helping him and his co-workers under the giant stockyard roof, I remember



By Bart Thoreson
Senior Vice President, credit division
Producers Livestock Marketing Association

thinking "this isn't hard." Sure, there was work involved, but it seemed routine to me. I would help sort the livestock, back tag the breeding stock and get in on the feeding if needed.

I didn't realize during those hours how much the markets were moving and how important it was to be talking to the right people at the right time in those livestock alleys. I also was not aware of the total trust the farmers were putting in those same guys Producers had working on their behalf to get the best price for the livestock that was available that day.

I wish I could go back and listen in on some of those conversations and retain the knowledge those successful people had in those little commission-firm shanties. If I could, I might be able to have my own show on talk radio! The way those guys could spread market information in a short amount of time (without the internet, by the way) was

remarkable if you think about it now.

Everyone involved in trading was so engaged in making their deal the best it could be while hoping it was the deal good enough that it could make it on the USDA dry erase board in the exchange building. Those were also the deals that made it on the radio with the likes of guys like Col. Jon Phillips.

Those days are behind us now. However, it's important to point out Producers was one of the few organizations that found success during and after the stockyard system ended.

Today, Producers is striving to do new things to make the past generations proud of the organization that they handed down.

As a relatively new guy but being lucky enough to have seen a bit of the old ways of doing things, I feel extra connected to this company and want it to succeed into the future. Producers is hiring in

the country to be more available to our customers and prospects. Jake Hopwood and Matt Wilken have been hired as new cattle agents since my short time here.

Producers also recently made a sizable investment in our new credit portal, allowing customers to have access to their loan and payment plus information (which is paying 6%, currently) day or night. You can review just about everything from the portal that we can see here at the office.

We've also developed a new website, check it out at www.producers-livestock.com. The credit portal and website are mobile-friendly.

I personally find the additional charting information now available on the website to be helpful throughout the day. I refer to it often.

If you haven't taken the time

to explore that feature, I would highly recommend it. And, of course, Producers still provides the market information you're used to.

Finally, Producers has hired a marketing firm to get us to sharply focus on the needs of future customers. (After all, everyone needs a good marketing firm. Right?) Just as when the stockyards closed, Producers had to figure out how to stay connected to the core group of livestock producers.

From my perspective, these changes will help Producers maintain its leadership position and continue to be your trusted partner in your livestock business.

John D. Rockefeller once said, "Don't be afraid to give up the good to go for the great." That is exactly what we at Producers are striving for.

BUILDING RELATIONSHIPS

In my last article, I emphasized that we at Producers want to be a trusted partner while working with your local lenders. I'm very happy that so many of you shared our newsletter with your lenders.

We have received great feedback from several bankers and are in the process of working with them and our valued customers. By putting a little extra focus on building those relationships with your local lenders, Producers will make it easier to manage your credit needs into the future.

SURPRISE

FROM PAGE 1

in October, compared to those months in 2022. Lower feeder cattle numbers will continue to lend support to the strong feeder cattle market.

Now is the time for many cattle feeders to decide what

the opportunistic feeder price is going to be. The included breakeven chart is based on the price of a 650-pound delivered steer calf, gaining 3.25 pounds per head per day, for 215 days, and being sold at a pay weight of 1,350 pounds.

The horizontal line across the top of the chart is the delivered price of a 650-pound steer

per hundredweight. The cost of gain per hundredweight is along the vertical side of the chart.

Follow across the line of the price, through the cost of gain; this will give you the breakeven price. These breakeven prices are cash market prices. For the hedgers, you will need to include the basis for the marketing month.

Hopefully this chart will allow you to think about what some of the results may be with the current market price and assist you in future breakevens.

At the price level of these feeders, and with the market conditions being ever changing, it becomes more important to have some type of down-

side protection. If you can't hedge your market price in the beginning of the feeding phase, there are opportunities with options to protect against downside risk.

As you continue to place cat-

tle this fall, please reach out to your Producers Livestock Beef Agent or Commodity Broker to assist you with your price risk management strategy.

Thank you for the opportunity to be a part of your team.

HOPWOOD

FROM PAGE 2

offered anywhere in the Great Plains."

Jake looks forward to being able to use his knowledge and experience when the time comes to sell those cattle for the feedlots he works with.

Most weeks you can find Jake out and about somewhere between Faith, Philip, Bassett, Valentine or Ft. Pierre. He frequents the sale barns and is routinely offered cattle on country deals, so feel free to give him a call anytime to check in about what he's seeing out there.

Jake resides in Neligh, Nebraska, with his girlfriend, Amy, who works as an on-call hospice nurse in the Norfolk-area.

In his free time, he enjoys watching Husker athletics, doing small woodworking projects and golfing. On the weekends, Jake and Amy will often head home to either work on her parents' farm in Genoa or go back to Shelby to feed cattle and complete other odd jobs that need done.

Welcome, Jake. Producers Livestock is happy to have you as a part of our team!

Staff Spotlight

650# Steer Price/CWT Delivered

	\$256	\$258	\$260	\$262	\$264	\$266	\$268	\$270	\$272	\$274	\$276	\$278	\$280
\$98	\$174.07	\$175.04	\$176.00	\$176.96	\$177.93	\$178.89	\$179.85	\$180.81	\$181.78	\$182.74	\$183.70	\$184.67	\$185.63
\$100	\$175.11	\$176.07	\$177.04	\$178.00	\$178.96	\$179.93	\$180.89	\$181.85	\$182.81	\$183.78	\$184.74	\$185.70	\$186.67
\$102	\$176.15	\$177.11	\$178.07	\$179.04	\$180.00	\$180.96	\$181.93	\$182.89	\$183.85	\$184.81	\$185.78	\$186.74	\$187.70
\$104	\$177.19	\$178.15	\$179.11	\$180.07	\$181.04	\$182.00	\$182.96	\$183.93	\$184.89	\$185.85	\$186.81	\$187.78	\$188.74
\$106	\$178.22	\$179.19	\$180.15	\$181.11	\$182.07	\$183.04	\$184.00	\$184.96	\$185.93	\$186.89	\$187.85	\$188.81	\$189.78
\$108	\$179.26	\$180.22	\$181.19	\$182.15	\$183.11	\$184.07	\$185.04	\$186.00	\$186.96	\$187.93	\$188.89	\$189.85	\$190.81
\$110	\$180.30	\$181.26	\$182.22	\$183.19	\$184.15	\$185.11	\$186.07	\$187.04	\$188.00	\$188.96	\$189.93	\$190.89	\$191.85
\$112	\$181.33	\$182.30	\$183.26	\$184.22	\$185.19	\$186.15	\$187.11	\$188.07	\$189.04	\$190.00	\$190.96	\$191.93	\$192.89
\$114	\$182.37	\$183.33	\$184.30	\$185.26	\$186.22	\$187.19	\$188.15	\$189.11	\$190.07	\$191.04	\$192.00	\$192.96	\$193.93
\$116	\$183.41	\$184.37	\$185.33	\$186.30	\$187.26	\$188.22	\$189.19	\$190.15	\$191.11	\$192.07	\$193.04	\$194.00	\$194.96
\$118	\$184.44	\$185.41	\$186.37	\$187.33	\$188.30	\$189.26	\$190.22	\$191.19	\$192.15	\$193.11	\$194.07	\$195.04	\$196.00
\$120	\$185.48	\$186.44	\$187.41	\$188.37	\$189.33	\$190.30	\$191.26	\$192.22	\$193.19	\$194.15	\$195.11	\$196.07	\$197.04
\$122	\$186.52	\$187.48	\$188.44	\$189.41	\$190.37	\$191.33	\$192.30	\$193.26	\$194.22	\$195.19	\$196.15	\$197.11	\$198.07
\$124	\$187.56	\$188.52	\$189.48	\$190.44	\$191.41	\$192.37	\$193.33	\$194.30	\$195.26	\$196.22	\$197.19	\$198.15	\$199.11

BRIGHT SPOTS APPEAR, BUT CHALLENGES REMAIN



By Richard Ellinghuysen
Senior Vice President, pork division
Producers Livestock Marketing Association

Independent farrow to finish pork producers made some money as the summer of 2023 ended. Then seasonal hog price pressures began to take hold squeezing margins.

According to Iowa State University (ISU), many wean to finish producers haven't made a profit since 2022. Current trends indicate conditions are changing for the better, but we're not out of the woods yet.

University of Missouri economist Ron Plain says year-to-date hog prices are down 19.9% and year-to-date pork cutout value is down 15.2%. Calculations by economists at ISU indicate losses are likely to average more than \$20 per head marketed in 2023, making it the worst financial year since 2009.

USDA says prices will improve in 2024.

Higher input costs in 2023 did a lot of damage to hog margins. They have improved somewhat. ISU calculated cost of production for September at \$94.67 per hundredweight of carcass. That is the lowest month since April 2022.

The cost of production is declining as corn prices drop far below the year-ago level. USDA is predicting farm level corn prices for the 2023-24 marketing year will average \$4.95 per bushel. If so, then the butcher hog cost of production is likely to be in the low \$90s (carcass weight) for most of 2024.

Low hog prices are usually good for international trade. Pork exports are expected to

be up 6.6% this year and up an additional 2.8% in 2024. U.S. per capita pork consumption in 2024 is forecast to increase 0.8 pounds (1.6%). Improved demand and lower input costs would certainly assist financial improvement for the industry.

Plain says year-to-date hog slaughter is up 1.4% but because of lighter slaughter weights year-to-date pork production is only up 0.2%. He said USDA expects pork production will increase 2.2% in 2024 but at the same time is forecasting the 51-52% lean hog price will also increase 2.2%.

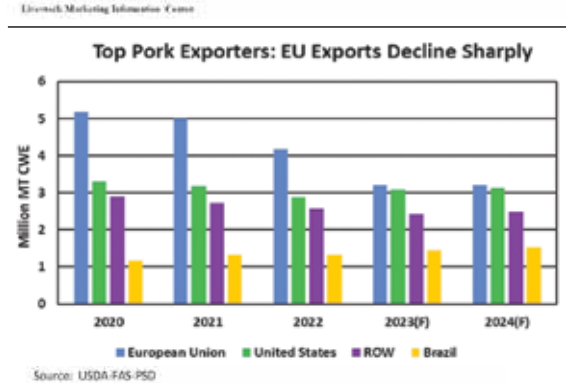
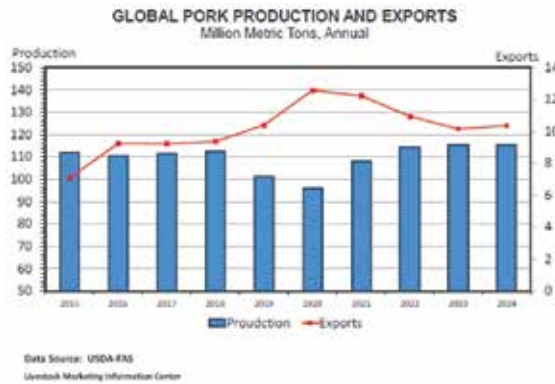
The combination of lower cost of production and improved prices in 2024 could bode well for future margins.

In a recent report, Rabobank said sufficient pork production and Proposition 12 enforcement are expected to put pressure on U.S. pork prices throughout the rest of this year.

Plain says the seasonal pattern is against hog prices and they won't improve until after Christmas.

Rabobank reported that European Union pork production is down 8.6% year-over-year and Canadian pork production fell on prices and demand with hog prices down by around 10%.

Canadian export volumes were down 3.1%, and values were down 2.8% year-to-date as of August. If these trends continue the EU and Canada may play smaller roles in the pork export market in the years ahead.

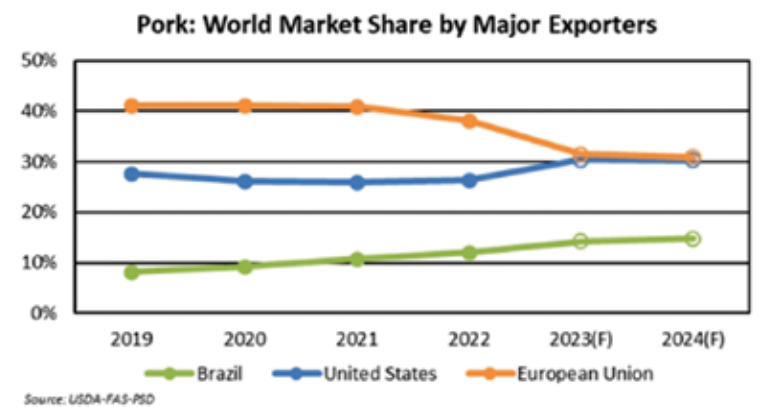


Rabobank says China's hog herd has also been shrinking. Pork imports by China are up 9% January through August with North and South America providing most of that pork. Brazil may become increasingly pork export competitive in future years.

China is likely to continue needing pork imports from time to time, playing exporter against exporter, as it continues to focus on its own production capacity and building "hog hotels" while fighting new outbreaks of African swine fever (ASF).

Presenting the Global Food Systems Lecture at Kansas State University in October, Gregg Doud, a former U.S. ambassador and former chief agricultural negotiator in the Office of the U.S. Trade Representative, said:

"In no way, shape or form does the supply of animal protein in the world come anywhere near meeting the demand. And if you look around the world, what do



you see? Who else in the world can make more animal protein [than the U.S.]? Europe's push for a farm-to-fork system that throttles back its farm production won't meet the demand. America has the knowledge, the technology, and the resources to raise cattle, hogs and poultry and produce dairy."

U.S. pork in cold storage is at a multiyear low and if we can keep exports moving, per capita demand stable, production costs softer and steady-stronger hog prices, I'd like to

believe that better margins are ahead.

The question is, how quickly can we get there from here? I encourage you to continue working with your Producers Pork Agent and keep your price risk management plan up to date.

I wish you and your family a Happy Thanksgiving, a Merry Christmas and a Happy New Year! Thank you for your business.

(Sources: CME Daily Livestock Report, Farm Progress, National Hog Farmer, USDA.)

REWARD

FROM PAGE 2

us for current bids.

Another thing that we need to know before we enter the contract is how many pounds of cattle you are wanting to lock in. Unlike a futures contract, which is the standard 40,000 pounds, this contract is customizable. There is no standardized contract size.

Once agreeing to the two-week settlement window, basis and volume, the CME futures price needs to be set prior to your two-week window. You can set the futures price and basis simultaneously or you have the option to lock in the futures price later.

As your marketing date draws near, we will call you to find out when you will be selling your cattle. At that point in time, we will finalize which of the two weeks to settle this contract against.

This contract will then be settled auto-

matically versus that week's Nebraska steer/heifer weighted average live price as reported in the USDA's Nebraska Weekly Direct Slaughter Cattle report (LM_CT158).

Producers Livestock will then apply this gain or loss to your physical cattle check, just like we do now with the standard Hedge Contract.

Here are some Pros and Cons with this Nebraska Fed Cattle Basis Contract.

Pros:

- Customer can take basis risk off the table.
- Flexibility to set futures price later.
- You are not adding to the packer's supply of cattle.
- There are no contract specs.
- You and your agent can still sell your cattle to whomever you want to (Just try to sell them for more than the Nebraska Weighted Avg.) This will help your overall cash price.

Cons:

- Unlimited downside futures risk, if the market goes down and you have not set the futures price yet.
- You are not locking in any shackle space at the packer.
- If the cash market at your time of marketing is strong and has a better basis than you set, you will not capitalize on the better basis.

If you have any questions about this Nebraska Fed Cattle Contract or any other risk management strategy, feel free to give us a call and we can discuss it in further detail. John, Zach, Verna, and I are here to help in any way we can.

Thanks again for your business. Wishing you all a Happy Thanksgiving and a Merry Christmas!

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