

## A LITTLE BIT ABOUT A LOT

I am pleased to announce that we have hired a new Senior Vice President for our credit division.

Bart Thoreson will start his duties with Producers Livestock Credit Corporation on May 8. In a separate article in this edition, you can learn more about Bart and why we are excited to have him join our leadership team.

Since last touching base with you in our March newsletter, we have sold fat cattle for record high prices while seeing a disastrous cash trade for the hog producers in our trade territory. It has truly been a tale of two cities between the two commodities.

During the week of April 10, April live cattle traded over \$100 per hundredweight



By Tim Meyer  
President, CEO  
Producers Livestock Marketing Association

higher than April live hogs. In conferring with our contacts at StoneX, we were told that spread had never been wider in their history.

We are thrilled for our cattle feeders but at the same time want to be empathetic of the battle our independent hog producers are fighting.

Feeder cattle are also approaching record high prices comparable to 2014 and 2015 price levels. However, there are

two notable differences when comparing the time frames. Corn prices are \$3 per bushel higher and interest rates are four percentage points higher than 2015.

Both are major influencers on your breakeven price and to succeed in the cattle feeding business, you must be honest when figuring your breakeven.

We want to help you protect your equity and liquidity so please utilize our many risk

## 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 800-257-4046.

management products to protect your downside risk.

There are various strategies available so make sure you get the right product for your operation.

Lastly, I am thoroughly enjoying my new responsibilities here at Producers.

Our leadership team and I

have begun to explore some new ideas and concepts that we hope to introduce to all of you later this year.

The livestock industry is ever changing and always evolving. At Producers, we are working hard to evolve with it.

Thank you for your business and please stay safe out there!

# LRP

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Commodity Division: 1-800-831-5936  
Zach Tindall Cell: 712-541-9992  
Email: [ztindall@plmcoop.com](mailto:ztindall@plmcoop.com)

## INTRODUCING: BART THORESON

### By Aly Goos

Analyst, corporate division  
Producers Livestock  
Marketing Association

Producers Livestock welcomes Bart Thoreson as the new Senior Vice President of Producers Livestock Credit Corporation.

Bart comes to us from Lake View, Iowa, with more than 22 years of experience in agricultural lending.

As of May 8, Bart will be leading our credit team in our Omaha office.

An alum of Northwest Missouri State University, he started in ag lending directly out of college.

Bart has been well acquainted with Producers Livestock for many years.

The Thoreson name may ring a bell for some of you as Bart is the son of former beef agent Dennis Thoreson, who covered our Western Iowa territory from 1990 until his retirement in 2021.

Bart has also worked with our credit team previously in his banking career on mutual customer accounts.

When he's not at his day job, Bart enjoys spending time on the farm in western Iowa with



his dad and their cow herd. You might also find him at the lake with a cold one from time to time.

Bart and his wife, Christina, have a five-year-old daughter and will be relocating to Omaha this summer.

We are excited for Bart to join the Producers Livestock team.

Bart's predecessor, Tim Meyer, describes him as ambitious, growth oriented and experienced in all areas of lending.

We are confident that his livestock and lending background will serve all our customers well as he leads our credit division into the future.

Staff Spotlight

# Producers Services Directory

## General Office

Delivery address: 4809 S 114th St, Omaha, NE 68137-2308  
Mailing address: PO Box 45978, Omaha, NE 68145-0978  
Office: (402) 597-9189 or (800) 257-4046 Fax (402) 597-9505  
Email: plma1@plmcoop.com www.ProducersLivestock.net

<b>Contact</b>	<b>Extension</b>
Tim Meyer, President	1115
Mike Sila, Senior VP	1106
Dave Nickelson, Treasurer	1104
Deb Engler, Secretary	1100

**Support staff:**

Aric Ellinghuysen, IT Director	1111
Mick Jackson, Marketing Settlements	1105
Becky Jensen, Marketing Settlements	1109

## PLCC Financial Services

Financing for Livestock - Operating  
www.ProducersCredit.com  
Office: (800) 950-7522 Fax: (402) 597-9505

<b>Contact</b>	<b>Mobile</b>	<b>Extension</b>
Bart Thoreson, Senior VP	(712) 790-9995	1112
Darrell Ziola	(402) 657-0598	1117
Ryan Power	(402) 507-7790	1110
Keith Meiergerd	(402) 432-8292	
Tyler Calfee	(402) 676-2302	1107
Brady Read	(515) 574-9367	1113
Tina Fettes		1101
Brittnee Hytrek		1114
Gaye Nusz		1118
Mike Sievers, Field Insp.	(712) 260-4239	

## Commodity Services

Brokerage Services and Consulting on  
Hedging - Options - Hedge Contract Programs - LRP  
Producers Commodities LLC  
www.ProducersCommodities.com  
Office: (800) 831-5936

<b>Contact</b>	<b>Mobile</b>	<b>Extension</b>
Kyle Krager, President	(712) 251-9477	10
Cole Bruns	(402) 358-0906	13
Zachary Tindall	(712) 541-9992	14
John Tweed	(701) 789-1940	23

## Producers Livestock Services

### Producers Beef Programs

Country Direct Feeder Cattle Sales  
Feeder Cattle Buying - Fed Cattle Sales  
www.PremiumBeef.net

<b>Nebraska</b>	<b>City</b>	<b>Mobile</b>
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Steve Maloley	Kearney	(308) 325-0165
Vance Whitehill	Stapleton	(308) 636-8114
Emmet Caldwell	Lincoln	(402) 224-0205
<b>South Dakota</b>		
Ron Kasselder	Sioux Falls	(605) 310-5733
Claude Forbes	Woonsocket	mobile (605) 350-0366
<b>Minnesota</b>		
Mike V Million	Marshall	(507) 829-1394
<b>Iowa</b>		
Scott Hodne	Manning	(712) 299-7696
Joe Hoffmann	Dunlap	(712) 647-8361
David Herbold	Lawton	(712) 899-9560
Bob Pallardy	Williamsburg	(319) 330-1315
<b>Missouri</b>		
Mike Million	Oregon	(308) 325-5274
Dave Bryan	Windsor	(660) 815-0815
Roger Parker	Mexico	(573) 473-9598
<b>Wyoming</b>		
Slim Cook	Cody	(307) 272-2024
<b>California</b>		
Luke Stevens	Marshall	(707) 953-4879

### Producers Pork Programs

Premium - Based Marketing - Supply Agreements  
www.PremiumPork.net  
Office: (800) 318-5619

<b>Contact</b>	<b>Mobile</b>
Richard Ellinghuysen, Senior VP	(402) 657-6954
Noland Johnson	(641) 990-0467
Connie Sponder, settlements	office: (800) 318-5619
Tim DeLance	(712) 660-1199
Jason Goodwin	(712) 389-0228
Bill Nielson	(605) 310-4664
Jeremy Schram	(712) 259-0210

## PRODUCERS

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### 850# Steer Price/CWT Delivered

	\$196	\$198	\$200	\$202	\$204	\$206	\$208	\$212	\$214	\$216	\$218	\$220	\$222
<b>\$120</b>	\$166.14	\$167.36	\$168.57	\$169.79	\$171.00	\$172.21	\$173.43	\$175.86	\$177.07	\$178.29	\$179.50	\$180.71	\$181.93
<b>\$122</b>	\$166.93	\$168.14	\$169.36	\$170.57	\$171.79	\$173.00	\$174.21	\$176.64	\$177.86	\$179.07	\$180.29	\$181.50	\$182.71
<b>\$124</b>	\$167.71	\$168.93	\$170.14	\$171.36	\$172.57	\$173.79	\$175.00	\$177.43	\$178.64	\$179.86	\$181.07	\$182.29	\$183.50
<b>\$126</b>	\$168.50	\$169.71	\$170.93	\$172.14	\$173.36	\$174.57	\$175.79	\$178.21	\$179.43	\$180.64	\$181.86	\$183.07	\$184.29
<b>\$128</b>	\$169.29	\$170.50	\$171.71	\$172.93	\$174.14	\$175.36	\$176.57	\$179.00	\$180.21	\$181.43	\$182.64	\$183.86	\$185.07
<b>\$130</b>	\$170.07	\$171.29	\$172.50	\$173.71	\$174.93	\$176.14	\$177.36	\$179.79	\$181.00	\$182.21	\$183.43	\$184.64	\$185.86
<b>\$132</b>	\$170.86	\$172.07	\$173.29	\$174.50	\$175.71	\$176.93	\$178.14	\$180.57	\$181.79	\$183.00	\$184.21	\$185.43	\$186.64
<b>\$134</b>	\$171.64	\$172.86	\$174.07	\$175.29	\$176.50	\$177.71	\$178.93	\$181.36	\$182.57	\$183.79	\$185.00	\$186.21	\$187.43
<b>\$136</b>	\$172.43	\$173.64	\$174.86	\$176.07	\$177.29	\$178.50	\$179.71	\$182.14	\$183.36	\$184.57	\$185.79	\$187.00	\$188.21
<b>\$138</b>	\$173.21	\$174.43	\$175.64	\$176.86	\$178.07	\$179.29	\$180.50	\$182.93	\$184.14	\$185.36	\$186.57	\$187.79	\$189.00
<b>\$140</b>	\$174.00	\$175.21	\$176.43	\$177.64	\$178.86	\$180.07	\$181.29	\$183.71	\$184.93	\$186.14	\$187.36	\$188.57	\$189.79

# BEEF DEMAND SOFTENS WHILE COSTS INCREASE

Since it is now early May, I think it's safe to say winter is finally over.

I know the moisture is greatly appreciated, and for those of you who caught the brunt of the snow, you definitely earned it. The effects of this winter weather caused some to see record high cost of gains.

Fortunately, we have also seen record high fat cattle prices in mid-April. But as we go into this next turn, there is a lot of concern about feeder costs, feed costs and increased interest cost. What about beef demand?

Beef demand both domestically and internationally has been tremendous the last couple of years.

Domestically, the beef consumption per capita in 2022 was 59.1 pounds, the highest since 2010. This level of demand took place when the Retail All-Fresh Beef price for the 12-month moving average was above \$7.25 per pound.

It doesn't appear that the consumer's buying habits have changed significantly. Americans love beef, but at what



**By Mike Sila**

Senior Vice President, beef division  
Producers Livestock Marketing Association

price level will they begin to choose a cheaper source of protein?

As the U.S. economy continues to struggle, this may come sooner than later.

The USDA Livestock, Dairy, and Poultry Outlook: April 2023 is predicting per capita consumption to be 57 pounds, a 3.5% decrease.

The international exports, year to date, through February 2023 have seen a decline of 9%.

Not only will higher beef prices affect the exports, but they will also see added pressure from the value of the dollar, struggling world economies and the geopolitical events taking place.

In 2022, China made up 25% of the beef exports; through 2023 they have decreased by

14%. The USDA has estimated beef exports for 2023 at 3.13 billion pounds, which would be an 11% decrease from 2022.

Even though the Live Cattle Futures have come off their highs, at these price levels there may still be some opportunity. The included Breakeven Chart is based on: the price of a 850 pound steer delivered and being sold at a pay weight of 1,400 pounds.

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

Please contact your Producers Livestock Beef Agent to let them assist you with your price risk needs. In closing, thanks for you patronage.

# PLANTING IN PROGRESS

It is the last week of April as I write this, and things are really starting to get busy on the farm.

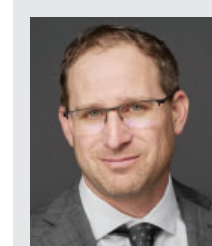
Some producers are finishing up calving and have switched their focus to spring field prep and planting.

Everyone has been patiently waiting for soil temperatures and conditions to improve. Patience can only last so long though, as the calendar says it is time to go.

Activity has really picked up this week. The most recent USDA crop progress report showed 14% of the corn has been planted nationwide.

Last year at this time we only had 7% planted. We have 9% of the soybeans planted, compared to only 3% a year ago.

So, even with all the challenges the weather has pre-



**By Kyle Krager**

President  
Producers Commodities, LLC

sented, planting progress is ahead of schedule.

Let's hope for a good growing season. I know our livestock producers would love to see feed costs go down.

### Live cattle basis

Cattle producers have been enjoying a strong cash market this spring. Cattle numbers are down 4% compared to last year.

Lower numbers, along with poor feedlot performance this

winter, have created tighter available fed cattle numbers.

These tighter numbers also are coming at a time when we typically see some of our best beef demand of the year.

Another thing that has been working in favor of our cattle producers this year is better-than-expected basis levels for hedged cattle.

These basis figures help determine when/if we should

## PLANTING

■ FROM PAGE 2

be selling cash cattle.

Basis is not always easy to understand, but at the end of the day, basis determines the final price a producer receives for his hedged livestock. Basis is the difference between the current cash market and the current futures price. Here is an example for this week:

- Cash Cattle Price is \$180.
- June Live Cattle Futures Price is \$164.50.

- Basis is a positive \$15.50.

When you are hedged using either futures or options, basis is really the only thing that you have left to manage.

When producers talk to us about locking in the futures price on a group of cattle, we

SLAUGHTER CATTLE BASIS	
DELIVERY PERIOD	5-YR. AVG.
JAN 1-15	(\$0.50)
JAN 16-31	(\$0.94)
FEB 1-15	(\$0.86)
FEB 16-EXP.	(\$0.40)
MAR 1-15	\$2.43
MAR 16-31	\$3.39
APR 1-15	\$3.46
APR 16-EXP.	\$3.07
MAY 1-15	\$9.73
MAY 16-31	\$7.55
JUN 1-15	\$6.40
JUN 16-EXP.	\$3.72
JUL 1-15	\$4.33
JUL 16-31	\$3.87
AUG 1-15	\$3.04
AUG 16-EXP.	\$2.80
SEP 1-15	(\$0.97)
SEP 16-30	(\$0.54)
OCT 1-15	(\$1.41)
OCT 16-EXP.	(\$0.97)
NOV 1-15	(\$2.53)
NOV 16-30	(\$1.02)
DEC 1-15	(\$0.26)
DEC 16-EXP.	(\$0.66)

always factor in the 5-year average basis to determine how much profitability there is.

Knowing the seasonal basis tendency helps us to better estimate the price that you will receive for your cattle for that delivery period.

Please see the attached 5-year average slaughter cattle basis figures.

We break down the delivery periods into 2-week periods throughout the year.

If you have any questions about basis or just want to talk about different risk management strategies for your operation, feel free to give us a call. Zach, Cole, John and I are here to help in any way we can.

Have a safe and productive planting season. Thanks again for your business!

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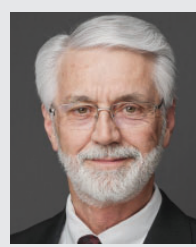
- Must be an active customer of Producers Livestock
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# ARE WE THERE YET? HAVE HOG MARGINS FINALLY HIT BOTTOM?



**By Richard Ellinghuysen**

Senior Vice President, pork division  
Producers Livestock Marketing Association

I'm writing this at the end of April. Hopefully as you're reading it, pork industry conditions have vastly improved, and this note will seem like ancient history.

In a nutshell, today we have more pork, weak domestic demand and stubbornly high input costs.

Industry financial conditions are not good. Exports are a lone but very important bright spot. There are rumors that some sizable industry players are downsizing and that may be beneficial to the market down the line.

#### Currently, pork production is up

USDA is predicting a 1.4% increase in pork production for the year with minimal growth in Q2 and Q3 and 2.1% growth in Q4.

If the rumors of liquidation are true, that may change anticipated winter production.

#### Canadian hogs to the U.S. have increased

Canadian pork slaughter year-to-date is down 2.1% year-over-year. In April, Olymel, one of Canada's biggest pork processors, announced its Vallee-Jonction, Quebec, hog plant closure.

Throughout the past year, the company said it was cutting slaughter capacity by 1.5 million hogs annually. Those pigs didn't disappear.

One Canadian province is initiating a hog buyout plan to remove pigs for a minimum of 5 years.

If they follow through, that will cut pork production and may be favorable to us down

the line.

Year-to-date pork production in the U.S. has exceeded beef by nearly 5%.

A recent CME Daily Livestock Report shows U.S. pork production through April 22 was 8,639 million pounds while during the same period U.S. beef production was 8,248 million pounds. Beef prices will likely remain high for a while and pork should be very price competitive.

#### Pork exports are up

Through February 2023, the freshest data I have, exports of pork and pork products were up 11.3% year-to-date in terms of volume and 12.7% in terms of value. Pork variety meat export volumes increased 37.6% year-to-date. U.S. pork is very price competitive in the world market and exports should remain strong.

#### Domestic demand has been soft

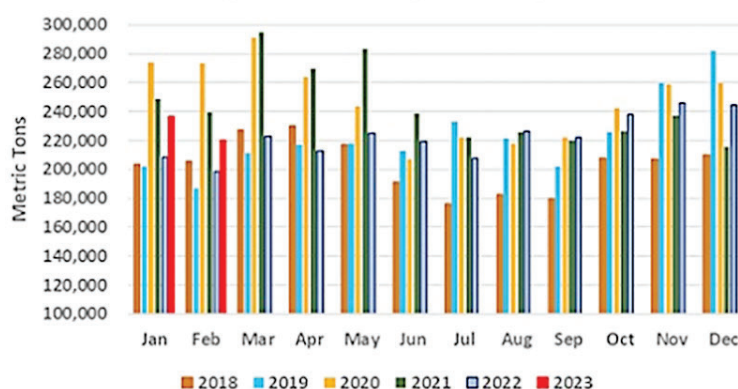
A recent Rabobank report says lower consumption trends and larger-than-expected supplies of competing protein are casting a shadow on pork prices.

According to the report, "YTD pork cutout is 25% below year-ago levels as sharply lower belly prices (-55% YOY) continue to weigh on carcass values."

Rabo sees the tougher global economy weakening all protein consumption as consumers shift to lower priced proteins and buy smaller packages. Retailers need to feature pork more.

■ SEE PORK ON PAGE 4

Monthly Pork & Variety Meat Export Volume



# PORK

FROM PAGE 3

## Input costs are still high

According to an economic update from the National Pork Producers Council, the cost of

raising pigs in February 2023 was 13% higher than the year prior, and 53% higher than in 2020, with much of the increase attributed to higher feed costs, up 19% from 2022.

Recently it appears that some input costs are soften-

ing, so hopefully the cost top is in. Rumors are that some big industry players decided now is the time to de-pop and rethink production levels. If independent producers can hang around, this may open production holes to our favor

in the future.

## Pork in cold storage is up

The USDA says pork in cold storage at the end of March 2023 was 533.916 million pounds, 10% above a year ago, with slower demand and a slightly faster pace of production. Without more retail movement this may keep pressure on prices. Hopefully seasonal trends will kick in and help us move more product.

## Labor costs remain a challenge

From September 2021 to 2022, the total value of wages paid to workers on U.S. pig farms increased 12.1%, while the number of workers declined by 0.4%. We're still dealing with it.

## Currently, retailers aren't helping us

Farm-to-wholesale price spread, representing packer and processor costs and profits, has declined 31% over the past year as the wholesale-to-retail price spread, representing retailer costs and profits, has increased by 18%.

The retailer share of each consumer dollar has increased to \$0.67 (+21%); while the wholesale share has declined to \$0.13 (-29%) and the farmer share fell to \$0.20 (-24%).

## Hog profit margins are struggling worldwide

According to Compeer Financial, with the industry's current cost structure of \$94.54 per hundredweight, producers are losing \$57.10 per hog assuming no risk management decisions impacting the bottom line.

Folks at Partners for Production Agriculture say it's not just us. Asian hog producers are experiencing losses in the \$100 per pig range, while both European and Latin American producers are losing roughly \$50 to 60 per pig.

Livestock Risk Protection (LRP) is saving some U.S. producers big losses today and a few others have found cheap feeder pigs in the market to put on feed and forward price at a profit, taking the edge off a red bottom line.

## A couple of serious wild cards remain in the wings

African swine fever (ASF) is still off the coast of the U.S. Will it find its way to the mainland? It hasn't yet and hopefully never will.

California Proposition 12 is still in the hands of the Supreme Court.

Will the California law become enforceable and apply to other states' pigs? It hasn't yet and hopefully never will. A decision is expected any day now.

For the most part, industry conditions aren't pretty.

## Have we hit bottom?

Recently there have been positive indicators as both cash and futures have bounced. Grilling season is here, hot-dogs and brats are moving in ballparks, seasonality should be our friend.

ASF is still hurting our competition worldwide, and Europe seems determined to slash livestock production for environmental reasons. Long-term these factors favor U.S. production.

Today in this country, we need our retail pals to stop subsidizing other retail segments on the backs of pork margins and start aggressively featuring pork and pull higher volumes of our product through the domestic pipeline.

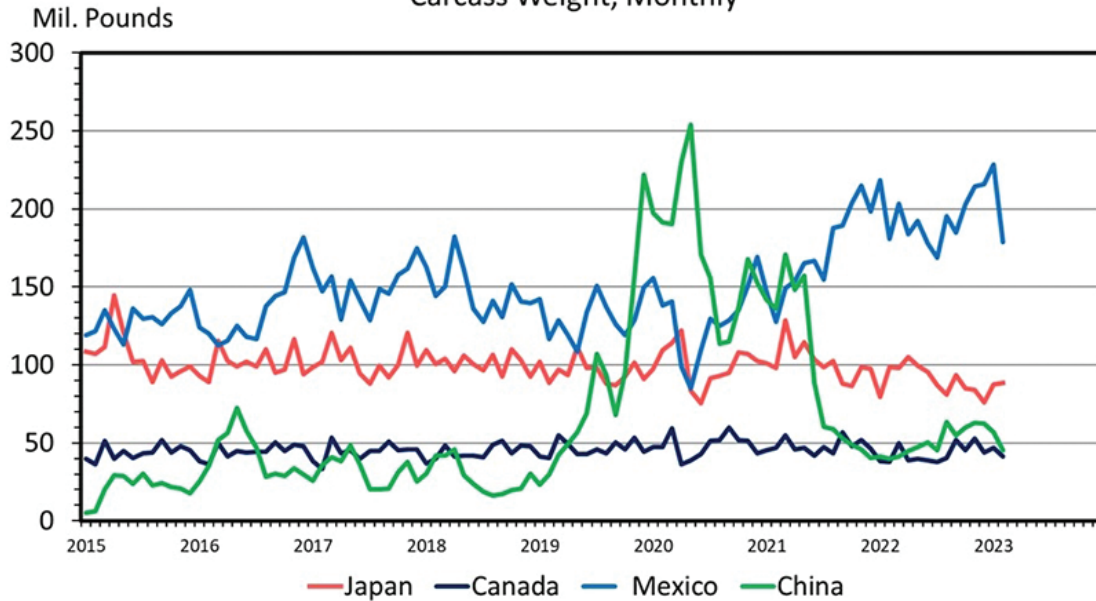
Low prices tend to cure low prices and export growth is an indicator of that as it has climbed and should continue to run strong.

We've taken our turn in the barrel before, and Lord willing we will be out of this one soon (hopefully by the time this is published!). Meanwhile, we slog along looking for bright spots and grab them when and where we can.

Stay in touch with your Producers pork agent, enjoy some spring weather and stay safe. Thank you for your business and may God bless you and your family.

Sources include Brownfield Ag News, CME Daily Livestock Report, Farm Journal's Pork, National Hog Farmer, StoneX, USDA, U.S. Meat Export Federation.

**US PORK EXPORTS TO MAJOR MARKETS**  
Carcass Weight, Monthly

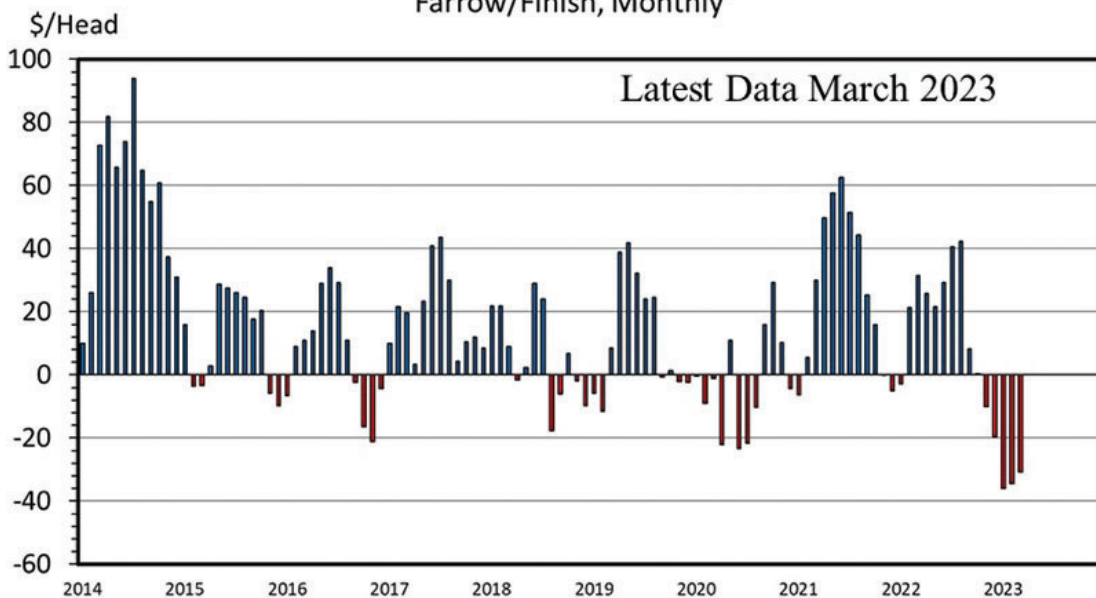


Data Source: USDA-ERS & USDA-FAS  
Livestock Marketing Information Center

**USDA Daily Pork Carcass Cutout (\$/cwt)**

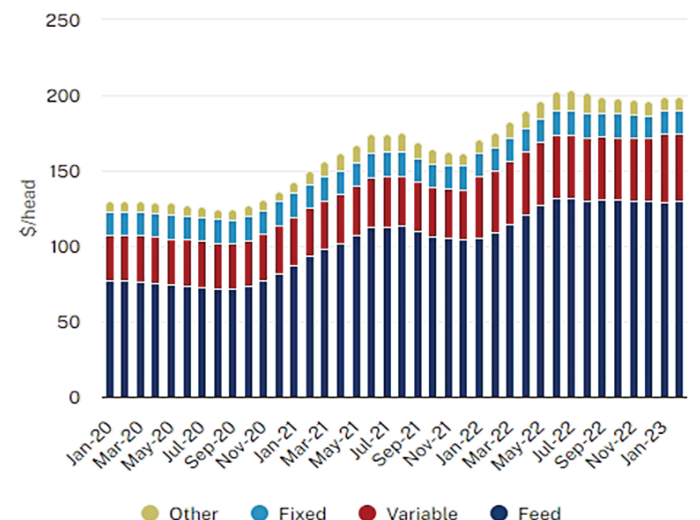


**IOWA MARKET HOG PROFIT**  
Farrow/Finish, Monthly



Data Source: Iowa State University  
Livestock Marketing Information Center

**Estimated Cost of Production**



Other Fixed Variable Feed