

## BUCKLE UP FOR 2024

Happy New Year and what a year it is going to be!

As our country turns the page from 2023 to 2024, I have always been a proponent of “controlling the controllables” as I believe 2024 will be one of the most challenging years we have faced in production agriculture in many years. Some tried-and-true business management tips that I recommend for challenging times include the following:

**Micro-manage input costs** – manage what you can manage when it comes to your input



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

purchases. Know your cost structure/breakeven levels and take advantage when opportunities present themselves.

**Utilize marketing tools/risk management/insurance** – utilize the numerous price protection tools that are available

to protect downside risk in the markets. This includes crop insurance for what could be a challenging crop production year if moisture levels don't improve dramatically across

■ SEE BUCKLE UP ON PAGE 3

## 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 2025 are South Dakota and southern Iowa.

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.

## LEADERSHIP CHANGE IN COMMODITY DIVISION

By now, you all are probably familiar with Kyle Krager, current President of Producers Commodities LLC. Kyle has been a commodity broker with Producers Livestock since December of 2001.

As we kick off a new year, there will be some changes in our commodities office. As a company we value our producers as well as our dedicated employees and, in an effort to serve both in the best way, we have brought Shawn Smith on board to lead our commodities division going forward.

Shawn officially joined the commodities team on December 26th. He came to us from Seaboard Triumph Foods in Sioux City, where he spent the last 6 ½ years in hog procurement negotiating long-term contracts, buying spot market hogs and supervising all stockyard management and activities.

Shawn is excited for the opportunity to continue working with livestock producers. It is important to Shawn to build



Shawn Smith was recently named the new president of Producers Commodities LLC, taking over from Kyle Krager.

lasting relationships and it is his goal to provide value by helping producers plan for the future success of their operations using risk management strategies.

“Producers Livestock truly works for the producer, and I believe there is not any industry of professionals better to work with than livestock producers,” Shawn said.

Shawn and his wife Jill have

one daughter, Brilee and two sons, Wheaton and Lennox. They reside in Rodney, about 35 miles southeast of Sioux City, where they have a cow/calf and row crop operation.

Producers Livestock is excited to welcome Shawn on board and grateful for Kyle's dedication and leadership over the past three years.

Below is a statement from Kyle Krager regarding this

transition:

I am thankful for the relationships I have built throughout my career with Producer's Livestock. I enjoy advising producers about all the different risk management strategies that are available to them and their operations. I remain committed to working with all of you by taking a step back and returning to my previous position as a Commodity Broker/Vice President, effective immediately.

I am a producer at heart. Just like so many of you, my best times are on the farm working with cattle (although I may have a few choice words when doing so - also something I am sure many of you can relate to). I have been blessed to raise cattle with my father, Dennis Krager, and now my son, Kreighton.



Krager

My father is 72 Years old. He is looking to take a step back from some of the on-farm duties, which means I need to take a step up. I am devoted to producing the healthiest product possible, which as you know, takes time and a presence on the farm.

I believe in Producers Livestock and our mission. However, our farm is a legacy for our family including my children. With my increased responsibilities on the farm, I need to be more available to manage the day-to-day operations. I truly enjoy being a broker and the hours/responsibilities of a broker allow me the time needed to be present and available for our farming operation and family.

I have three amazing kids, ages 5, 9 and 14. They keep my wife and I running most nights with sports, dance, church and other activities. We often say we have to “divide and conquer” and this may even include involving Grandma and Grandpa to get everyone where they need to be in opposite directions from one another.

■ SEE SMITH ON PAGE 2

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Zach Tindall Cell: (712) 541-9992  
Email: [ztindall@plmcoop.com](mailto:ztindall@plmcoop.com)

**PLMA WEBSITE:**

[www.producers-livestock.com](http://www.producers-livestock.com)

## 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 Fax (402) 597-9505  
Email: plma1@plmcoop.com www.producers-livestock.com

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

#### Support staff:

Aric Ellinghuysen, IT Director	1111
Brittnee Hytrek, Financial Operations Specialist	1114
Mick Jackson, Marketing Settlements	1105
Becky Jensen, Marketing Settlements	1109

### PLCC Financial Services

Financing for Livestock - Operating  
Office: (402) 597-9189 Fax: (402) 597-9505

Contact	Mobile	Extension
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	1108
Tyler Calfee	(402) 676-2302	1107
Brady Read	(515) 574-9367	1113
Tina Fettes		1101
Emily Manthei		1116
Gaye Nusz		1118
Mike Sievers, Field Insp.	(712) 260-4239	2200

### Commodity Services

Brokerage Services and Consulting on  
Hedging - Options - Hedge Contract Programs - LRP  
Producers Commodities LLC  
Office: (712) 274-0539

Contact	Mobile	Extension
Shawn Smith, President	(712) 870-4202	1127
Verna Bennett		1129
Kyle Krager	(712) 251-9477	1125
Zachary Tindall	(712) 541-9992	1126
John Tweed	(701) 789-1940	1128

### Producers Livestock Services

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Ed Heusinkvelt	Lexington	(308) 325-0227
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Vance Whitehill	Stapleton	(308) 636-8114
Matt Wilken	Bertrand	(308) 991-5944

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Wyoming	City	Mobile
Slim Cook	Cody	(307) 272-2024

California	City	Mobile
Luke Stevens	Marshall	(707) 953-4879

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Office: (712) 274-0536

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Connie Sponder, settlements	office: (712) 274-0536
Tim DeLance	(712) 660-1199
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### PRODUCERS

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# OPTIMISM FOR 2024 CATTLE MARKETS

Welcome to 2024, if it is anything like the first half hour of trade in 2024 for February 2024 live cattle futures (\$2.50 higher in the first 30 minutes) it's going to be a good one.

We continue to remain optimistic in the beef industry for 2024. Although there continues to be someone or something trying to hamper it. Through the last quarter of 2023, live cattle futures and the cash market were both under some pressure.

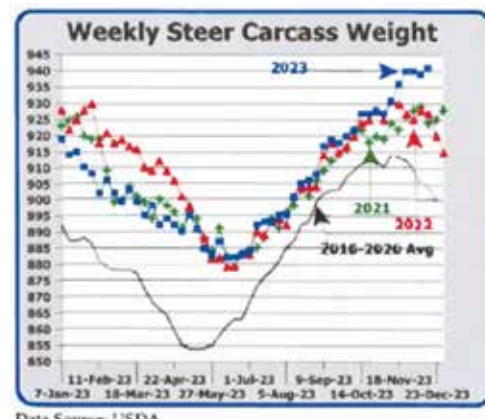
Packers continue to manage the number of market ready cattle by slowing chain speeds and cutting kills. Decreased monthly marketings and slaughter numbers, along with increasing carcass weight, have been the result.

The December USDA Cattle on Feed Report showed a 7% decrease of cattle marketed in November. Some of the biggest decreases were in the upper Midwest, with South Dakota down 19%, Minnesota was 12% lower, and Nebraska had a decrease of 8% compared to November of 2022.

Year-to-date federally inspected slaughter through mid-December was down 4.5% percent compared to 2022.

These decreased kills and good cattle feeding weather have led to increasing carcass weights. For the week of Dec. 16, carcass weights increased another 2 pounds to 941 pounds; 14 pounds heavier than the same week in 2022.

With that being said, the USDA Livestock, Dairy, and Poultry Outlook: December 2023, has lowered their forecasted 5-area fed steer price \$7 per hundredweight to an annual average price of \$178.00 per hundredweight.



The feeder cattle market for 2024 will continue to gain strength. Although beef cow slaughter is down 11% through mid-December compared to last year, thoughts are that the beef cow herd in 2024 could still be down 2% to 2.5%. Combined with a minimal number of heifers being kept for replacements, feeder cattle number will continue to decline into 2025.

The USDA Livestock, Dairy, and Poultry Outlook: December 2023 has forecasted annual price for a 750-800 pound feeder steer is \$242.00 per hundredweight, dropped \$10 per hundredweight due to declining Live Cattle Futures in the latter months of 2023.

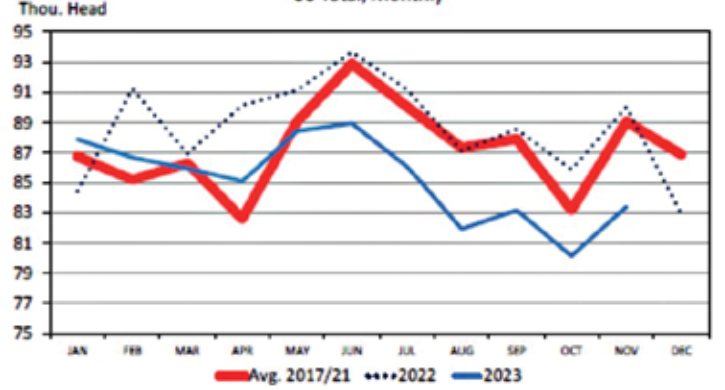
As of Jan. 4, we had seen the LC Futures for the first half of 2024 gain \$8-\$10 since the lows we saw on Dec. 7. As the beef industry continues to have a bullish foresight, and with the elevated cost of replacements and increased interest rates, price risk management will be even more important.

Please reach out to the Producers Livestock Beef Agents or Commodity Brokers to see what opportunities might work for your price risk management strategy. Thank you for the opportunity to be a part of your team.



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

### DAILY AVERAGE FED CATTLE MARKETINGS

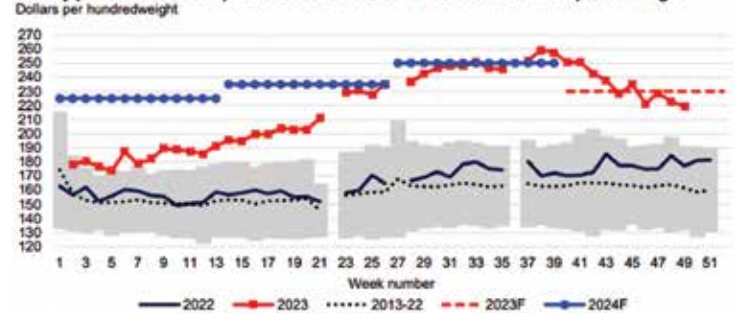


Data Source: USDA-NASS, Compiled by LMIC  
Livestock Marketing Information Center

### Cattle Slaughter & Beef Production Per Slaughter Day: Y/Y % Change

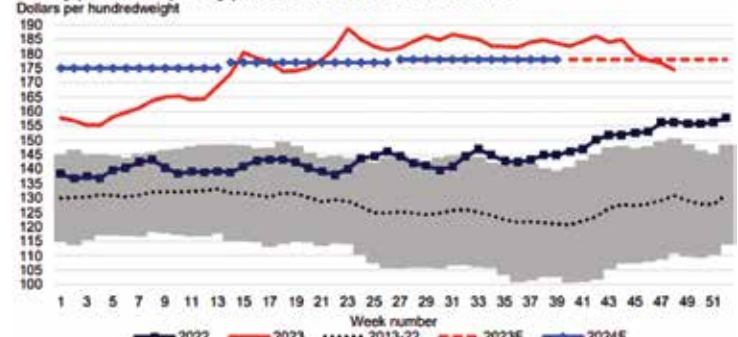


### Weekly prices for 750-800 pound feeder steers continue decline from September highs



Note: Error bars represent one standard deviation. Source: USDA, Economic Research Service calculations using data from USDA, Agricultural Marketing Service.

### Weekly prices and quarterly price forecasts for 5-area fed steers



Note: Error bars represent one standard deviation. Source: USDA, Economic Research Service calculations using data from USDA, Agricultural Marketing Service.

## SMITH

FROM PAGE 1

I will be 59 when my last one graduates; I don't want to miss a minute more than necessary of their activities. All kids deserve to look up in the stands and see both of their parents present and cheering them on.

My wife is a Social Worker

and has a sign in her home office that serves as an important message for all of us: "Do More of What Makes You Happy". I have found that I am happiest working on the farm, watching my kids do what they love, and communicating with and advising producers facing the same issues I am.

I look forward to continuing to work with all of you, just the same as I have for the last 22 years! Here is to a great 2024!

# CHALLENGES ABOUND IN HOG MARKET

**H**appy New Year! I think 2024 is gearing up to be a very interesting year.

Our credit department continues to get new calls daily from people looking for financing in the cattle and hog sectors. This is, of course, good news for us in Omaha.

It's very interesting to have these conversations with new prospects, as well as current customers. Uncertainty is the keyword I've heard most lately, but optimism is a close second, so I'm hopeful 2024 can be a good year for all of us in the livestock sector.

Almost all the conversations about the cattle market have this theme: The cattle market has been very interesting to watch the last 18 months. We had price inflation that looked unbreakable coming into fall and most people felt it was the unsinkable ship of 2023. It didn't seem to matter what was going on with our domestic economy--good or bad



## By Bart Thoreson

Senior Vice President, credit division  
Producers Livestock Marketing Association

news found the cattle futures going up and up.

I think most of us knew it was unsustainable, but we started thinking maybe this time it was going to be different. The cattle numbers we were all trading on turned out to be a little misguided, and our USDA October cattle on feed report changed all of it. We all saw the market correct in a big way, which reminded us that markets must move in both directions.

As of early January, it feels like we are on more solid ground, thankfully. When the market was headed down from its highs this past summer it once again proved to us

the importance of having some sort of downside protection in these markets.

Let this be a reminder that our people in Sioux City at the commodity office are always ready to help! Give them a call anytime.

My conversations with hog-industry folks have been more challenging.

If you have been watching the lean hog futures, it has been all deflation, so I'm hoping we can see some inflation hit that sector very soon. Trying to produce a product at or well below breakevens doesn't work well long-term.

The last 3 years have been very challenging and we need

2024 to break that cycle if we want to have anyone left producing our pork here in the USA. Financing these prior losses in the pork business is becoming very challenging.

Even with all the liquidation we hear about in the hog industry, our pig numbers don't seem to change in our favor. I'm still puzzled how that math works. Less sows should equal less piglets, which should make for less market hogs if my math skills are correct.

The good news, however, is herd health has been good and the cost of gain has come down.

We have a big election in Washington this fall, and I'm also excited to see if Mr. Powell and company will be successful in their soft landing with the American economy.

Inflation has cooled but is still a lot higher than the 2% target the Fed has for their mandate from Congress. Hitting that 2% will be no small task, as we all know. Most

things I read or hear lead me to think interest rates could fall 0.75-1.50% in 2024.

The last Fed Reserve minutes I read stated the Fed is at least done with its tightening of money supply. I believe this is all good news for our borrowers here at PLCC, but the jury is still out whether it will be good for the American economy as a whole.

In the 1970s, we all know inflation wasn't completely controlled and it led to bleak times for the ag sector in the 1980s. Higher highs in the interest market could be very difficult for most people in agriculture to manage.

To be clear, I don't think the '80s are coming back anytime soon but with the amount of volatility in our current economic situation, we all must be prepared to adjust to whatever is coming our way in 2024.

Good luck with your New Year's resolutions, and keep us in mind for financing any of your livestock needs.



2023 marked 5 years with Producers Livestock for (pictured left to right) back row: Mike Sievers, Zach Tindall, and Joe Hoffmann; front row: Tyler Calfee, Dave Herbold, and Brittnee Hytrek.



Left: Mike Million and Ed Heusinkvelt celebrated their retirements at the end of last year. Mike served Producers for 36 years and Ed for 47 years. Lower: Mick Jackson, Connie Sponder have each been with Producers for 20 years.

## 2023 RECOGNITIONS

By Aly Goos

Analyst, corporate division  
Producers Livestock  
Marketing Association

**C**ongratulations to the members of our team celebrating years of service milestones and retire-

ment in the new year.

2023 marked 5 years with Producers Livestock for Mike Sievers, Zach Tindall, Joe Hoffmann, Tyler Calfee, Dave Herbold, and Brittnee Hytrek. Celebrating 20 years with the company are Mick

Jackson and Connie Sponder.

Congratulations to Mike Million and Ed Heusinkvelt on their retirement. Mike served Producers for 36 years and Ed for 47 years. We all wish Mike and Ed the best in their next chapter!

### Staff Spotlight



## BUCKLE UP

FROM PAGE 1

our region.

Avoid purchasing non-income producing assets – with uncertainty in the air, it might be a good time to shelve an idea or two that strains your liquidity or cramps your cash flow for an asset that doesn't pay its own way.

**Control your emotions** – this year

may be very unnerving as we see she-nanigans revolving around election year politics. Try to stay calm, rational, and resolute in your decision making as you approach major decisions, always trying to keep the "big picture" in mind.

Our country has never been in debt like it is today, yet our economy continues to defy the odds with a near record high stock market and asset values remain historically strong. Be wary and wise as you manage your way through

2024. It will pay dividends to those who do.

**Plan for the unexpected** – have a business plan that is known by all involved. This includes succession planning and estate planning for those who are left behind should something tragic happen to you as the owner/manager of your operation.

Too often in my career I have been involved with families and friends who "never got around to it" when it comes to making sure these topics are

addressed. Take the time, spend the money, and get it done. Your family and business partners will be glad that you did.

At Producers Livestock it is our mission to help you succeed in every way possible by providing sound marketing advice, practical services, and market-friendly products through our team of trusted marketing professionals. Please reach out for the help you need, and we'll get you on the right path to success! Stay safe out there!

# TWO KEYS FOR PORK MARKETS IN 2024: COLD STORAGE AND EXPORT DEMAND

In the last two columns that I wrote for this paper I laid out some challenges and opportunities for hog prices and in each case saw opportunity out in front of us, but then wrapped up by asking, “how quickly can we get there here?” As I write this piece on the Jan. 3, I wish I didn’t have to ask that question again, but I do. There is still opportunity in front of us, but when does it start paying the bills?

Despite some sow culling, we have saved more pigs per litter (see chart) resulting in plenty of pork from fewer sows. While we can feel good about our productivity, it hasn’t improved hog prices, and as we went through a turbulent 4th quarter, things were dicey.

We begin a new year with plenty of uncertainty although cutout prices have been remarkably stable – thus far – all things considered (see chart). But obviously not to the extent that it’s helping you retire your debt. In fact, given this time of year, kill numbers, hog weights and consumer debt, it could be argued that we’ll see more downside near-term before we start seeing upside, which will hopefully begin later this quarter.

The good news is that our product is still moving and that’s proven by the fact that the amount of pork in cold storage continues to be well below the 5-year average (see chart). Even a little spike in export demand, if domestic consumption can continue to be basically stable, may help move prices in our favor. However, the question hangs in the air, “how quickly can we get there from here?”

A month or so ago Brett Stuart, President of Global AgriTrends had this outlook on the meat supply and demand situation:

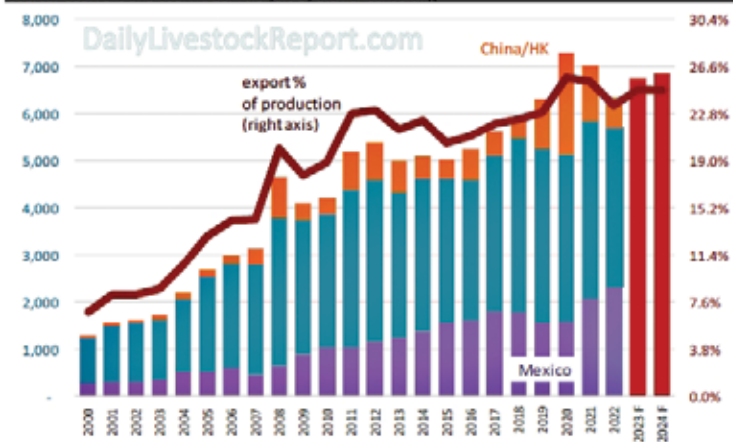
“If we look out at the global markets, I think there’s a real opportunity coming up and I think it’s going to be in the next decade. If I look around



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

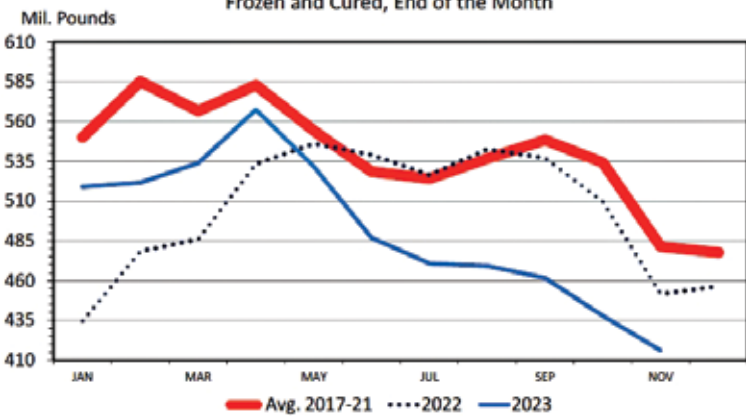
## US Pork Exports and Export Share of US Pork Production

Source: USDA-ERS and USDA-NASS. Analysis by Steiner Consulting



## PORK IN COLD STORAGE

Frozen and Cured, End of the Month



Data Source: USDA-NASS  
Livestock Marketing Information Center

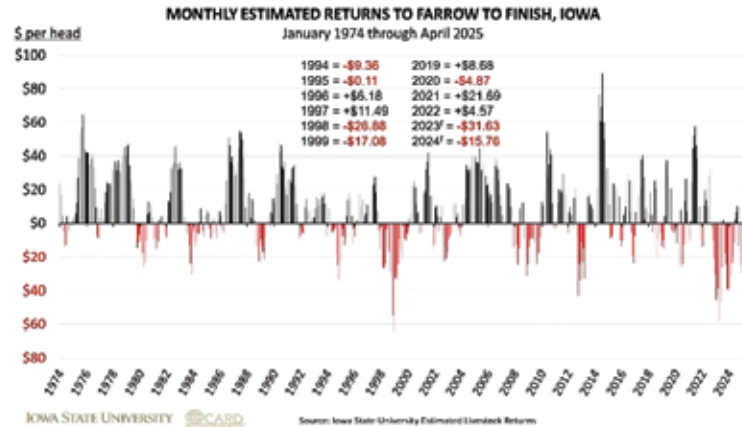
the world today every major livestock industry is in liquidation worldwide whether it’s Chinese hogs, Australian cattle, Brazilian cattle, North American cattle, poultry, everyone’s liquidating at the same time, I’ve never seen that happen and for those that can hang on here and get through this period I think those tightened supplies are going to be meeting with stronger demand. I think in the hog sector we’re losing a big piece of our biggest competitor, which is Europe,

with their swine herd in double digit liquidation right now. There are some good opportunities ahead it’s just a matter of surviving this current downturn.”

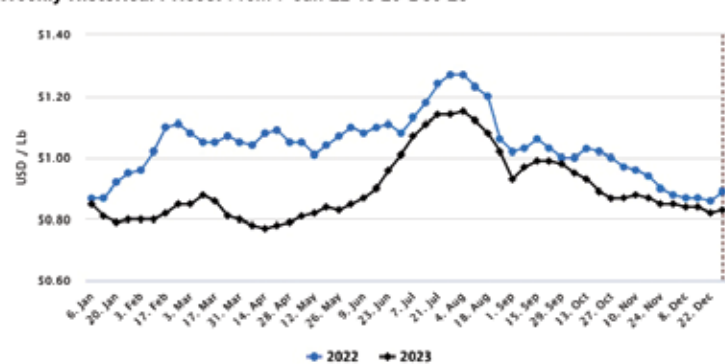
And that’s the gist of it. We’ve had solid exports in recent years (see chart), softish but generally stable domestic consumption, historically low cold storage inventory and several of our top competitors are exiting the industry (not to mention African swine fever keeps popping up in Europe and killing pigs China). These are all positives for U.S. pork demand, but we have yet to get to the pivot point where hog prices flip our way.

The “experts” have mixed views on when the shift to better prices may occur. Some say the first quarter of this year, some say the second half of the year, still others say we need to flush out more production and we won’t see really good prices until next spring.

I’ve been thinking things will begin to turn late this spring or in summer, but my crystal ball



## Weekly Historical Prices: From 7-Jan-22 To 29-Dec-23



## Trend in Quarterly Pigs Saved Per Litter

Source: USDA NASS: Hogs and Pigs Survey Results



isn’t any clearer than anyone else’s.

Several of the top ag economists say 2024 will be one of the toughest financial years hog producers have seen since the late 1990s (see chart).

Other folks feel that when enough economists all start walking in lockstep, that the industry will implement strategies to avoid their predictions coming true and will instead make them look silly.

Obviously, I’m currently a fan of making them look silly, but only God knows the future, and the best we can do is plan for it the best we are able.

So, stay in touch with your Producers Pork Agent and use risk management when and where you can. We have good people and good programs and Producers staff are doing their best as we face the industry challenges together.

Sources: CME Daily Livestock Report, eMeat, Iowa State University Extension, USDA, general ag media and industry contacts

+++  
On another note, I am retiring at the end of this month.

I’ve had a good career. Not many people get a chance to create and run a division like it’s their own business, and I have had the opportunity to do that at Producers for over 23 years.

And I’ve been able to work with the finest staff in the livestock industry today. Not to mention that I and my staff have been blessed to work with the best pork producers in the world.

May God bless you and your families in the years ahead and thank you for your business!

**Pork. Profits. Family. Security.**

Producing pork, acquiring capital, securing profits, protecting your assets and taking care of your family. It’s what you do.

Producers has been helping Iowa farm families make money, access credit and protect their pork profits for over 80 years. It’s what we do.

Let us help you secure your profit margins and save for tomorrow using our marketing, credit and commodities staff. It’s what they do.

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- Notland Johnson – 641.990.0467
- Tim DeLance – 712.660.1199
- Jeremy Schram – 712.259.0210
- Jason Goodwin – 712.389.0228

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