

# PRODUCERS

## Livestock

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September 2024

Livestock News  
Marketing ■ Credit ■ Commodities

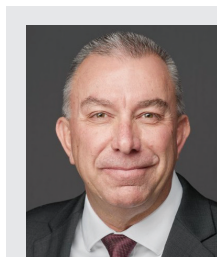
## THE ONLY THING CERTAIN IS UNCERTAINTY

It's the last week of August 2024, and as I write this article all that I read about, watch on TV or listen to on the radio deals with the uncertainty and volatility of our markets, our politics and our world. With an election looming in November, it's difficult to recall a time where more variables were in play that affected production agriculture and the livestock industry.

### Interest Rates

Interest rates ramped to current levels at a very fast pace in 2022 and 2023, adding 5.25% to National Prime with 11 adjustments in just 16 months to a current level of 8.50%. You would have to go back to the early 1980s to find rate volatility that is comparable.

So, I did a little digging, and I looked at the year 1980 for comparison's sake regarding rate volatility. I found that National Prime was adjusted 38 times in 1980, ranging from a low of 11% in July to a high of 21.5% in December. That's right, National Prime moved 11.5% in five months! In 1981, National Prime ONLY moved 21 times, and in 1982 it moved 12 times. That's 71 rate moves



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

in 36 months. Now do you see why the "old folks" talk about the 1980s?

Fast forward to 2024 and our Fed Chairman, Jerome Powell, has been flirting with the idea of lowering interest rates by 25 or 50 basis points in September for what seems like the entire year. He has been patiently waiting for inflation to slow enough to warrant this "significant" decrease in rates.

WHAT??? Everyone is clutching their pearls like this move will somehow make a major difference in their ability to borrow, service their debts and pay their bills.

A rate decrease will foster inflation again and that will negate any savings the lower interest rate may bring. Get your calculators out and do the math: this rate change may feel good, but this is pure semantics encouraged by the incumbent party hoping to secure

re-election in November with no real benefit once inflation factors are considered.

### Commodity Prices

Grain prices have taken it on the chin for the entirety of 2024 with both corn and soybean futures prices falling over 20% since January.

Cash rents remain stubbornly high and from discussions I've had with customers regarding inputs for 2025, they are remaining as high if not higher than this year. Cash flows will be tight.

There is an abundance of old crop corn and soybeans in storage that needs to move before harvest and basis levels will get uglier than they already are. Used equipment prices are falling fast, and new equipment is not moving.

Difficult times are ahead for grain producers and cash reserves may need to be pulled

into play in many operations throughout our trade territory.

Keep an open communication line with your lenders to ensure your liquidity needs are met as you prepare for 2025.

### World Events

It has been several decades since we've had unrest around the globe like we do today.

War in eastern Europe, the Middle East and unrest in many western countries. Unrest caused by open borders and horrific economic policies fostering discontent amongst natural citizens. Out of touch world leaders are pushing overzealous environmental policies.

The political elites can't seem to satisfy their lust for electricity to power everything in our lives. Electric charging stations are showing up across America while the coal burning power plant down the road provides them power. Environmental hypocrisy at its finest.

Can you imagine planting and harvesting your crops with electric powered equipment? Imagine hauling livestock across numerous states with electric powered trucks

■ SEE UNCERTAINTY ON PAGE 4

## JOIN THE PLMA E-NEWSLETTER LIST TODAY!

Have you heard the news? Producers Livestock has a brand new e-newsletter!

Be sure to sign up to receive exclusive content from Producers Livestock and stay up to date on industry news and other happenings within Producers Livestock, delivered directly to your inbox once a month.

Scan this QR code to sign up TODAY!



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- Premium is due at the end of the policy
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## PRODUCERS LIVESTOCK MARKETING ASSOCIATION

Give us a call today to learn more or receive a quote to protect your livestock.

Commodity Division: (712) 274-0539  
Zach Tindall Cell: (712) 541-9992  
Email: ztindall@plmcoop.com

## WHAT IS YOUR BANKER SAYING?

I find myself having several phone calls with customers and prospects lately that all have the same tone — feeder cattle prices are too rich for a lot of good bankers' comfort zones.

For those of you who are trying to figure out how to keep the pens full, it might be time to look to us to be a bigger partner for you and your trusted banker.

I've written previously about how we can be a partner and not a competitor with your community banker.

At PLCC, we are different from a lot of other lenders in that we only want to participate in your livestock financing needs and not all the other areas that your local lender usually specializes in.

With the abundance of rainfall that we have seen throughout most of our trade territory, it looks like we will also have an abundance of feedstuffs that will need to be fed on the farm this year.

So, you might be finding



**By Bart Thoreson**  
Senior Vice President, credit department  
Producers Livestock Credit Corporation

yourself in the position that not only are feeder cattle more expensive, but you also have extra feed on hand and could use a few more head in those pens to turn that feed pile back into cash that your banker wants to see happen. This potentially could present an issue or two with your upcoming financing needs.

With us being over halfway through 2024 already, I think it's a great time to have a conversation with your lender on what this fall might look like for your operation.

After all, bankers love it when you can give them a heads up on any information that will affect your future bor-

rowing needs.

If you find yourself in a position that your lender feels will be hard to accommodate, make sure to ask about the possibility of using PLCC to help.

If you are one of our marketing or commodities customers who hasn't yet used PLCC to finance your livestock operation, we are here to help. It's easy to get started once we have your lender's permission to move forward. I like to remind our new lending partners that we aren't interested in making things complicated for you or them.

Our new credit portal also

■ SEE BANKER ON PAGE 2

## 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: plmal@plmcoop.com www.producers-livestock.com

Contact	Extension
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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

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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
Ethan Varilek		1132
Tina Fettes		1101
Emily Manthei		1116
Amber Patlan		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
Stacy Raasch	(712) 369-0781	1131
Chris Reifenberger	(515) 350-3386	1130
Zachary Tindall	(712) 541-9992	1126
John Tweed	(701) 789-1940	1128

### Producers Livestock Services

#### Producers Beef Programs

Country Direct Feeder Cattle Sales  
Feeder Cattle Buying - Fed Cattle Sales  
Office: (402) 597-9189

Nebraska	City	Mobile
Emmet Caldwell	Lincoln	(402) 224-0205
Ed Heusinkvelt	Lexington	(308) 325-0227
Steve Maloley	Kearney	(308) 325-0165
Vance Whitehill	Stapleton	(308) 636-8114
Matt Wilken	Bertrand	(308) 991-5944
South Dakota		
Claude Forbes	Woonsocket	(605) 350-0366
Jake Hopwood	Neligh, NE	(308) 627-4828
Mark Johnson	Centerville	(605) 212-2387
Minnesota		
Mike V Million	Marshall	(507) 829-1394
Iowa		
John Crawley	Burwell, NE	(308) 215-8131
David Herbold	Lawton	(712) 899-9560
Scott Hodne	Manning	(712) 299-7696
Joe Hoffmann	Dunlap	(712) 647-8361
Bob Pallardy	Williamsburg	(319) 330-1315
Jake Rouse	Curlew	(712) 480-0881
Missouri		
Dave Bryan	Windsor	(660) 815-0815
Mike Million	Oregon	(308) 325-5274
Roger Parker	Mexico	(573) 473-9598
Wyoming		
Slim Cook	Cody	(307) 272-2024
California		
Luke Stevens	Marshall	(707) 953-4879

#### Producers Pork Programs

Premium - Based Marketing - Supply Agreements  
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Connie Sponder, settlements	office: (712) 274-0536
Tim DeLance	(712) 660-1199
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## SPOTLIGHT ON: CONNIE SPONDER

Connie Sponder has been a dedicated member of Producers Livestock's hog marketing team since she joined on St. Patrick's Day 2003. Connie handles all settlements and is the one responsible for writing the checks for your hogs and hedge gains.

Before coming to Producers Livestock, Connie spent 26 years at the Sioux City Stockyards. Shortly after the stockyards closed, she received a call that Producers was looking for help in the office. The rest, as they say, is history.

Connie's career started right out of high school in 1976 when she joined the Switzer-Beeson commission firm at the Sioux City Stockyards.

She stuck with the stockyards through various changes and mergers throughout the years, eventually ending her tenure working for the Stockyards Company upon their closure in 2002.

Connie truly enjoys her work and finds each day fulfilling. She's one of the rare few who can genuinely say they look forward to every day on the job. Engaging with customers and packers keeps things interesting, and she looks forward to seeing how many hogs are settled each day and the



total amount paid out to customers.

Outside of work, Connie's husband, John, and dog are always happy to welcome her home. She enjoys going to NASCAR races in Kansas City twice a year with her oldest son, John, and does her best to fit in an annual vacation with

her youngest son, Jeff.

As many of our hog customers know, Connie is a pleasure to work with, and we're proud of her dedication to our company.

#### Staff Spotlight

## GRAIN PRICES SLIP ON WASDE, OTHER CROP ESTIMATES

August brought favorable weather and bearish fundamental news for grains, pressuring futures lower. On Aug. 12, the USDA released its monthly WADSE Report, taking the trade by surprise.

With corn, the USDA started by increasing corn yield by 2.1 bushels per acre, but ending stocks decreased with increased demand, and production remained steady with a decrease in harvested acres.

Soybeans were the real shocker as the USDA increased ending stocks by 125 million bushels. The USDA reported big production with increased harvested acres and a record yield of 53.2 bushels per acres.

The trade was shocked by the acres number because the general belief was for a decrease due to flooding and prevent plant.

Regarding world production, Argentina's corn and beans were cut but Brazil was left unchanged. The USDA has Brazil's production higher than they were reporting, but with their harvest wrapping up, we will see if there are any adjustments.

We saw nearby corn and soybean basis levels in western Iowa fall apart due to heavy farmer deliveries. The inverse is starting to collapse. You saw a corn pro-



#### By Stacy Raasch

Grain Marketing Specialist  
Producers Commodities, LLC

cessor's bid start the month out at +0.40 September futures, and as I write this, it is +0.18 for September.

Meanwhile a soybean processor's nearby bid decreased from +0.15 to option November futures.

The fall basis levels remain steady, but I believe we will see quick ship bids, likely based on weather and harvest timing.

Overall, the risk is high that the basis will weaken once the combines are rolling due to the monster crop and limited space.

The exception would be in northwest Iowa, where they experienced too much moisture and flooded out acres. That region has significant feed demand and will need to get ownership to feed the best.

The Pro Farmer tour wrapped up their seven state tour on Aug. 23, supporting the USDA's big soybean number.

The tour showcased big soybean pod counts, throwing up a massive yield of 54.9 bushels per acre, larger than USDA's record 53.2 bushels per acre.

Their corn yield estimate reached 181.1 bushels per acre, below the USDA's 183.1 bushels per acre and Pro Farmers' findings in 2021. They said there is a crop out there, and it's big, except for pockets.

In conclusion, the bears have the reins, and we are seeing the lowest prices in four years. The primary market drivers continue to be large carry-out numbers, lack of demand and exports.

If the bulls are going to take over, we need a major market or weather disruption. Grains are facing headwinds this year.

Producers Livestock now offers several different levels of grain market advisory. Contact Stacy Raasch for details.

## BANKER

■ FROM PAGE 1

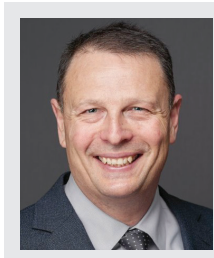
makes it easy to keep your bank well informed. We have six very qualified lenders that would love to be a trusted partner to both you and your lender.

Feel free to reach out to any one of us, and if you haven't heard, we love to make farm calls and are more than happy to meet with you and your lender personally if needed.

One final thought, if you find yourself wondering what to do with the abundant crops coming and you aren't interested in turning it into feed, reach out to Stacy Raasch in our commodities department. She's been added to the team to focus on helping add value to our grain customers' bottom lines.

I've known her for several years and I can honestly say if I had listened to her ideas more than implementing my own on my small grain operation, I would most likely be many dollars ahead of where I'm at today.

# FEED PRICES DOWN ON GOOD WEATHER



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

It appears Mother Nature is going to bless us with a good supply of feed this fall.

The USDA Crop Progress Report released Aug. 26 rates the corn crop in the states of Nebraska, Iowa, South Dakota and Minnesota at 60% to 77% in the good-to-excellent categories. In these same states, the corn crop was rated at 88% to 95% in the fair, good and excellent categories.

Outside of the localized hail storms and flooding, the rest of the area looks very good.

During this last week of August, silage choppers have begun to chop some of the hailed corn and are looking to move right into the rest of the crop. Most areas have had great hay crops this summer, although they had to work around the rain to get it put up.

This abundance of feed is leading to some relief in feed costs compared to the last two years. The Omaha corn price for the week ending Aug. 24 was \$3.92 per bushel in comparison to \$5.30 for the same week in 2023 and \$7.55 in 2022.

As these cheaper grain costs begin to enter into the rations, it may be a good time to recalculate your cost of gain and breakeven as we near the fall calf run.

There may also be some opportunities to lock in or protect your feed costs. If you would like to develop a marketing strategy to take advantage of the lower corn prices, please reach out to Stacy Raasch, Producers Livestock Commodity Grain Advisor, at 712-369-0781.

With the cheaper cost of gain, increased carcass weights and stable beef production, the USDA reports that beef production year to date through the week ending Aug. 24 was down 1.3% compared to 2023.

Strong consumer demand and exports continue to use up this production. Even with the inflation issues and competition from other protein sources at the meat counter, consumer demand for beef is still very good.

The Livestock, Dairy and Poultry Outlook: August 2024 has per capita disappearance for beef in 2024 at 58.3 pounds; very comparable to 2023 at 58.1 pounds.

U.S. beef exports for the first half of 2024 are 4% lower than 2023 at 1.51 billion pounds. To South Korea and China have decreased 13% and 11% respectively. Although the export pounds were lower, the total value of these exports was 6% higher than the same period last year.

At the same time, the USDA Cold Storage report through July 31 shows total beef stocks being down 1% at 407.13 million pounds.

Entering this fall with cheaper feed costs and good product demand, feeder cattle prices remain strong, so downside protection is as important as ever.

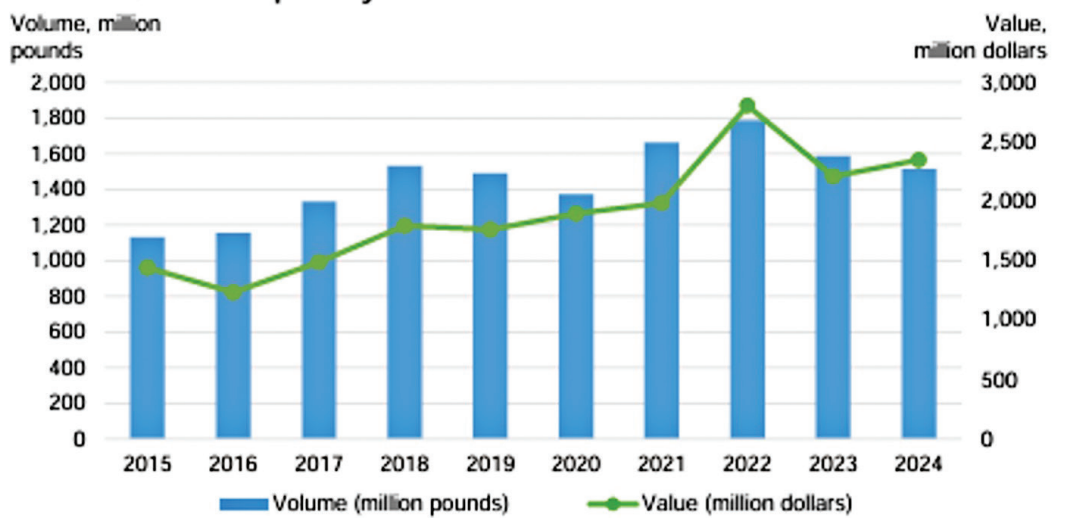
As you continue to place cattle this fall, please reach out to your Producers Livestock beef agent or commodity broker to assist you with your price risk management strategy. Thank you for the opportunity to be a part of your team.

U.S. beef exports by volume (million pounds), January–June 2023 and 2024

Country	June 2024 exports	Year-to-date exports				Share of YTD exports, percent	
		2023	2024	Year-over-year volume change	Year-over-year percent change	2023	2024
Japan	58.3	341.8	335.7	-6.1	-2	22	22
South Korea	51.9	365.3	316.2	-49.0	-13	23	21
China	36.1	268.2	237.5	-30.6	-11	17	16
Mexico	26.3	148.2	170.0	21.8	15	9	11
Canada	30.9	134.2	131.4	-2.8	-2	8	9
Taiwan	22.7	104.1	95.4	-8.7	-8	7	6
ROW	37.3	224.0	228.5	4.5	2	14	15
<b>Total</b>	<b>263.5</b>	<b>1585.7</b>	<b>1514.8</b>	<b>-70.9</b>	<b>-4</b>		

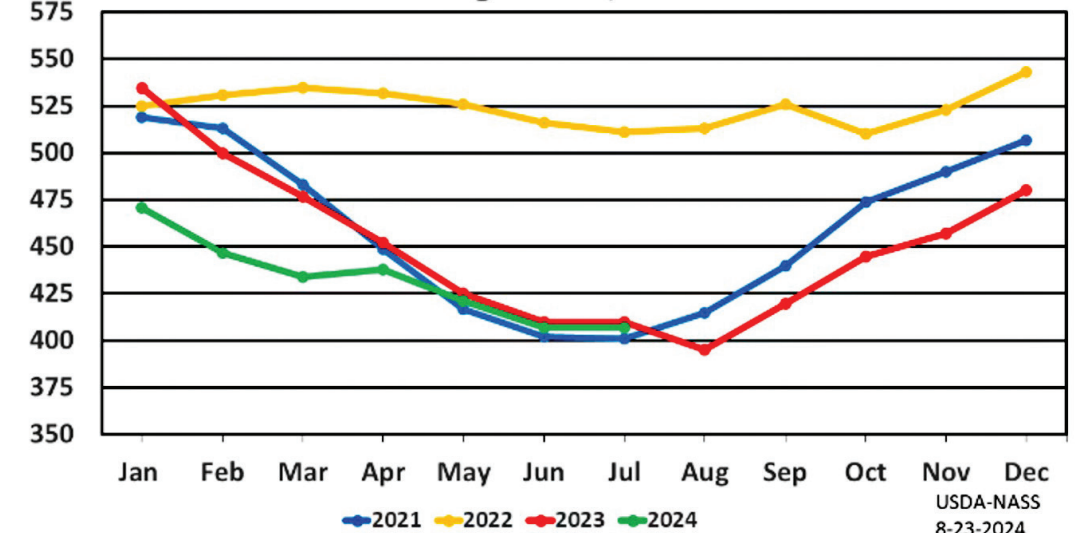
Note: The ranking of the top six countries shown here is based on 2024 year-to-date exports; YTD = year-to-date; ROW = rest of world. Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census.

First-half U.S. beef exports by volume and value



Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census.

Total Frozen Beef - United States Cold Storage Stocks, 2021-2024



# LOCK IN GOOD PRICES IN THE CATTLE MARKET

The Cattle on Feed report released on Aug. 23 revealed that the total on-feed inventory is up 100.3% from what it was a year ago. July placements are at 105.8%, and July marketings are at 107.7%.

The placement total exceeded trade estimates by 2.6%, resulting in a slightly larger on-feed inventory than anticipated.

One might think this would be bearish news, but it's important to consider context. Last year's July placements were low, and while this July's numbers are higher, they are



**By Shawn Smith**  
President  
Producers Commodities LLC

still 2% below the five-year average.

Despite the larger-than-expected cattle on feed, we saw a nice rally in both feeder cattle and live cattle following the report — a welcome change from the market downturn

leading up to the report. Cash cattle prices have

dropped about \$2 in the south and an average of \$4 in the north, bringing the basis closer to "normal."

With feeder cattle prices remaining high at auctions

and limited opportunities to hedge for a profit, remember that put options can be a valuable tool to limit losses if the board doesn't present a hedging opportunity.

If the opportunity to lock in a profit does arise, you can roll the put to a higher floor or sell it and switch to a straight hedge.

On the pork side, the Cold Storage report, also released on Aug. 23, brought encouraging news. Larger-than-expected draws were reported, with total pork stocks down 4% from last year and 5% from

last month.

It's no secret that in recent years, hog producers have faced narrow to negative profit margins. The key piece to navigating these challenges is to have an accurate cost of production, especially with the recent decline in feed costs.

Use this information to create a marketing plan for the year and be sure to execute your plan. Having a solid plan and sticking to it will help you capitalize on the narrow windows we see in lean hogs.

## HOP ON THE NEXT GEN EXPRESS

Producers Livestock's Next Gen Network came together in Omaha this past August for their third in-person event. After meeting at Producers Livestock's headquarters, the group toured the Greater Omaha Packing Plant and wrapped up the day with a guided tour of South Omaha, delving into the rich history of the Omaha Stockyards. As always, it was a day filled with insightful conversations and valuable networking opportunities! Pictured are, front row, left to right, Deb Engler, Sam Seuntjens, Abby Carmody, Cassie Pohl, Tara Olson, Aly Goos and Tim Meyer. Back row: Zach Tindall, Mike Sila, Ty Ahrenstorff, Brandon Feller, Matt Dirksen, Bart Thoreson, Brett Ludwig, Ryan Schroeder, Zach Carmody, Derek Pohl, Andy Schroeder, Joel Olson, Nathan Flemming, Joel Hargrave and Rodney Lamb.



# PREPARING FOR THE TRANSITION: LABOR DAY AND MARKET INSIGHTS

As we approach the fall season, many across the U.S. are nearing the end of grilling season.

Currently, pork cutout prices are hovering in the mid-90s. With favorable conditions, we anticipate maintaining this level through the third quarter and potentially entering the fourth quarter above \$90.

As winter approaches, we expect an increase in pork availability. Pork continues to present a strong value compared to other protein sources,



**By Noland Johnson**  
Senior Vice President, pork department  
Producers Livestock Marketing Association

with boxed beef priced around \$3 per pound and pork around \$0.95 per pound.

Notably, some retail grocery chains are offering 85% lean ground beef and ground pork

at \$3.99 per pound — a surprising parity given the cost differential.

With input costs declining significantly, now is an opportune time to reassess your breakeven points and consider implementing protective measures.

While it's challenging to lock

in losses, minimizing them during the winter months, historically a period of potential downturn, can help sustain operations until spring, when prices tend to rise above breakeven levels.

Additionally, as manure application season approaches, it's essential to maintain strict biosecurity practices to protect your herd.

The busy harvest season can lead to oversights, but avoiding disease outbreaks is crucial. Even a single outbreak can impact profitability significantly.

Wishing you a safe and successful harvest season!

## UNCERTAINTY

■ FROM PAGE 1

that have to stop for hours to recharge?

It's absurd to think of the inefficiencies we'd see in production agriculture, food production and transportation.

### The Future

The reality is that times will be more difficult in the short term. Our country has significant challenges to face and resolve.

We cannot go on adding trillions of dollars to our national debt every year.

We are spending at a pace that is unsustainable and will eventually overwhelm our ability to service it, let alone retire it.

Congress must live within its means, and that goes for both parties. Both parties overspend, they just choose to spend on different priorities.

With all this negative talk behind me I want to encourage all of you to prepare to manage your operations at a higher level than you've ever managed before.

Buckle down and control the controllables.

There are plenty of things beyond your control, so manage those you can. Manage the risk and utilize the professionals around you for guidance, advice and support.

Harvest is upon us. Stay safe out there and please know you can reach out to any of our professionals here at Producers who will try to help you in any way we can.

Take care and God Bless!

## CATTLE

■ FROM PAGE 3

If you need assistance with locking in low feed costs while the opportunity exists, don't hesitate to reach out to Stacy Raasch, a newer addition to our Producers Commodities team specializing in grain marketing.

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## 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 to serve on 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.