PRODUCERS Livestock
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Livestock News
Marketing ■ Credit ■ Commodities

COW HERD: TO BREED OR NOT TO BREED?

By Tim Meyer
President, CEO
Producers Livestock Marketing Association

This may be one of the more difficult newsletter articles I have written during my time at Producers — not because there is nothing to say, but because there is almost too much.

Since early summer, live and feeder cattle prices have corrected by just under 20% after the government decided to "help" lower beef prices for consumers.

That topic could fill an article by itself, especially since I have yet to see a noticeable decline in retail ground beef prices.

Markets Were Already Encouraging Retention

On Aug. 31, our friends in Washington announced another round of "help" through programs intended to rebuild the beef cow herd, along with more talk about improving risk management tools for retained heifers.

The frustration is that the market was already sending that signal. Before the steady stream of announcements over the past three months, cattle prices were giving producers a clear incentive to keep back heifers.

Rebuilding the Herd Takes Time

The nation's beef cow herd is now at its lowest level since 1951. The July USDA Cattle Inventory report showed beef replacement heifers up 2.7% from a year ago, but that increase is relatively small when beef cow inventories remain more than 4 million head below their most recent peak in 2019.

The decline did not happen overnight. Several long-running pressures have pushed cow-calf producers out of the industry over the past four decades:

- Ongoing drought conditions
- Higher capital costs
- Aging producers
- Urban sprawl

Recent years have been profitable for many producers who remained in the business, but the damage to the national cow inventory was built over multiple lean years.

The market was finally beginning to give producers a reason to rebuild — yet that decision still takes time, capital and confidence.

Heifer Retention Decision Is More Complicated

Retaining a heifer is never a small financial decision. It becomes even harder when uncertainty around the cattle industry continues to build.

Today, several issues are weighing on the cattle market and causing beef producers to question whether this is really the right time to grow their herds:

- Packing plant closures
- The reopening of the

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CATTLE MARKET FEELING PRESSURE FROM MANY ANGLES

By Zach Tindall
Senior Vice President
Producers Commodities, LLC

In May, cash fat cattle posted a new all-time record high at $265, and as of the first of September, they have lost close to $50 per hundredweight. The feeder cattle index pushed through $380 earlier this summer and is now below $330. Both the live cattle and feeder cattle markets have felt pressure from numerous factors including plant closures, the border, the administration and corn costs.

Last month, Tyson announced the closure of its Joslin, Illinois, plant effective immediately, the sale of its Pasco, Washington, plant and the closure of a case-ready plant. This is on top of the Lexington, Nebraska, plant and the reduced shift in Amarillo, Texas, that Tyson announced last fall.

Tyson has cited poor economics and poorer returns on the beef portion of its business, along with no foreseeable relief due to tight cattle numbers.

With the latest closure, Tyson kept the door open to adding a second shift back in Amarillo but this will come as profit in the beef sector improves and more supply of cattle becomes available.

The U.S. still has more shackle space than the number of cattle that need to be harvested every week, but decreased capacity causes the feedlots to lose leverage along with limited flexibility in terms of movement between plants.

Toward the end of July, USDA Secretary Brooke Rollins announced that the Mexican border would reopen to feeder cattle imports on Aug. 24. The Mexican border has been in the news for nearly two years and has caused big fluctuations in the markets due to potential reopenings and rumors of such, but the market had a sustained reaction through the month of August.

The administration announced it would open one port in Arizona with an additional phased opening of two ports in New Mexico to come. The Douglas, Arizona, port accounted for 35% of feeder cattle imports upon its closure in 2024.

Estimates for imports for the remainder of 2026 are around 150,000 head. These cattle will mainly go into southern feedlots that have been at 70%-80% capacity.

Corn futures have been on a lower trend for the past four years helping feeder cattle futures work to all-time highs. In the past 30 days, corn has rallied more than a dollar a bushel and to the highest level since June of 2023 as traders fear production concerns in the U.S., poor weather in Europe, overall good demand for domestic corn and tensions in Iran and Ukraine. Since Aug. 12, the managed money has begun buying corn and pushed to a new all-time record long position.

The higher corn price has increased the cost of gains for feedlots, forcing them to bid less for feeder cattle and pushing the cash feeder market lower. In the long run, higher corn could be a benefit to the cattle market as high cost of gains will keep cattle more current and keep pounds off the market.

Last October, President Trump began talking about high beef prices, which began a large sell off for 45 days near the end of 2025. For the most part, the president has not spoken on beef prices since then until the last few weeks.

The administration recently announced it would import

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2027 Board Openings

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

Elections for directors are held annually in February. Directors are elected for a three-year term. To run for a director position, person must be an active member/customer of Producers Livestock. Regions up for re-election in 2027 are the Eastern Nebraska Region and the Western Nebraska Region.

If you are interested or would like more information about sitting on the board, please contact either Tim Meyer or Deb Engler at 402-597-9189 by January 1, 2027.

WESTERN NEBRASKA, COLORADO, WYOMING
Currently held by Jason Chandler

EASTERN NEBRASKA
Currently held by Boyd Hellbusch

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PRODUCERS LIVESTOCK PRIME PERFORMER: MIKE SIEVERS

At Producers Livestock, we know our success is built on the relationships we have with our customers, and few people embody that commitment better than Mike Sievers.

Mike has spent the past decade traveling thousands of miles each year to ensure our customers are seen, heard and supported.

As a member of the Credit team, his work goes far beyond livestock inspections. Whether he's visiting an operation with 100 head or 10,000 head, Mike approaches every customer with the same level of respect, professionalism and genuine appreciation for their business.

In his own words, "This business is about people." That philosophy is evident in every stop he makes. While inspections verify livestock inventory and protect our lending relationships, Mike knows the most valuable part of the job is building trust. His conversations with producers often extend well beyond cattle, touching on family, business challenges, market conditions and the everyday realities of life in agriculture.

Mike's extensive knowledge of the cattle industry, exceptional work ethic and willingness to go wherever we need him have made him an invaluable asset to Producers Livestock Credit Corporation. He serves as a trusted resource for both customers and coworkers, often connecting producers with ideas, management practices and industry contacts gathered from his travels across the Midwest and Great Plains.

If you've ever wondered who puts the most miles on a Producers Livestock pickup each year, Mike is certainly in the running. His ability and enthusiasm to spend hours behind the wheel (often in complete silence — just ask our interns!) is truly unmatched.

Mike's dedication, humility and unwavering commitment to customer service represent the very best of Producers Livestock. We are proud to recognize him as this quarter's Prime Performer.

Congratulations, Mike, and thank you for everything you do for our customers and our team!

MARKET

FROM PAGE 1

300,000 metric tons of beef without tariffs that would be sold to the consumer at a 25% discount. This shook the market as traders were reminded that high beef costs are still on the president's mind and he is focused on bringing those costs down to help curb inflation.

Boxed beef prices struggled for the past few months until Tyson announced the closure of Joslin and Labor Day demand helped boxed beef rally in the middle of August. Since then, boxed beef has traded lower but still remains well above dressed cash prices.

The cattle market has faced strong winds for the second half of 2026, most of which is not a reflection on the fundamental principle of cattle numbers.

Live cattle prices have fallen nearly 18% in the past three months while feeder cattle prices have fallen nearly 15%. It's been a culmination of these factors, not any individual one, affecting the cattle market and playing a part in these losses.

As we head into the end of the year, fat cattle supplies look to remain sufficient for packers to run plants at current capacity, but as we turn the calendar to 2027, numbers will again be tight and packers will have to compete to find available fat cattle

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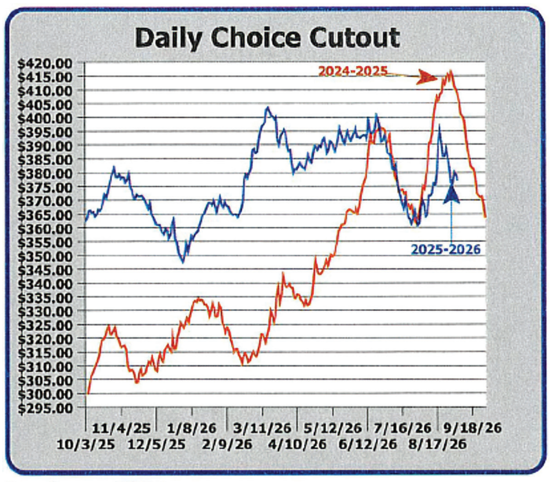
PACKERS REGAIN LEVERAGE OVER FEEDERS

By Mike Sila
Senior Vice President, Beef Department
Producers Livestock Marketing Association



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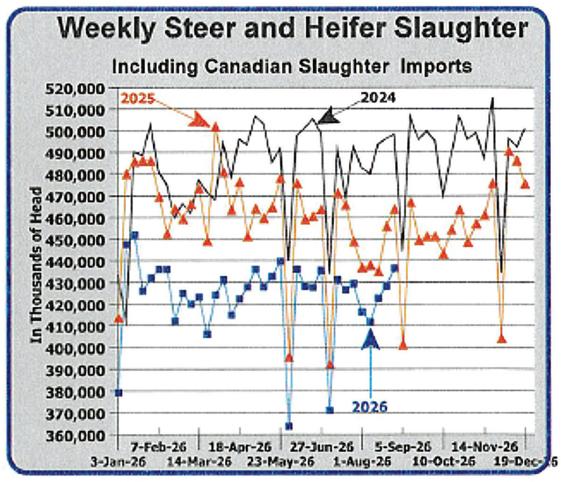

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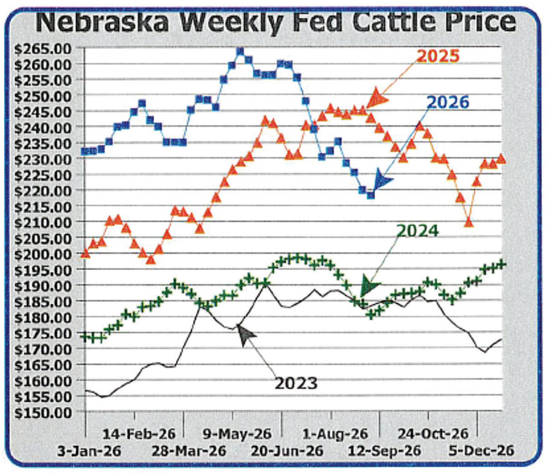

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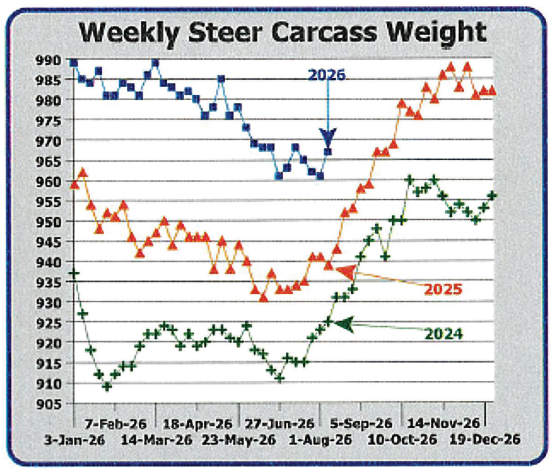

Data Source: USDA

The packer has regained the upper hand as cattle feeders lose leverage. Cash cattle prices in Producers Livestock's trade area have fallen $47 per hundredweight since reaching a record high of $265 per hundredweight in the second week of May.

This summer, cattle feeders have faced significant adversity, including steep kill cuts, packing plant strikes and closures, extreme heat in some areas, the Mexico border reopening and market pressure from the president's posts.

Packers have posted losses of hundreds of dollars per head throughout the summer.

To move closer to breakeven or profitability, they reduced fed cattle slaughter to 410,000 to 420,000 head per week in late July and early August in an effort to boost boxed beef prices.

Last year, this strategy drove boxed beef prices up $50 per hundredweight. This year, it produced about a $35-per-hundredweight increase, reaching $394.99 on Aug. 19, before retreating to the $375 to $380 range as packers increased kills after returning to profitability.

With weekly kills near record lows, year-to-date cattle harvest has fallen 8% below last year. This has led to a 5.4% decrease in total beef production year to date.

Heavier carcass weights continue to keep total beef production from falling faster than it is. Steer carcass weights have averaged from 960 to 968 pounds through the summer. This is 20 to 35 pounds heavier than last summer.

Cattle weights may not rise as sharply as they did last year, however, as corn rose 80 cents per bushel in August.

Throughout August, cash fed cattle prices lost $15 per hundredweight, with cash trade taking place from $218 to $222 per hundredweight the last week of August.

Hedgers didn't see as good of a basis as they did last year, but managed to maintain a positive basis.

As early trade develops this first week of September, it appears that steady money, $218 to $219 per hundredweight, is where the trade will be.

I'm sure most of you are aware that there are now only two USDA Weekly Direct Slaughter Cattle — Negotiated Purchases Mandatory Price Reports currently being printed.

Negotiated trade in Colorado, Texas-Oklahoma and Kansas no longer meets the confidentiality criteria. The Nebraska and Iowa-Minnesota reports now provide the remaining transparency into cash cattle trade.

As the fall run begins, rising cost of gains and well-supported feeder cattle prices may make hedging a profit challenging.

As usual, the cattle market is very susceptible to outside news and unrelated events.

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.

PRESERVING LIQUIDITY IN UNCERTAIN TIMES

By Howie Heckenlively
Senior Vice President, Credit Department
Producers Livestock Credit Corp.

As we talk to our customers and prospects here at Producers Livestock, it seems we all can agree it has been a great three-year run for ranchers and cattle feeders.

While profitability hasn't been linear or equal during this timeframe, most have enjoyed modest gains in liquidity and owner's equity during this time.

Despite higher costs in feeders and fat cattle, it seemed things kept working in our favor.

The market kept going up, and that allowed producers to keep up with rising replacement costs and high break evens.

That begs the question: Now what?

I don't think it comes as a shock to many of our customers and readers that the cattle industry is cyclical like all industries in agriculture.

While the different industries don't share the same cycles nor the same timeframes or volatility, there is one thing that they seem to have in common. They all experience cycles of prolonged profitability followed by a market correction.

While it's not that simple to pinpoint when and how this correction will happen, I think we can all agree that what goes up can, and almost always will, come down.

One phrase you'll hear repeatedly from economists if you attend enough conferences is that "high prices will cure high prices." In general, this seems to be the case no matter what the commodity sector is. I think we are in a similar place in the cattle industry currently.

I won't speculate and say

SEE LIQUIDITY ON PAGE 4

CHANGE IS A GOOD THING?

By Noland Johnson
Senior Vice President, Pork Department
Producers Livestock Marketing Association

Growing up raising pigs, we were happy if we weaned eight pigs per litter. Pigs were sold on a live-weight basis, with discounts starting at 250 pounds, and it took several producers to fill a semi.

At the time, our packers understood that everyone involved in getting pork to the consumer needed to make money for the supply chain to keep moving.

There was a time when selling a pig for $100 meant you made money.

Fast-forward to 2026, and look at how far the industry has come. The advances in genetics alone have been remarkable. We now have larger litters, leaner pigs and growth rates that we never could have imagined when I was growing up.

Producers can monitor feed and water usage, track temperature changes in barns, receive alarms when something suddenly changes and keep detailed records to track groups and identify areas where improvements can be made.

There is no question that these advancements have made our industry more efficient.

But with greater efficiency comes smaller margins and less room for mistakes — whether those mistakes happen on the production side or the marketing side.

The pork industry has evolved into a large, fast-moving machine that leaves very little room for poor production or health challenges that are sometimes beyond a producer's control. That makes it more important than ever to be proactive in every aspect of the business.

Unfortunately, with everything producers are dealing with both on and off the farm, that can sometimes be easier said than done.

One change that has worked against all of us is the industry's inability to recognize that every side of the business needs to be profitable for this industry to remain healthy and sustainable.

The production side has watched its share of the overall value continue to shrink, to the point where it sometimes feels like we barely have a chair at the table anymore.

Meanwhile, the retail side appears to be overlooking a problem that continues to grow.

A lot of producer equity has been lost simply to keep operations moving forward.

That isn't sustainable, and it is something that needs to be addressed sooner rather than later.

A healthy pork industry requires a healthy production sector, and we need to find a better balance throughout the entire supply chain.

And while we're talking about challenges, if anyone comes up with a solution to our ongoing PRRS problem, feel free to share it with me. At this point, I'm all ears!

A Farewell and a Welcome

Bill Nielson will be retiring from Producers Livestock, with his last day being Sept. 11.

Bill has played a major role in building the Pork Department and has been an important part of Producers Livestock for the past 26 years.

We are incredibly grateful for everything Bill has done for the company and for the impact he has made throughout his career. We wish Bill all the best in retirement and thank him for his many years of dedication, hard work and contributions to Producers Livestock.

As Bill retires, we are excited to welcome Chris Reifenberger to the Pork Department as our newest agent. Chris will be transitioning from the Commodities Department on Sept. 14.

Chris brings a unique combination of experience to the team. His knowledge from working in Commodities, along with his experience on the packing side of the pork business, will make him a strong addition to our department. We are excited to have him on the team and look forward to the experience and perspective he will bring.

Please feel free to reach out to Chris at 515-350-3386 and welcome him to the Pork Department!

COW HERD

FROM PAGE 1

Mexican border

- Recent unfriendly trade policy decisions

It is hard to blame them. A heifer calf retained for breeding in the fall of 2026 carries a significant opportunity cost and may not generate revenue for the operation until the fall of 2028, when her first calf is marketed.

A Tougher Call Than It Was Earlier This Summer

Thanks to all this "help," many producers are now weighing a much tougher choice than they were just a few months ago — when the balance of their calf crop was worth roughly $500 per head more than it is today.

When situations like this arise, I often refer to a statement my father used on the farm: "If it was easy, everyone would do it."

The livestock industry is not for the faint of heart, but please know that our team at Producers Livestock is here to help you with these difficult decisions, today and always!

Take care and stay safe out there!

LIQUIDITY

FROM PAGE 3

that we are going to see crashing cattle prices because I don't believe that at all.

The fact is we have the smallest cattle herd since the 1950s, and fat cattle supplies remain tight even with heavier carcass weights. To increase fat cattle supplies, we need to rebuild the herd and that isn't happening overnight.

Feeder cattle prices remain strong, and this encourages ranchers to sell heifer calves even at somewhat lower prices. Even if the rancher wanted to build their herd, land and labor availability coupled with dry weather is working against them.

While there has been recent mention of increasing imported beef, this will mostly come in the form of lean beef trimmings, which will be used to meet domestic ground beef demand and therefore won't have near the impact that we fear in the near term.

Having said all of the above, my message is pretty simple. We're facing some adversity in the cattle market for the first time in two to three years.

Feeder cattle prices have come down some, but the live cattle board has come down even more.

Feeder cattle prices are still high enough that they pencil out to $300-plus losers if the board remains the same or cash doesn't improve during the feeding cycle. It's tough to buy cattle that are this far out of the money without some price protection.

This is the time to work with your Producers Livestock commodities broker to put a floor on your cattle and limit your downside risk. Protect those profits you've made over the past few years and preserve your liquidity.

You've had a great run, and we've truly enjoyed working alongside you and watching your success. We look forward to what's ahead and continuing to partner with you every step of the way — now more than ever.

NEXT GEN NETWORK WRAPS UP THREE-PART WEBINAR SERIES

Producers Livestock's Next Gen Network recently wrapped up a three-part webinar series, Next in Line, which covered various livestock and business topics that matter for keeping the next generation in business.

Over the course of three weeks, members gathered over their lunch hour to hear from industry experts, discuss the future of the livestock industry, learn about agriculture and tax law, and hear real-world lessons and perspectives from their peers.

The conversations provided an opportunity to learn, connect and talk shop about the issues that matter to the next generation of livestock producers and industry leaders.

Not part of the Next Gen Network yet?

There's still time to get involved! Membership is free and open to everyone at producers-livestock.com/next-gen-network.

Be sure to mark your calendar for the second annual Next Gen Network Winter Conference, coming up Jan. 7-8, 2027, in Omaha. This conference is a great opportunity to connect with like-minded individuals from across the Midwest, gain valuable insights from industry experts and continue the conversations that matter.

This is an event you won't want to miss!