PRODUCERS Livestock

Vol. 64, No. 6
November 2026

Livestock News
Marketing ■ Credit ■ Commodities

# GIVE THANKS!



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

Happy Thanksgiving! I hope you are finding time to rest and reflect on another year on your farm or ranch. As 2026 draws to a close, I am grateful for the opportunity to lead the hardworking team at Producers Livestock and to serve our loyal customers.

Our industry brings challenges every day, yet our team approaches its work with a positive attitude and a commitment to helping each customer achieve better financial outcomes.

I am proud of our staff and grateful for the care they bring to serving you.

We deeply value the relationships we have built with you over the years. We celebrate your successes and share your disappointment when things do not turn out as hoped.

Raising livestock takes heart, resilience and dedication. For many of us, that commitment begins early in life, shaped by family and the generations who came before us. We pour ourselves into the animals we raise, knowing that both rewarding wins and heartbreaking losses are part of the work.

One day can test your resolve; the next can renew your hope. To those who embrace this life, and to the generations who prepared you for it, I offer my respect and thanks.

As the holidays approach, I am thankful for another great year and for the choice to spend my career in agriculture, surrounded by customers, coworkers and industry peers who mean so much to me.

I often encourage family and friends to "have an attitude of gratitude"—to recognize the many blessings in our lives. Among my greatest blessings is my family. I would not be where I am today without their unending love and support.

May that same spirit of gratitude fill your homes throughout the holidays and the year ahead. Wishing you and yours a joyous holiday season, a Merry Christmas and a Happy New Year!

# SECOND ANNUAL NEXT GEN NETWORK CONFERENCE SET FOR JAN. 7-8 IN OMAHA

Are you part of a multigenerational operation and preparing to take on more responsibility? Just getting started on your own? Taking the lead on your farm and wishing you had someone who "gets it" to bounce ideas off of?




Whatever stage you're in, the Next Gen Network Conference is an opportunity to learn from industry experts, connect with people who understand what you're navigating, and walk away with new ideas for your operation.

Join Producers Livestock in Omaha, Nebraska, Jan. 7-8, 2027, for the second annual Next Gen Network Conference. All Next Gen Network members are encouraged to attend. Guests, business partners or others looking to grow their network in the livestock industry are also welcome.

The cattle and swine industries look different today than they did when the previous generation got started.

Today's leaders face unique challenges, opportunities and increasingly complex decisions that will shape the future of their operations.

This year's conference will focus on three key areas:

- Next-level learning: Gain actionable insights on livestock marketing, risk management and operational strategies.
- Community and collaboration: Connect with peers from across the Upper Midwest who are navigating similar challenges, exploring new opportunities and working toward similar goals.
- Industry perspectives: Look beyond your own operation with insights from industry experts on agricultural policy, market outlooks and the trends shaping the future of agriculture.

The conference will also feature breakout sessions, roundtable discussions and opportunities to connect with fellow attendees.

There is no age requirement and no cost to attend. Registration is open, but space is limited, so do not wait to reserve your spot.

Visit producers-livestock.com/next-gen-network to learn more, explore the speaker lineup and register.

We'll see you in Omaha!







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**PRODUCERS**
(USPS445-860; ISSN0887-2767)

**PRODUCERS LIVESTOCK NEWS** is published bi-monthly by
Producers Livestock Marketing Asso.
Jay Bakken, CHAIRMAN. Zak Kennedy, VICE CHAIRMAN.
Tim Meyer, PRESIDENT. Garette Long, TREASURER. Deb Engler, SECRETARY.
*Periodical's postage paid at Omaha, NE and additional entry office.*
POSTMASTER — Send address changes to:
PRODUCERS LIVESTOCK MARKETING NEWS
4809 S. 114th St., Omaha, NE 68137-2308

# PRODUCERS LIVESTOCK PRIME PERFORMER: DAVE HERBOLD

At Producers Livestock, it's not just our services that set us apart — it's the people behind them. This quarter, we are proud to recognize Dave Herbold as our Producers Prime Performer, an award honoring his expertise, dependability and contributions to our team and customers.



This year marks 11 years since Herbold joined Producers Livestock as a beef agent. Over the past decade, he has built a reputation for being organized and knowledgeable about the cattle market. These qualities allow him to navigate complex marketing decisions with a clear head and a steady approach.

For Herbold, being a successful agent is about much more than marketing cattle. It's about truly understanding the industry and the needs of the livestock producers he represents.

"Customers hire me to find the best market for their cattle, so their best interest is my best interest," Herbold said. "If they're satisfied with my services, then they'll be back the next year, and that's what I care most about."

This dedication creates deep trust with producers like Lance Bullerman, who relies on Herbold's real-time market insights.

"I'm usually always calling Dave asking what feeder cattle are bringing when guys are calling me and ask if I have any for sale, and my first phone call I make is to Dave to see what feeder cattle are bringing so I can make sure I'm not selling my cattle too cheap," Bullerman said.

"Dave is very organized and carries himself with a lot of confidence, because he understands the cattle market very well when marketing cattle for his customers," said fellow beef agent Jake Hopwood.

Herbold's commitment to excellence extends far beyond his customer relationships. Within the company, he is a team player and a reliable mentor. Hopwood, who has been with Producers Livestock for three years, emphasized the lasting impact Herbold has had on his professional growth.

"Dave exemplifies the meaning of teamwork in the workplace," Hopwood said. "His ability to use common sense and logic when helping in hard situations that arise in my business has helped me immensely."

Over a decade into his career at Producers Livestock, Herbold continues to demonstrate what it means to serve customers well: know the market, work hard, build relationships and be willing to help the people around you. Please join us in congratulating Dave on this well-deserved honor.

We look forward to highlighting a new Producers Prime Performer each quarter — someone going above and beyond to serve our company, customers and partners across the industry.

# NOW ACCEPTING APPLICATIONS FOR 2027 SUMMER INTERNSHIP

Producers Livestock is now accepting applications for its 2027 Summer Internship Program.

Running May 24 through July 30, this paid internship offers an opportunity for a college student to gain hands-on experience, learn from industry professionals and explore career paths across the business side of the livestock industry.

The intern will rotate through multiple departments, gaining a broader understanding of the business while completing projects tailored to individual interests and career goals.

Explore our departments:

• Marketing: Work directly with marketing agents to see how they source feeder cattle and pigs and market finished cattle and hogs. Travel with agents across the Midwest trade territory, visit operations, meet customers and experience everything from sale barns to video sales. No two days are ever the same.

• Credit: Based in the Omaha, Nebraska, office, learn the ins and outs of underwriting, credit relationships and why specialized financing is such an important part of the livestock industry.

• Commodities: Observe licensed brokers in the Sioux City, Iowa, office help producers protect their operations. Gain direct exposure to vital risk management tools, including hedging, put and call options, grain marketing and Livestock Risk Protection (LRP) insurance.

Whether your interests lie in livestock marketing, agricultural finance, commodities or working directly with producers, this internship is designed to help students build practical skills, expand industry knowledge and explore where a career in agriculture could take them.

Housing is not provided; however, assistance with housing arrangements is available.

Learn more at producers-livestock.com. Submit a cover letter and resume to Aly Behrens (aly@plmcoop.com) by Dec. 21, 2026.

# USDA REPORTS SIGNAL TIGHT FED CATTLE NUMBERS



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

The fall calf run was in full swing as October drew to a close. With fewer available this year, late-summer yearling deliveries went quickly.

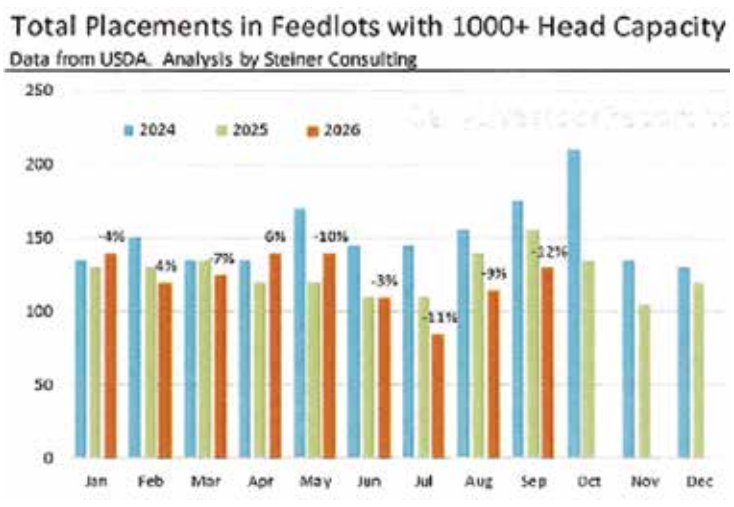
Current and future feeder cattle supplies continue to be limited by years of smaller calf crops due to herd liquidation and limited imports from Mexico.

The smaller supplies, in turn, are leading to feeder cattle placements that have been historically low this summer and fall.

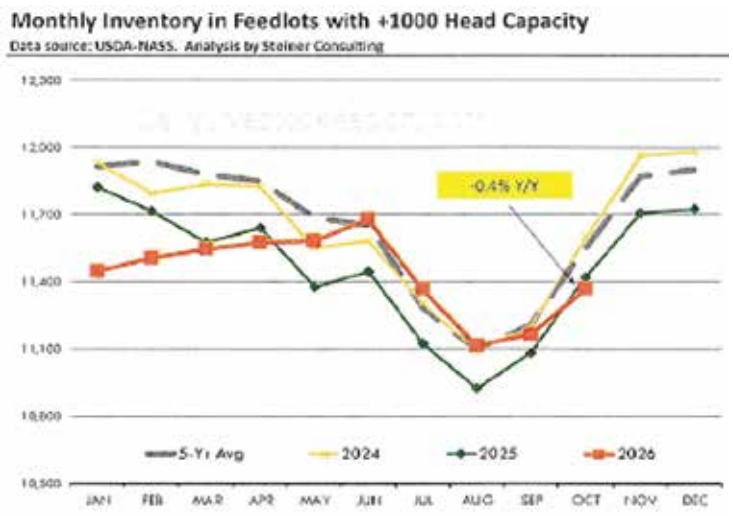
The last three monthly USDA cattle reports have shown significantly lower placements compared to the same months last year. In July, cattle placed on feed nationwide were down 11%, and August placements were 9% lower.

Landing at 88% of last year's numbers, this was the lowest September placement count on record, with 1.78 million head placed on feed.

Placements in Nebraska, Iowa and South Dakota have been lower than the national averages. For July, August and September, placements as a percentage of year-earlier levels were 86%, 86% and 84% in Nebraska; 83%, 94% and 92% in Iowa; and 73%, 71% and 78% in South Dakota, respectively.




With retention of heifers for replacements slowly increasing and Mexican feeder imports continuing to rise, it appears feeder placements through the end of the year will remain lower.




The continued decline in placements points to tighter supplies of market-ready cattle for the end of the fourth quarter and into 2027.

The USDA slaughter steer price forecast for the fourth quarter of 2026 is $225 per hundredweight, while the USDA's October forecast projects the 2027 annual average five-area fed steer price at approximately $237.50 per hundredweight.

The fed cattle market enters the next six months with a familiar story: Historically tight cattle supplies are providing underlying price support, but high beef prices, packer profitability and uncertainty surrounding consumer demand will help determine how much upside remains.

SEE **CATTLE** ON PAGE 4

# WHAT IS YOUR 'COST OF GAIN'?



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

Since entering the beef industry as a lender in 2009, one phrase I've heard that gets tossed around often is "cost of gain." The simplest way to define this is by taking your final cost basis in an animal, subtracting your first cost or initial basis, and dividing that difference by the weight gain.

Theoretically, this is important to know because it helps determine whether that first cost and subsequent gain-related expenses will allow for a profit. It is simple in concept, but it is not always treated the same by each producer.

The component of this equation that varies sometimes from producer to producer and lender to lender is the final cost basis. What kind of expenses should be factored into this equation?

It is fairly simple and straightforward to determine what your feed costs are, and naturally that is the biggest component. But what about other things that should be factored in?

As a lender, I have worked at different lending institutions where this was not always calculated the same way.

Naturally, it makes sense to also include nonfeed-related expenses like vet costs, yardage and interest costs. But in addition to these, there are others that may or may not be taken into consideration.

Technically, things like death loss, labor costs, and fuel and utility costs apply. Going even further, there is equipment repair and depreciation — especially for equipment heavily used at the feedyard and not used in farming operations.

Lenders always determine the cost of living for a producer and their family. This is related to mortgage payments, car payments, food costs and other personal expenses. Should this be included as well?

I do not necessarily have a one-size-fits-all answer. I

SEE **COST** ON PAGE 4

# AS MEXICAN BORDER REOPENS, PLACEMENTS AT RECORD LOW



**By Zach Tindall**
**Senior Vice President**
**Producers Commodities, LLC**

The USDA released its monthly Cattle on Feed report on Oct. 23, and for the third month in a row reported the lowest level of feeder cattle placed into feedlots for the respective month since the Cattle on Feed series began.

In the past three reports, the USDA showed placements into feedyards well below the average trade guess ahead of the report. For September 2026, feedlots placed 244,000 fewer head compared to the same month a year ago. In August, the difference was 160,000 head compared to August 2025.

With the recent opening of several ports on the Mexican border, a larger supply of feeder cattle should be available to feedlots, but other factors have altered the flow of calves and yearlings since the beginning of the year.

In the spring of this year, dryness set in across much of the U.S., but mainly in the western half of the country where a large portion of the U.S. grazing area exists. Many ranchers were faced with the issue of limited feed supplies and a lack of grass for normal stocking rates. Many cattle that typically go to grass and graze for the remainder of the summer were sold as lighter calves and placed into feedlots during the spring or early summer.

This has shown up in multiple ways in the cattle market. One is the record low placement numbers the past three months, and another is ample supplies of fat cattle within feedyards.

Slaughter rates that are smaller than a year ago have helped exaggerate the higher-on-feed counts along with cattle staying on feed for more days. The cattle that came into feedyards earlier this year would have typically come off grass and into feedyards in the past three months; now they have at least 150 days on feed and have created big show lists that will persist into the end of 2026.

Four of the five largest weekly kills have come in October, along with carcass weights continuing to climb to new records.

With these disruptions, the first quarter of 2027 looks to provide the tightest number of market-ready cattle to date.

The ample supplies that the market is currently experiencing are due to cattle being pulled into different marketing periods due to weather earlier this year.

Although the opening of the Mexican border will increase supplies somewhat, it will not make up for all of the lost numbers. The number of cattle passing through our southern border continues to increase but is still far from the levels seen before the shutdown nearly two years ago.

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# THE WAY THINGS ARE...



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

With the takeover of social media and the ever-growing use of AI, it is becoming nearly impossible to believe everything we see and read.

It has impacted everything from sports and entertainment to politics and our views of the world.

We are constantly distracted from what is really happening and left wondering what the truth even looks like.

Election season always highlights these challenges. For one, the political commercials dominating our local TV stations will finally be over — something I am sure we can all be thankful for.

On the flip side, most of us have no idea what to believe about many of the candidates. I guess we go into the voting booth, throw a dart at the ballot, and hope it lands on the lesser of two evils.

Market manipulation has also become a growing concern within the livestock industry, involving both packers and retailers.

We have watched companies grow to the point where just three or four industry giants control the majority of the market. This creates an environment where they have the ability to influence and control prices.

Our packers, who are allowed to own livestock, can apparently sell their pigs to another packer.

Those transactions are then reported to market news and can have a significant impact on the weighted average used to price a substantial portion of our non-packer-owned livestock.

We have seen instances where those animals were sold for $5 to $7 below the current market. Because of the volume involved, those transactions can drive the market down substantially.

In times like we are experiencing now, this type of practice allows companies to create additional margins for themselves at the expense of producers.

That seems like a textbook example of market manipulation, and I am not sure how it is allowed to continue.

When it comes to market control, the retail sector ultimately has the final say in what our product is worth. It seems they set the price, and we are left to deal with the consequences.

For the last several years, I have watched ground pork priced within a dollar of ground beef and scratched my head wondering how boxed beef can be five times more expensive than pork, yet we rarely see that difference reflected in the grocery store.

We just wrapped up October, which is Pork Month, but I didn't notice much of a push to promote pork or offer it at any type of discount.

Pork prices are more than $30 lower than they were a year ago, yet grocery store prices have remained relatively steady.

I understand that price fluctuations make it difficult to predict how much product consumers will purchase, but retailers also need to recognize what it costs to raise a pig today.

The industry cannot continue to sustain itself with prices where they have been or where they appear to be headed.

The next six months look like they could be a rough stretch. I am hopeful our herd has developed some level of immunity to the constant health challenges we continue to face.

As always, biosecurity needs to be a top priority this time of year. Stick to your plans, keep things clean, and don't cut corners. There is nothing worse than dealing with low prices, except having sick pigs on top of it.

## CATTLE

FROM PAGE 3

We continue to see lower monthly marketings, with September at 93% of last year at 1.524 million head. August marketings were down 3%, and July was 7% less than last year. Summer heat, high breakevens, muddy yards and high replacement costs have all contributed to cattle being fed longer.

The USDA Cattle on Feed report showed no change for October at 100% of last year.

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.

## COST

FROM PAGE 3

think each operation is unique, and there is a combination of farming, feeding livestock and custom work that can affect the answer.

Expenses should be allocated based on the activity and the relative percentage contributed toward that activity. All expenses should be accounted for somewhere, though.

This is the only way to get a true cost of gain, or what grain farmers would call their "breakeven" on corn and soybean production. I have read several articles about this topic and have spoken to several producers over the years.

Some of my customers have been extremely close and accurate with this number, and others not so much. This cost inevitably, depending on corn prices, has hovered right around $1 per pound.

Recent estimates show this is more like $1.05 to $1.10 per pound, which is still fairly favorable compared to 2022-2023, when estimates exceeded $1.40 per pound.

Calf prices have come down a bit in 2026 but remain historically high. I am not sure this is going to change anytime soon. Luckily, feed costs are reasonable, which helps offset this. I would stress, though, to make sure you are factoring enough of your other feedyard-related expenses into your cost-of-gain calculation.

These "other" expenses are real and help determine profitability. In the end, this will help you make better-informed decisions when buying feeder cattle and marketing them accordingly.

# PROOF OF OWNERSHIP

# PRODUCERS LIVESTOCK MARKS 90TH ANNIVERSARY

As we wrap up 2026, we're reflecting on a milestone year for Producers Livestock: 90 years in business. Since 1936, we've had the privilege of working alongside independent cattle and swine producers in the livestock industry.

A lot has changed in 90 years. Evolving marketing strategies, technology, risk management tools and shifting market conditions have all shaped the industry we know today.

Through it all, Producers Livestock has remained committed to helping producers market their livestock while evolving to provide the services and support you need for your business to succeed.

Over the past nine decades, we have intentionally expanded our services to include essential credit and risk management services.

We also continue to introduce forward-thinking initiatives like the Next Gen Network to serve the needs of independent producers across the Upper Midwest.

Our founding mission was to provide producers with a unified voice and the best possible marketing opportunities for their livestock. While the "how" may have changed, the "why" remains the same.

As we celebrate 90 years in business, we recognize that this milestone would not be possible without the continued trust and partnership of our customers.

Thank you for allowing Producers Livestock to be a part of your operation and giving us the opportunity to serve you.

As we look ahead to 2027, our entire team wishes you and yours a happy holiday season and a prosperous new year. We appreciate your business and look forward to continuing to serve you in the years ahead.