Cow Country Reporter

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In This Issue

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News from your CEO

The year 2025 is ending and what a year it has been! The year started out with less beef cattle than a year ago and as you may remember cattle receipts at the Louisiana livestock auction markets in 2024 were down 28% from 2023. Cattle numbers were down, and demand was high for our good Louisiana calves, feeders and replacement cattle. Cow/calf producers would see profits on their calves compared to 2024 at $500.00 to $750.00 per head with some higher. Then came November, Trump said he was going to get beef from Australia and reduce the tariffs on Brazilian beef, Tyson closed one of their big beef packing plants in Lexington, Nebraska and reduced their workers to one shift in their Amarillo, Texas plant and U.S.D.A. said the Mexican border would reopen to beef cattle imports soon. All of this media negativity reduced the CME Cattle Futures down the limit through November and brought cash prices for feedlot cattle and calves down along with it. The fat cattle market dropped $40.00/cwt. in November and calves and yearling prices followed.

Louisiana cow/calf producers enjoyed higher prices overall and as a result through November of 2025 year-to-date sold 4800 more cattle than 2024 through our auction markets with less cattle to start out with at the beginning of 2025. As always keep in touch with your marketing agent and keep those baby calves alive and growing. Have a healthy, safe and prosperous 2026!

Dave Foster, CEO

Reduced Packing Capacity and Tariff Roulette Adds to Cattle Market Uncertainty

By: Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

Industry fears about the impact of packer losses and low cattle numbers were realized in late November with the announcement from Tyson that the Lexington, Nebraska packing plant would close and the Amarillo, Texas plant would decrease from two shifts to one shift in the coming months. This will reduce industry slaughter capacity by roughly 7,000 to 8,000 head per day. The exact impact will depend on forthcoming details, especially how Tyson will manage a one-shift plant. Depending on the details, the reduction represents roughly 7.5 – 9.0 percent of total industry slaughter capacity.

Monday – Friday daily fed slaughter thus far in 2025 has averaged 90,529 head per day, down 3.6 percent from the recent peak (93,931 head per day) in 2022. However, Saturday slaughter has averaged 4,878 head this year, just 13.1 percent of the 37,137 head per day average in 2022. For the first 45 weeks of the year, total weekly fed slaughter has averaged 457,524 head compared to 506,793 head per week in 2022, a decrease of 9.7 percent. The Tyson planned reduction in packing capacity may be nearly (but not quite) enough to balance the decrease in cattle slaughter since the peak in 2022. However, fed slaughter is expected to continue decreasing in 2026 and 2027. Excess packing capacity will continue to be an issue for beef packers for the foreseeable future.

In other news last week, the latest spins of the big tariff roulette wheel included lifting the 10 percent tariffs imposed in April on countries from which the U.S. imports beef. Major beef import sources are Brazil, Australia, New Zealand, Canada, Mexico and Uruguay, along with minor sources including Nicaragua and Argentina. A few days later, the additional 40 percent tariff imposed on Brazil in August was removed. Brazil, who filled the “Other Country” tariff rate quota in January, will still face the 26.4 percent over-quota tariff rate. For the first seven months of the year, Brazil was the largest source of U.S. beef imports.

Since the beginning of the year, Brazil has gone from a zero within-quota tariff (filled by January 17) to a 26.4 percent over-quota tariff later in January, to which an additional 10 percent tariff was added in April (36.4 percent total), to which an additional tariff of 40 percent was added in August (76.4 percent total), back to 66.4 percent total after removal of 10 percent tariffs in November, followed a few days later by removal of the 40 percent tariff and, thus, back to the 26.4 over quota tariff until the end of the year (maybe) when the "Other Country" quota resets for another year. If you are confused, don't feel bad – how can any industry function in such a quagmire of changing rules?

Lack of trade data resulting from the shutdown has made it impossible to quantify the negative impact of the August tariff on beef imports from Brazil, let alone the impacts of now reverting back to the situation from early in the year. There will be impacts, likely relatively small on the ground beef market – probably more likely to simply moderate future increases rather than actually reducing ground beef prices in the U.S. Certainly there will be no relief for high steak prices, with even higher prices likely ahead as beef production continues to fall.

Analyzing Your System

Build Back Better – Replacement Heifers Series – Article 3

By: Mark Z. Johnson, Oklahoma State University Extension Beef Cattle Breeding Specialist

How do you develop breeding objectives and identify economically important traits on which to apply selection pressure in your cow-calf operation? The answer lies in understanding that your cattle (and their underlying genotype) are just one component of a much larger system. Your production system is a group interdependent components. Animal-related systems vary from large, extremely complex systems such as the beef industry as a whole, to smaller (but still complex) systems like an individual farm or ranch.

To analyze your own unique cow-calf production system, consider the following:

- Your cattle – specifically their genotypes
- Your production environment
- Your fixed resources and management
- Economics

Your cow inventory and bulls used are the means to produce the calves marketed. How would you describe the genetic potential and phenotype of your cowherd, bull battery and calves produced? Is this description a good fit with the other components of your system?

Your production environment refers to all the elements involved in your cow-calf operation over which you have little influence. Examples would include altitude, soils, climate conditions like rainfall, wind and temperature, as well as the quantity and quality of your forage base. Cow-calf production takes place in an extremely wide variety of production environments. A cowherd of the correct genotype to fit their production environment will more efficiently convert grazed forage into pounds of calf raised.

Fixed resources include factors such as the amount of pasture you have for grazing, your ability to grow (or have access to) supplemental feeds, and available labor. Management involves all the practices implemented by you. Examples include vaccination protocols, supplemental feeding, how long will mature cows remain in production and (very importantly), how and when will calves be marketed. Management also involves the selection and mating decisions you make to optimize genotypes in your production system in order to create profit potential.

Economics encompasses all the financial factors unique to your operation. The cost of inputs and value of outputs. Feed, fuel, fertilizer, equipment and labor are input cost. Input expenses are significantly influenced by the cost of maintaining your breeding herd. Furthermore, interest rates on debt and the equity you have in your land and cattle are very important economic factors which often influence marketing plans.

Considering all the components of your production system and how they interact with each other should determine breeding objectives and where selection pressure should be applied. This can result in genotypes that are an environmental fit, are aligned with marketing plans and optimize the use of your resources.

Dr. Johnson discusses breeding objectives and selection pressure, helping producers make smarter decisions that lead to stronger, more productive herds on SunUpTV from November 22, 2025. https://www.youtube.com/watch?v=tuPLCJZzEI8

Cattle on Feed Report Indicates Liquidation Continues

Analysts agree recent data does not show signs of heifer retention.

By: Angie Stump Denton

USDA caught up on cattle on feed (COF) data following the shutdown when it released the COF report on Friday, Nov. 21.

"Amid the drumbeat of bad news in the cattle market over the last month, including on-again, off-again tariffs, jawboning for lower beef prices and Tyson's announcement it will close its beef packing plant in Lexington, Neb., in January, USDA released a cattle on feed report," says David Anderson, Texas A&M Extension economist in a recent Southern Ag Today e-newsletter.

Anderson summarizes the report did not contain many surprises. Placements and marketings were down 10% and 8%, compared to October 2024. The combination left the number of cattle on feed down 1.6% compared to Nov. 1.

"The most interesting, and important, number in the report was the number of heifers on feed," he says.

Heifers on feed is normally reported in the October report, but that was delayed due to the shutdown. There were 4.355 million heifers on feed on Oct. 1. That was 245,000 fewer than Oct. 1, 2024, and the fewest heifers on feed for an October since 2018.

"It also represented the fifth consecutive quarter of year-over-year declines in the number of heifers on feed," Anderson summarizes. "That would seem to be positive news if looking for evidence of herd expansion."

Josh Maples, University of Mississippi associate professor of agricultural economics, agrees with Anderson regarding the most interesting number in the report was the percentage of heifers on feed and although numbers are down there is more to the story.

Maples wrote in a recent Cattle Market Notes Weekly e-newsletter: "Much of this decline is likely driven by the lack of spayed heifer imports from Mexico. There were 381,283 spayed heifers imported during the first nine months of 2024 compared to only 79,507 this year. Overall, the heifer on feed numbers do not yet reflect strong signs of much

(continued on page 3)

Cattle on Feed Report Indicates Liquidation Continues

heifer retention in the U.S."

Don Close, Terrain senior animal protein analyst, discussed the COF report with Chip Flory during "AgriTalk" on Monday.

Close says: "Heifers as a percent on feed at 38.1% essentially is unchanged from July. It's down a percent and a half from a year ago.

"The bottom line is we are still at levels that clearly shows we were in a liquidation phase. The neutral zone is 36% to 37% of heifers on feed, and we're at 38%," he says. "We're still going to see a huge drop in heifers on feed when we finally get to expansion in earnest, so we're kicking the can down the road."

Texas Slips to No. 2

The report included a rare event with Texas slipping to No. 2, reporting 10,000 fewer cattle on feed than Nebraska, 2.63 million head versus 2.64 million head. The last time Nebraska had more cattle in feedyards than Texas was May 2018. The lack of Mexican feeder cattle imports is the most important factor in this ranking reversal.

Maples adds this is only the 10th month in at least the past 33 years Texas hasn't topped the list.

"There were a couple of other interesting numbers to think about," Anderson says. "More steers were reported on feed than a year ago. At first glance, we might think that seems surprising given the decline in cow numbers, but days on feed is boosting total cattle on feed inventories, given overall declines in cattle numbers."

CattleFax Predicts Profitability Despite Increased Uncertainty

Tight supplies and strong demand have pushed beef prices and producer profitability to historic highs. After peaking in 2025, CattleFax analyst Kevin Good forecasts prices will see a modest correction while fundamentals remain strong.

By: Angie Stump Denton

The beef industry has experienced a year of "hybrid vigor" as cattle prices soared due to tight supplies and increasing consumer demand, summarizes CattleFax's Kevin Good.

"The market has gotten a lot higher than any of us would have suggested as we started the year," he says. "Now the market is anticipating some of those things that propelled the market to higher highs to come off. In other words, tariffs being reduced as well as the Mexican border reopening."

Forecasting strong prices into 2026, the next market phase will be shaped by herd rebuilding and shifting global trade, Good adds. The volatility and political noise will continue, but the fundamentals will still matter.

Here are five key takeaways from Good's presentation at the recent Kansas Livestock Association Convention:

1. The markets are experiencing significant volatility, largely influenced by noise in the media, tariffs and the Mexican border closure.

Good says regional market dynamics spotlight Kansas and the Midwest as more advantaged relative to Texas, for example, which faces tighter supplies and higher costs until the Mexican border reopens.

Market volatility is strongly influenced by psychology and external policy issues.

"Psychology can take the markets higher than they should otherwise, and they can take them lower than they should otherwise," he explains.

2. The dairy industry's role in the beef supply is growing.

"We are getting more beef out of the dairy industry than we ever have in the past," Good says.

- This is the largest dairy herd in about 25 years.
- A bigger percentage of the dairy producers' income is derived from beef — salvage cow value or day-old beef-on-dairy calves.
- In 2025, 18% of the cattle harvested will be dairy or beef-on-dairy cross.
- Slower culling: Dairy producers have transitioned from culling cows after their third lactation to their fourth lactation.
- The export portion of dairy revenue has tripled in the last 25 years.

3. Strong consumer demand continues, but high prices pose risks.

Beef demand and evolving consumer preferences are shaping industry profitability. Consumer demand for high-quality protein remains strong, but there is concern about potential pushback if prices stay high. Good predicts retail prices may soften somewhat next year, but market fundamentals are still solid.

"If we just continue to focus on what's paid us over the last 25 years as beef demand has improved — quality and consistency — it is as simple as that," he says.

4. Future expansion remains tentative, hinging on weather and profitability.

"We liquidated for about six years, probably one to two years longer than the economics suggested because of drought," Good says.

The outlook projects continued tight supply for the first half of next year and possibly lower prices in the second half, with gradual expansion expected to follow depending on weather and economic conditions.

5. The overall market outlook is healthy but shifting.

Good says packing capacity continues to favor cattle feeders for now, but labor challenges and changing market cycles could impact this leverage in the coming years.

"Big picture … we're suggesting we've seen our cycle high. The trends changed. Fundamentals are still solid. Beef demand is great," Good says.

"Generally speaking, I would say [there's a] positive outlook looking at prices," he says. "If we make the assumption the border reopens in the first half of next year, and at the same time tariffs are more normalized … average prices for next year will be a little bit lower. [2026] will be a tale of two halves — the first half will resemble the second half of this year and then you've got more risk as you go through the second half of next year."

Good is optimistic for continued profitability for the cow-calf producer in 2026.

"Just think about the dollars in the system," Good summarizes. "Our prices have gone up at least 2% on an annual basis, faster than inflation, for 25 years. Those are real dollars — real dollars that are now landing in your pocket no matter what segment of the business you're in."

Markets Will Always Be Reactive, but Price Risk Management Strategies Must Be Forward Looking

How feeder cattle contracts fell over $42 per hundredweight since mid-October despite strong fundamentals and tight supplies.

By: Kenny Burdine, University of Kentucky

The last month has been a wild one for the cattle markets. In mid-October, markets seemed to be setting new records each week and shrugging off any bearish news that came along. Things changed quickly in mid-October and much has been written about this in recent weeks. It seemed to begin with a statement by the president about wanting to lower beef prices. Following that statement, markets appeared to latch on to any potentially bearish news, including the potential for increased beef imports and the possibility of resuming live cattle imports from Mexico.

As of the close on Friday, November 14th, the November CME© feeder cattle futures contract was down more than $42 per cwt from October 16th. CME© live cattle futures have also fallen sharply, with the December contract down almost $30 per cwt over the same time. In truth, the fundamentals of the cattle market have not really changed. Cattle supplies remain very tight, and beef demand still seems to be strong. Markets discount prices due to uncertainty and that is exactly what they have done over the last few weeks. I think one must also consider that the markets may have gotten a bit too hot and that made them especially vulnerable this fall. For example, by mid-October, the November CME© feeder cattle futures price had risen over 43% from where it started 2025 and is still up nearly 28% for the year.

Regardless of how we got to this point, the impact on the value of fed and feeder cattle being sold is substantial. I always get more price risk management questions on the heels of major downward price movements than after major upward price movements. While it's good to evaluate risk management strategies during times like this, it is not a good time to develop one. Forward contracts, futures, options, and LRP insurance will not allow one to resurrect prices from mid-October unless a specific strategy was in place at that time.

The last few weeks have been another illustration of the importance of planning for downside price risk. We can talk all we want about how justified or irrational a market response may be, but markets are always going to react to new information. On the contrary, risk management plans are meant to be forward-looking. Producers should run budget scenarios for a wide range of sale prices, including major price swings that seem highly unlikely. By doing this, a farmer can make an informed decision about how much risk they are willing to accept and how much potential return they are willing to trade to limit some of that downside risk. This should be done on a regular basis for cow-calf operations, and at placement and on a regular basis for margin operations. Every operation is different and what makes sense for one operation may not make sense for another. But every producer should evaluate the impact of major price swings and consider strategies to manage that risk. Markets will always be reactive, but risk management strategies can't be.

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