DROVERS

STATE OF THE BEEF INDUSTRY

2025 REPORT

INSIDE:

- Resilience Drives Today's Beef Industry
- Key Takeaways From CattleFax Cow-Calf Survey
- Cattle Prices Predicted to Continue Climbing
- State of the Industry Survey Results

FARM JOURNAL

THE FRONT GATE

Resilience Drives Today's Beef

The U.S. beef cow inventory has reached its lowest point since 1962, marking what appears to be the bottom of the current cattle cycle. Tight supply is driving the strong pricing environment beef producers are enjoying today.

"For cow-calf producers right now, things are as good as they've probably ever been," says Troy Rowan, University of Tennessee assistant professor.

While times are good and optimism is high, producers are facing significant challenges yet promising opportunities. As part of our ongoing efforts to understand the pulse of the industry, Farm Journal conducted a comprehensive survey with nearly 500 beef producers participating. The survey provided valuable insights into current operations and future outlooks.

> **The beef industry is resilient, adaptive and on the cusp of significant technological transformation.**

As a follow up, the Drovers team interviewed several industry leaders to add more context to the results that are included in this State of the Beef Industry Report.

"Even though things are really good, producers are conscientious and vigilant about potential challenges," Rowan summarizes.

Agreeing with Rowan, South Dakota cattleman Ken Odde adds that while profits are strong, inflation quickly erodes economic gains. He stresses the importance of risk management and diversification.

EARLY SIGNS OF REBUILDING?

This is the million-dollar question: Are there encouraging signs of expansion?

Dave Weaber, Terrain senior animal protein analyst, says: "The industry is not currently in herd expansion mode, with producers hesitant to retain heifers due to high costs and economic uncertainties."

On Page 6, we break down the July USDA cattle inventory and cattle on feed reports. While the reports showed the smallest U.S. herd in history and continuing tightening numbers on feed, analysts predict producers have not experienced the highest cattle prices, yet.

Weaber adds that producers need to be intentional about herd expansion, understanding the financial implications of adding new cattle.

BEEF-ON-DAIRY FILLING THE GAPS

"The current dynamics of supply is going to be a challenge," says Jarrod Gillig, Cargill senior vice president, managing director for beef.

He summarizes the industry is experiencing a critical period of transition. While he sees some early signs of rebuilding, he doesn't expect the cow herd to return to previous peak levels. Instead, the gap will be filled by beef-on-dairy calves.

Nick Hardcastle, Cargill senior director of meat

PHOTO: CERTIFIED ANGUS BEEF

Industry

grading and technical specialist, explains how the beef-on-dairy calves are an upgrade to the traditional Holstein steer and their impact on beef supply.

"Beef-on-dairy is more desirable because it helped overcome several Holstein difficulties," he says. "Improvements include red meat yield as well as improved acceptance in branded programs."

Hardcastle says the beef-on-dairy cattle are filling supply by filling pens in the Plains states as they are widely accepted by feeders and packers today.

CONCERNS CHALLENGING GROWTH

While optimistic, Odde says there are industry threats that could impact growth of the herd as well as supply and demand. Some of the concerns, summarized by the survey and industry leaders, include:

1. Animal Health. "The industry has existential threats that could grind our current hot streak to a halt," Rowan says. "New World screwworm or other emerging animal diseases could put the industry on its head overnight."

2. Land. Rowan says in many parts of the country, agricultural land loss is shifting productive ranching areas out of production. "This will challenge producers to continue to be profitable with smaller land footprints," he summarizes.

3. Aging and Succession Planning. A critical challenge facing the industry is the aging producer population. Many older producers are choosing to reduce cow-calf operations, opting instead for stocker cattle or leasing land for alternative uses.

4. Trade and Tariffs. Weaber says trade dynamics add complexity to an already challenging beef market. He adds the 50% tariff on Brazilian beef has significant market implications as related to lean trim.

5. Labor and Immigration. Immigration reform is becoming a critical issue, with labor shortages and workforce challenges affecting production.

6. Feeder and Packer Capacity. Gillig adds the current market presents significant challenges, but says Cargill remains invested in beef production. In early August, packer margins are estimated at negative $300 per head. Packers are relying on diversified portfolios to help buffer against beef market volatility. The question is: How long is that sustainable?

This report is designed to help producers make decisions. There's no doubt if I want my sons, nieces and nephews to have the opportunity to continue our farm, my generation needs to think strategically and be flexible in our breeding, marketing and production.

Angie

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Key Takeaways From CattleFax Cow-Calf Survey

The 2024 CattleFax cow-calf survey represented more than 350,000 cows

BY ANGIE STUMP DENTON

Cow-calf producers experienced increasing prices and revenue in 2024, with the rise in revenue far outpacing the increase in cow costs according to the 2024 CattleFax Cow-Calf Survey.

CattleFax Analyst Matthew McQuagge says the survey had just under 1,000 participants representing 41 states and more than 350,000 cows. The average herd size was 385 cows.

Cash cow costs, not including return to management or depreciation, was $753, up $30 compared with 2023. This was a new record in the CattleFax database. Unpaid labor and management expenses were reported at $147 per head and depreciation $134.

"If you add those up, that totals just over $1,000 per head for cow cost," he says. "That's pretty significant. But on the flip side, calf revenue jumped sharply, almost $200 per head, to $1,615 in terms of revenue on a per head basis."

Average weaning weights were steady, reported at 556 lb. for steers and 518 lb. for heifers.

U.S. Average Cow Herd Size: 385 Head

Cash Cow Cost:	Calf Revenue Per Head:	Average Price:	Average Weaning Weight:
$753	**$1,615**	**$300/cwt**	Steers: **556 lb.** Heifers: **518 lb.**
^ $30 from 2023	^ $194 from 2023	^ $36 from 2023	˅ 1 lb. from 2023

PHOTO: CHERAMIE VIATOR

CattleFax did break out the cow costs by region. McQuagge says the biggest jump was in the Southeast region, increasing $45 at $691, but this is the lowest cost across the nation. He says that change relates to forage availability and supply. The northern plains reports the highest cow costs.

Around 25% of the respondents shipped their calves right after weaning, with 55% weaning for a minimum of 45 days.

Reviewing the survey data, CattleFax calculates low-return, average-return and high-return producers.

In summary McQuagge says, "Low-return operations really stand out in terms of cow cost, and high-return operations really stand out in calf value. That's how they differentiate themselves."

> **Calf revenue jumped up sharply, almost $200 per head, to $1,615 in terms of revenue on a per head basis.**
>
> *—Matthew McQuagge*

4 Points to Consider

1. CALVING AND WEANING STRATEGIES MATTER

Operations with calves born within the first 45 days showed higher weaning weights, better fertility, increased longevity and more uniform calf crops. High-return operations had a larger percentage of calves born within the first 45 days.

"This creates further opportunities within the management of that herd to add value," McQuagge explains. "The marketplace rewards producers who wean and vaccinate for more than 45 days."

2. GENETIC INVESTMENT PAYS OFF

Bull purchase price directly correlates with calf value, thus producers can improve herd genetics with strategic investment.

"For every increase in $2,500 spent on bull purchase price, it's resulted in an $85-per-head increase in calf value," McQuagge says. "If we assume a bull is in the herd for four years or sires 75 calves, that results in an added profit or added revenue of over $6,000 on that additional $2,500 investment."

3. VACCINATION AND VALUE-ADDED PROGRAMS HAVE DIMINISHING RETURNS

Two vaccines typically provide maximum value with additional vaccinations showing limited economic benefit.

"Beyond two vaccinations, there's not much growth or increase in calf value for those additional shots," he says. "Oftentimes we'll see that the increase in value for these additional shots does not offset the increased cost."

While value-added programs still offer potential revenue, their additional value has weakened with rising calf prices.

"Value-added programs, such as organic or natural beef, require different management techniques," McQuagge says. "Over the last few years, these programs have declined slightly in participation. A lot of this decrease is due to the decrease in additional revenue for these programs, as calf prices have increased so much. One thing we often stress or recommend is to ensure that you have a marketing plan in place to take advantage of the additional work, costs and audits associated with these programs to make sure you're capturing that value."

4. HERD EXPANSION PLANNED

Survey results showed herd expansion intentions for operations include: Retaining heifers was the largest percentage of responses at more than 60%, but more than 15% plan to buy bred heifers and/or bred cows.

Cattle Prices Predicted to Continue

Cattle Inventory Report showed the smallest U.S. herd in history

BY ANGIE STUMP DENTON AND MICHELLE ROOK

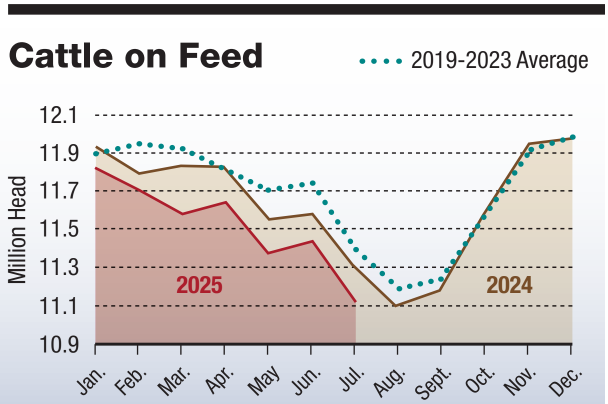



PHOTO: ANGIE STUMP DENTON

With the release of the USDA Cattle on Feed report and Cattle Inventory Report on July 27, data shows the nation's cattle herd is still not expanding and feedlot placements continue to decline.

The exciting news for cattle producers is that based on the reports, Don Close, Terrain senior animal protein analyst, predicts cattle producers have not seen the highest cattle prices, yet.

"While I don't think we've seen the high-water mark of this market, I do not think we'll continue to see prices escalate at the rate we have for the year to date," he says.

CATTLE ON FEED SHOWS BULLISH PLACEMENTS

The on-feed total was 11.1 million head, down 1.6% from a year ago, the lowest in eight years. Placements were down 8%, the lowest in 16 years.

Derrell Peel, Oklahoma State University Extension livestock marketing specialist, says: "The placements came in substantially less than expected and as a result of that, it did change the on-feed number to about half a percent less than expected."

Close adds, "If you look at the decline in placements, specifically Texas, and those Southern feeding states, and the implications we're getting because of the border closure, to me, that's the real story in the long-term ramifications to the market."

He says the state-by-state breakdown confirms Texas placements are down 18% compared to last year, Oklahoma is down 27% while Iowa is up 21%.

"I think that's going to have a big impact on the north to south price spread that has been such a big issue in the market through 2025 to date," he says.

Kenny Burdine, University of Kentucky livestock agriculture economist, said in a press release: "The surprise of this quarterly Cattle on Feed report was June placements, which were down 8% from 2024 and outside the range of expectations. Marketings

Climbing

continue to suggest we may be pulling cattle ahead, but placements suggest we are not replenishing them at the same pace."

Heifers, as a percentage of on-feed inventory, came in at 38.1%. This is about a percent-and-a-half lower than July 1, 2024, but up about half a percent from April of this year.

"Much like the beef replacement heifer estimate from the inventory report, this does not suggest much retention is occurring," Burdine explains. "Any growth in beef cow numbers is coming from reduced cow slaughter."

CATTLE INVENTORY DOWN 1%

The cattle inventory report was compared to 2023 since the July 2024 report was cut. Close says it shows the smallest herd on record, with all cattle and calves down 1% at 94.2 million head.

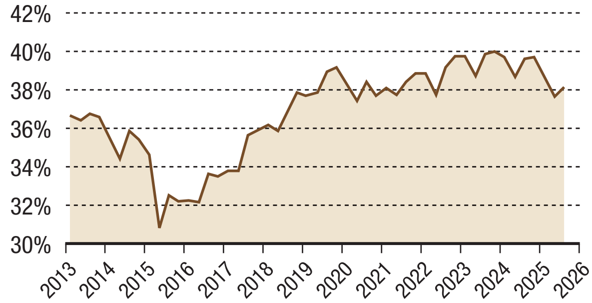
He says the calf crop at 33.1 million is the biggest market signal.

"The real critical number is the calf crop number," Close says. "That was down 1%, so it still shows, you know, we're going to see additional limits on the available number of potential placement or available cattle outside of the feedyard, again in 2026."

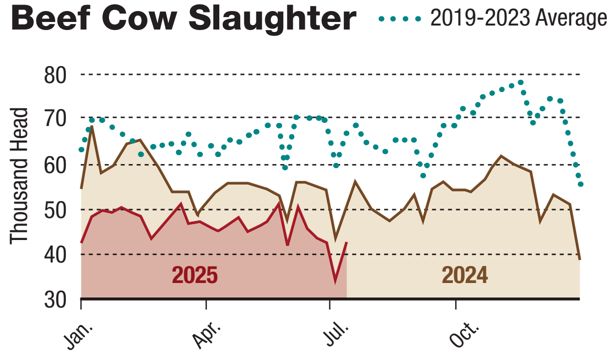
Burdine says, "Most were expecting beef cow inventory to be down a bit more over the last two years, but I think this speaks to how much lower beef cow slaughter has been running. For the 12 months from July 2024 to June 2025, nearly 650,000 fewer beef cows were harvested than from July 2023 to June 2024. I think it's likely that beef cow inventory was down by more than that from July 2023 to July 2024 but increased over the last 12 months due to lower slaughter levels. Heifers held for beef cow replacement were down 3% from 2023, which is a decrease of 100,000 head. The best way to think about this number is to consider it as a percentage of beef cow inventory. When looking at it that way, our heifer retention pace is lower than it was in 2023."

Close summarizes, "It's bullish, both the on-feed and inventory reports, I don't think there's any getting around the fact they're bullish."

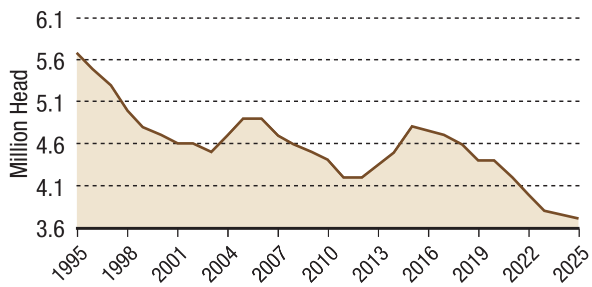
Heifers on Feed (as a percent of total cattle on feed)



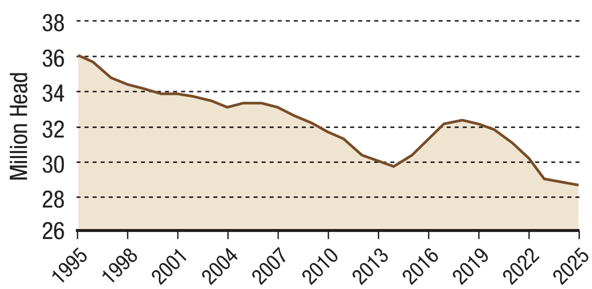
Beef Cow Slaughter



Heifers Held as Beef Cow Replacements



July 1 Beef Cow Inventory



Survey Finds Optimism

Results from Farm Journal's State of the Beef Industry Survey

BY ANGIE STUMP DENTON

Takeaways from the 2025 State of Beef Industry survey reflect the industry is currently thriving financially but facing long-term structural challenges around herd rebuilding, succession planning and maintaining competitiveness through innovation and efficiency improvements.

Despite the challenges, optimism is rising: 47% plan herd growth, and two-thirds report profitability. Survey results summarize producers believe long-term success will depend on adaptability and innovation.

In its third year, Farm Journal's State of the Beef Industry 2025 Survey provides a comprehensive overview of the current status and outlook of the beef industry. The report surveyed 469 beef producers from across the U.S., focusing on those with cow herds that exceed 50 pairs or more than 500 on feed.

On the next few pages, we share highlights of this year's survey. Here are some other key takeaways:

- Two-thirds of producers have added revenue streams, like selling direct to consumer, custom calving or hunting, to help offset volatile market risks.
- Comparing 2023 and 2024, the number of respondents who precondition calves before marketing has been consistent — 83% in 2025, 79% in 2024 and 82% in 2023.
- 84% of participants selected genetics and performance as a consideration when buying bulls.

What percentage of your total operation's income is generated by cattle, excluding any off-farm or ranch income.

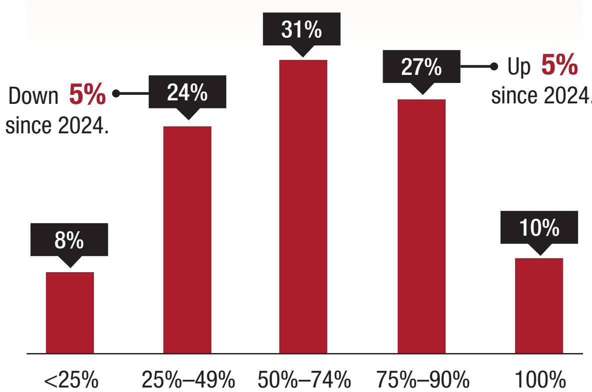
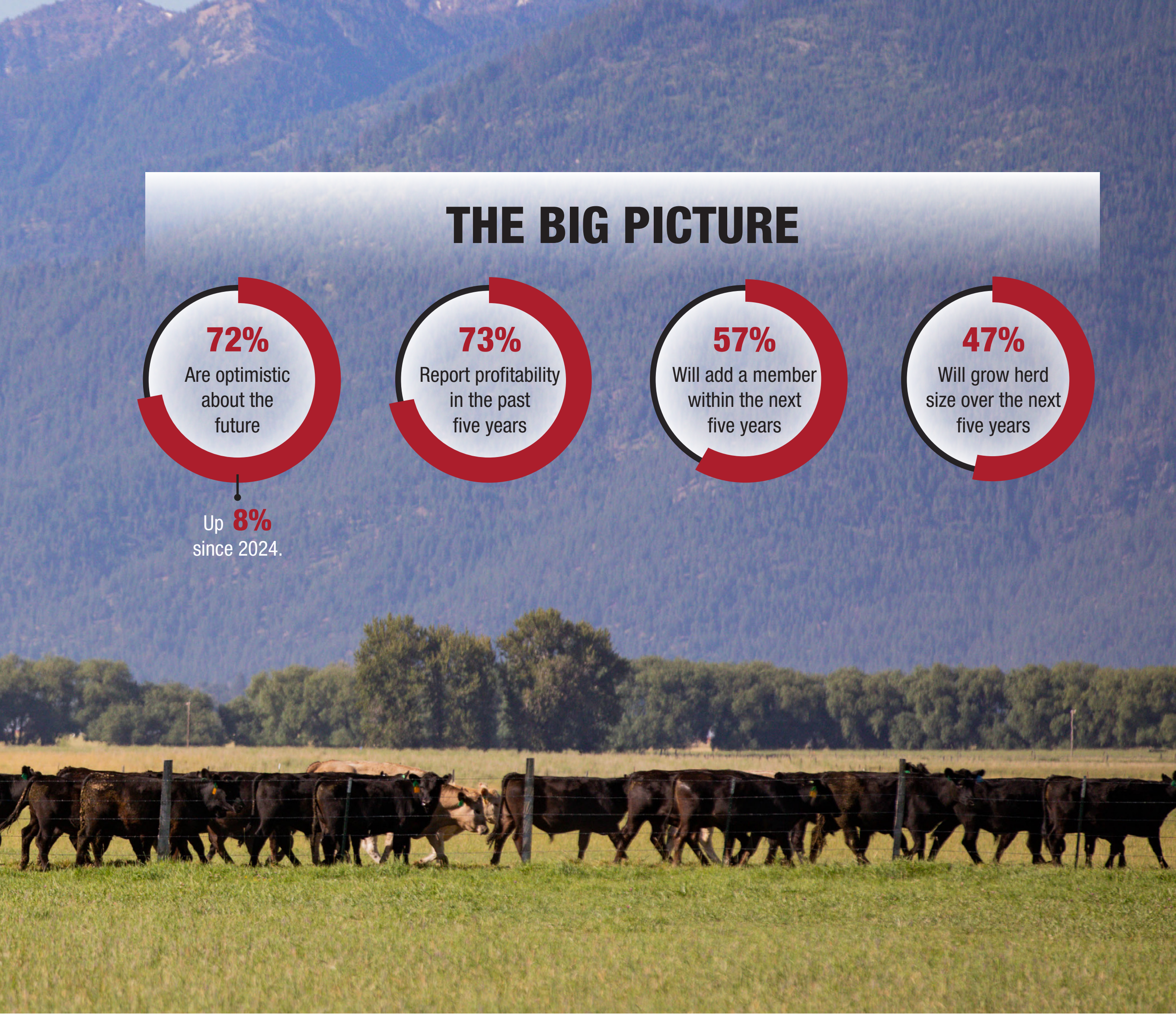


PHOTO: CERTIFIED ANGUS BEEF



THE BIG PICTURE

72% Are optimistic about the future

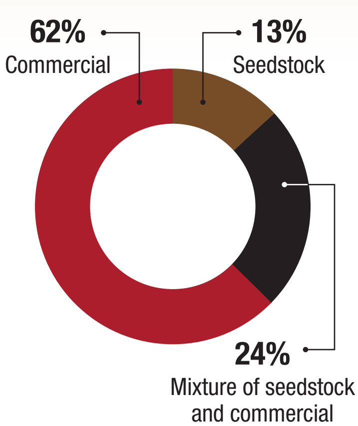
Up **8%** since 2024.

73% Report profitability in the past five years

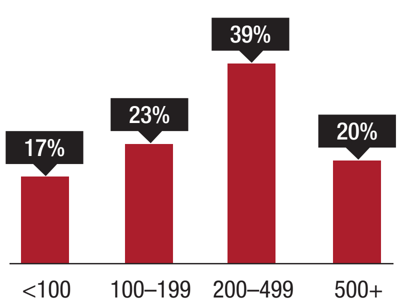
57% Will add a member within the next five years

47% Will grow herd size over the next five years

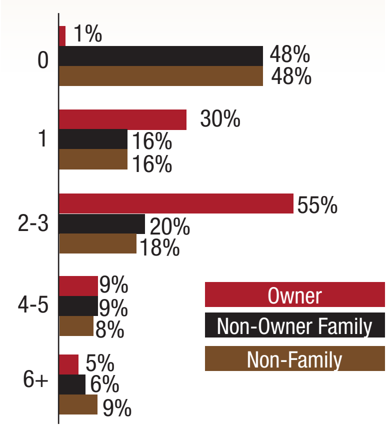
Which of the following best describes your cattle operation?



How many head of beef cattle are in your total herd across all the sites in your operation?



How many people actively work in your operation, including yourself?



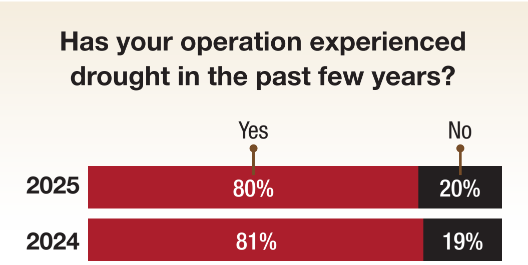
THE IMPACT OF DROUGHT

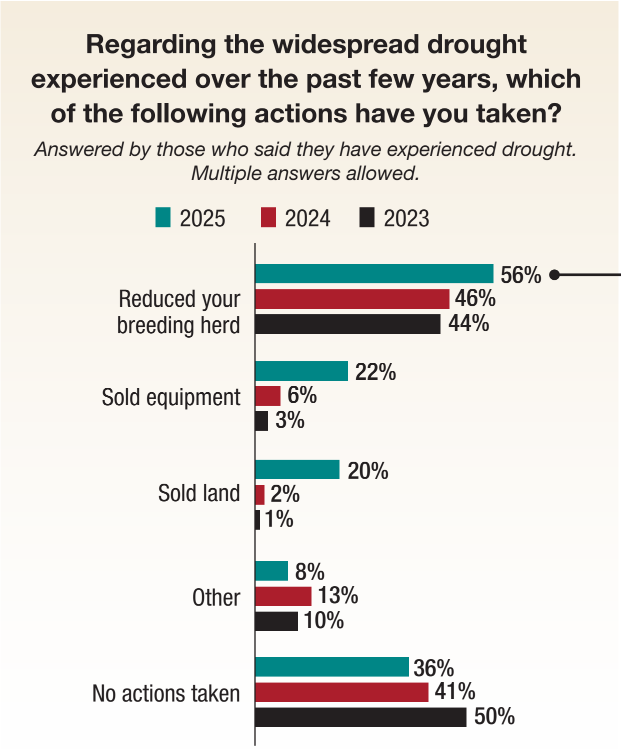
Drought has reshaped the industry in recent years with an increasing proportion of producers opting to mitigate risk. Despite the high percentage that have been impacted, very few considered leaving the cattle business as a result of drought

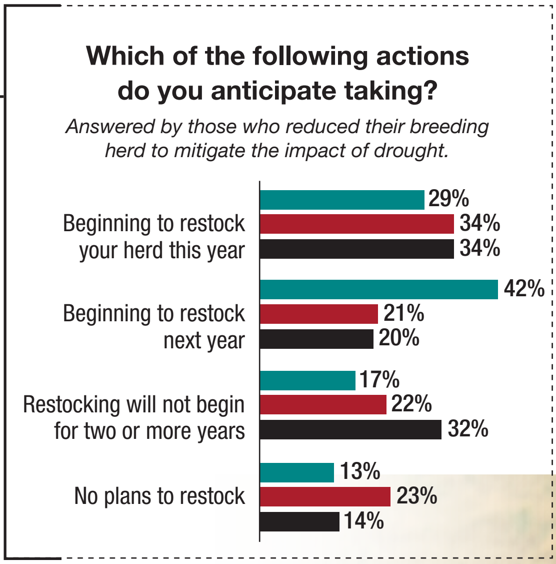
LeValley Ranch is in western Colorado. Current conditions have reached extreme drought. Robbie LeValley says this is the fourth drought they have weathered since 2000.

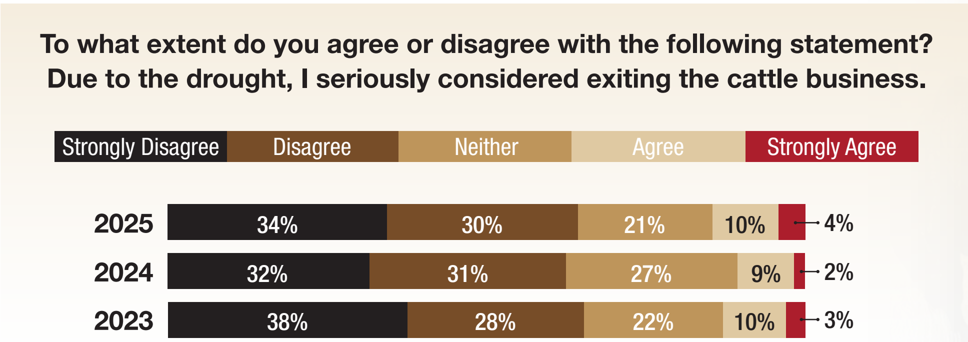
"In April and May, we made the decision to not hay the larger fields and just hay a few of the smaller fields," LeValley says. "We could keep the grass and the alfalfa alive, but certainly not enough to produce a hay crop as well as graze."

The LeValleys normally only take one cutting, providing hay from the middle of March to May, they have to purchase two-thirds of the hay to get them through the winter. The grazing timeline has changed too, with allotments and whole leases left ungrazed because there is no water. *—By Maggie Malson*

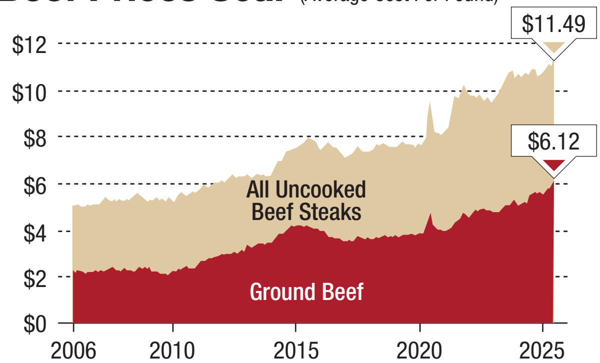








Beef Prices Soar (Average Cost Per Pound)



BEEF DEMAND CONTINUES

The industry has made substantial progress in quality, with strong consumer demand supporting premium pricing. Quality grade improvements and consistency have been major success stories.

According to Dave Weaber, Terrain's senior animal protein analyst, since COVID-19, beef spending has dramatically increased, outpacing pork and poultry combined. He says consumers are now spending about $84 more per capita annually on beef compared to the 2005-2015 period. He attributes this growth to several factors:

- Improved beef quality
- Changing consumer preferences
- Health perception

Don Close also with Terrain says the role of strong demand can't be ignored and is likely to continue.

"I think it's certainly through 2026 and really more realistic somewhere deep into 2027," he says.

TECHNOLOGY ADOPTION INCREASING

Producers are increasingly embracing new technologies with the adoption of drones and genomics.

South Dakota cattleman Ken Odde says: "The industry's future will be defined by technological integration, data-driven decision-making and the ability to adapt to changing economic landscapes."

He says technologies like tracking tags are game changers, allowing ranchers to monitor health and activity remotely. These innovations address critical challenges like labor shortage and provide unprecedented insights into herd management.

Which of the following new tools or technologies do you currently use or plan to implement in the next 3-5 years?

	Currently do this	Not currently, but plan to in 3-5 years.	Not currently, and have no plan to.	Don't know
Artificial Insemination	41%	25%	28%	6%
Water Management Tools	32%	32%	23%	14%
Digital Herd Management Programs	24%	38%	24%	14%
Reproductive Monitoring Tools	23%	32%	27%	18%
Embryo Transfer	16%	25%	50%	9%
Drones	12%	41%	33%	14%
Virtual Fencing	4%	28%	48%	19%

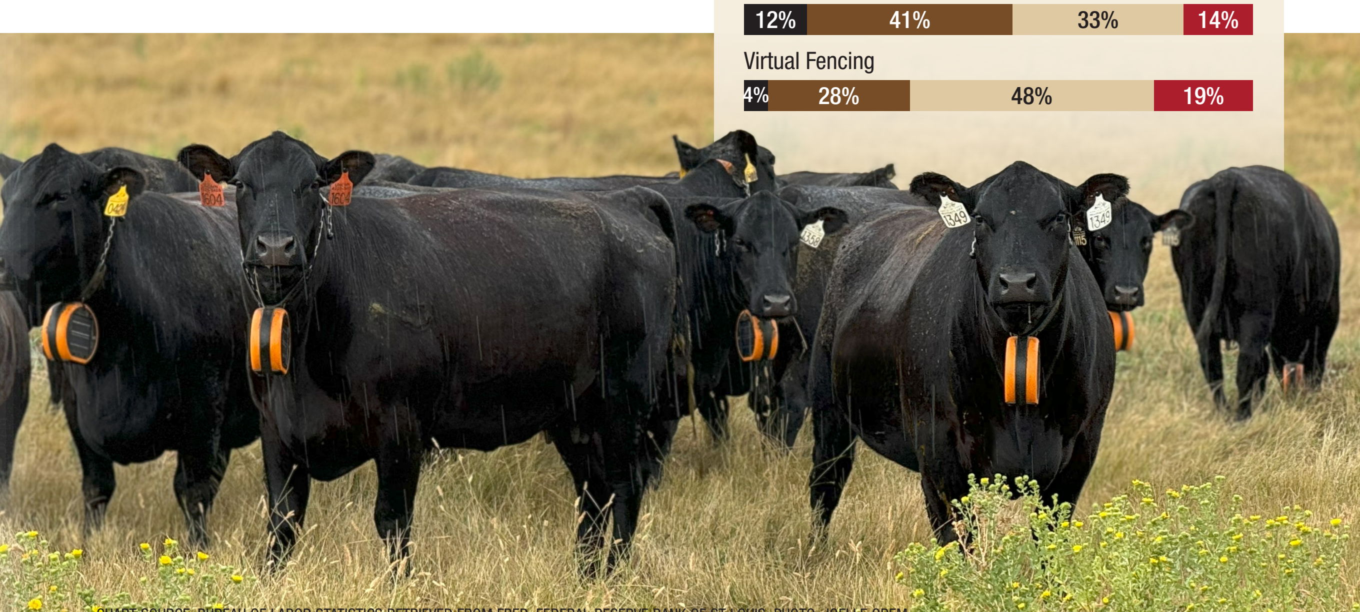


CHART SOURCE: BUREAU OF LABOR STATISTICS RETRIEVED FROM FRED, FEDERAL RESERVE BANK OF ST LOUIS; PHOTO: JOELLE OREM

LIVESTOCK AUCTIONS: OPTION OF CHOICE

Nearly 80% of survey respondents say they use livestock auction market as a marketing tool today. Just more than 50% use off-farm or private treaty sales, and 46% sell at least some beef direct to the consumer.

"Livestock auction markets offer quick, easy access with decision-making that doesn't have to be made until a day or two before you go to sale," says Ken Odde a commercial cattleman from South Dakota. "In the industry we've had a trend towards more video auction sales, but that's largely a function of herd size. About 80% of the calves that sell in the U.S. sell through livestock auction markets."

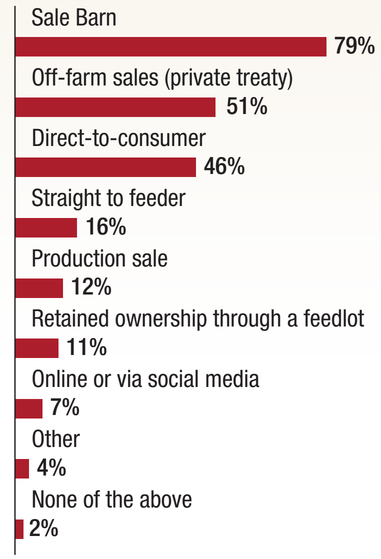
Odde says ranchers need to get more active in marketing their calves. He shares weaning, health and genetic data with his local auction market prior to sale day to share on screens while the calves are in the sale ring plus he develops handouts for potential buyers.

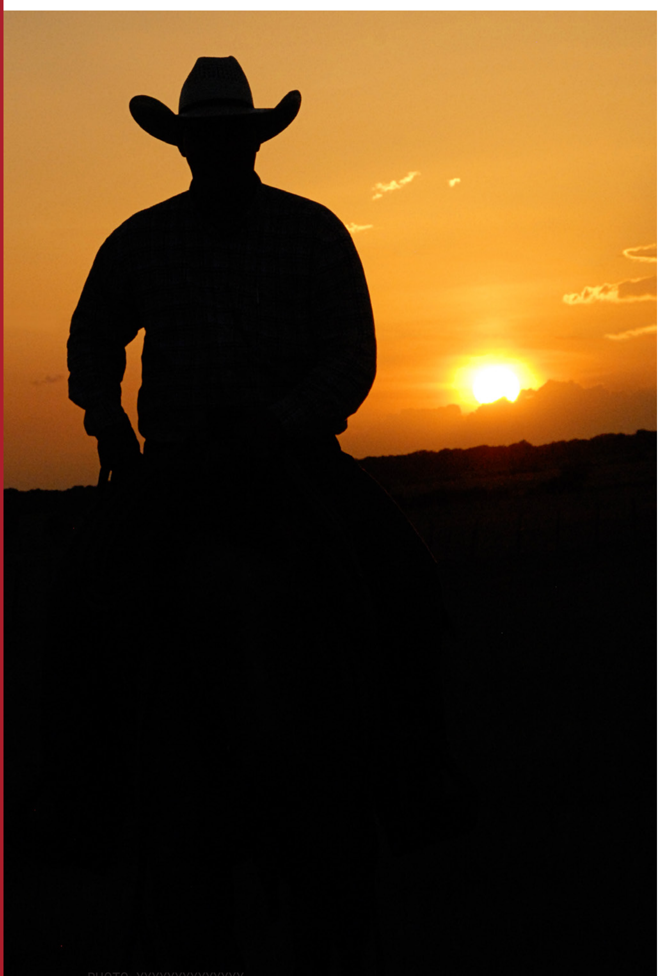
Odde uses the International Genetic Solutions (IGS) Feeder Profit Calculator, to generate and provide detailed genetic and management information to buyers.

These added steps can add more money to your pocket.

What marketing tools, if any, do you currently use?

Multiple answers allowed.





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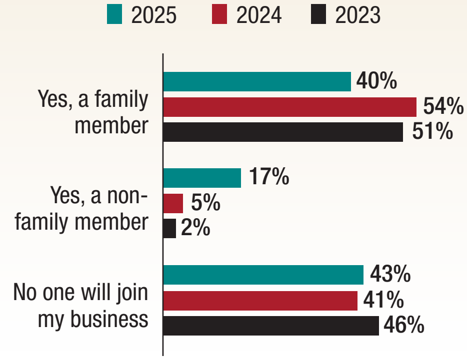
SUCCESSION CHALLENGES

The industry faces a significant challenge with succession planning and generational transfer.

A shift from 2024 to 2025 is the number of producers who expect to bring an outside partner into the business in the next five years. While the number who plan to bring in a new partner has not changed, the percentage from family 40% (down 14%) to non-family member 17% (up 12%) has dramatically changed.

This change shows innovative approaches to business succession are emerging.

Do you expect a family member or partner to join your business?



POTENTIAL VOLATILITY REQUIRES RISK MANAGEMENT

Risk management tools are being implemented by nearly half of the producers. With 43% using Pasture, Rangeland, Forage Insurance (PRF) and 40% using Livestock Risk Protection (LRP) insurance.

Contract-based methods such as futures, options and forward contracts remain far less common. The survey shows producers are more likely to use simpler and more accessible tools, such as insurance or income diversification, and off-farm income, instead of the more complex market-based tools.

Dave Weaber, Terrain senior animal protein analyst, says: "Risk management is crucial for producers, including developing comprehensive business plans, understanding cost structures and using tools like LRP, futures and options."

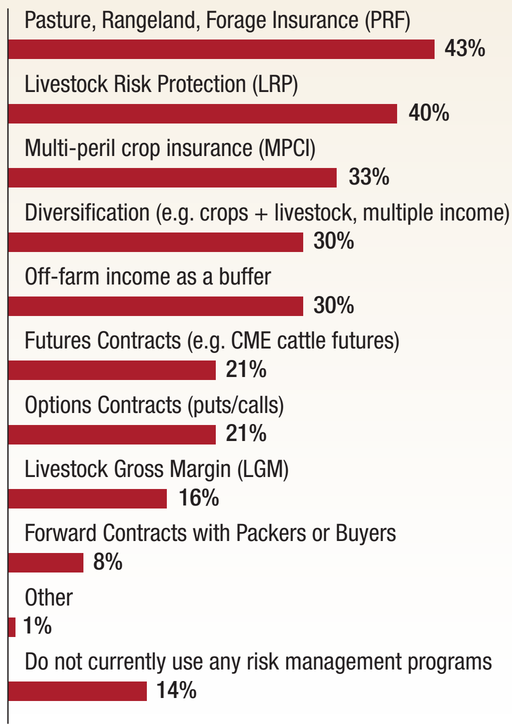
He says risk management for beef producers is far more than just a financial strategy — it's a holistic approach to business sustainability.

Risk management is about protecting equity while maintaining operational flexibility. Weaber challenges producers to think beyond traditional commodity approaches, focusing on strategic decision-making that preserves long-term profitability.

"Set aside $40 to $70 a head for risk management," he says. "I don't care how you do it, if you use LRP futures, options or a combination."

Weaber challenges producers to rethink their approach, asking the critical question: How do I get less long? Every cattle producer is long in the market. How does he get less long and leave opportunity for the upside?

Which risk management programs, if any, do you currently use in your operation? *Multiple answers allowed.*



Weaber summarizes risk management is not about eliminating all risk but strategically navigating market uncertainties. He encourages producers to:

- Remain adaptable
- Continuously educate themselves
- Invest in measurement and management tools
- Prepare for potential market shifts

PHOTOS: CHERAMIE VIATOR, ELLA MARIE MEDIA

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COMMENTARY

Rebuilding the U.S. Cow Herd: A Calculated Climb

Cow liquidation is in the rear view. Heifer retention is underway. The U.S. cattle cycle is officially shifting into rebuild mode, but this recovery will not be a stampede. It's shaping up as a slow, strategic climb.

Beef processing bottlenecks, persistent drought, soaring feed costs, labor shortages and postpandemic friction kept cow-calf margins relatively tight from 2016 to 2022. Some of those pressures have eased, but with herd numbers set to grow, others could easily resurface. As producers hold back more heifer calves this fall, herd replenishment remains a cautious and calculated exercise.

Rabobank expects the Jan. 1, 2026, beef cow inventory to be 28 million head – up 200,000 head from the prior year. A second increase of less than 500,000 head is likely over the following year. In short, do not expect dramatic shifts early in this rebuilding effort. From 2024 to 2026, the nation's cow herd will hold relatively steady.

More meaningful herd growth is forecast from Jan. 1, 2027, into the early 2030s. But even then, the peak inventory projection is likely to be 500,000 to 1 million head below the 2019 highs, and that is not necessarily a bad thing.

Thanks to long-term efficiency gains across the U.S. beef sector, a rebuild topping 30.5 million cows might be more than enough to hit a new record high in total production. Per capita beef supplies could reach levels not seen in more than two decades. Still adding upward of 2.5 million cows during this next phase will be complicated.

According to the latest Farm Journal State of the Beef Industry survey, just 47% of producers are considering expanding their cow herd within the next five years — a four-point drop from last year's already modest number.

FACTORS AFFECTING HERD BUILDING

The hesitation is rooted in hard realities. Rising input costs, from fencing and equipment to replacement heifers, are straining budgets. And it is not just the higher price tags. Volatility is adding pressure. Fluctuating expenses are muddying financial planning, tightening cash flow and making profit targets feel increasingly out of reach.

Access to pastureland is still a sore spot. Prices keep climbing, while land-use restrictions and expanding suburbs are blocking opportunities for cattle producers.

Government shifts are not helping morale either. Regulatory red tape and compliance demands already pull significant time and resources. Adding the moving target of trade policy and a maze of new rules, and producers find themselves burning hours to stay current. The burden is exhausting.

Behind much of the fatigue lies a familiar challenge: aging producers and a shrinking labor pool.

Older ranchers worry about health, longevity and who will take the reins. Meanwhile, the next generation faces: securing capital, gaining know-how and finding tenacity that defined those who came before. The grit is there, so are the obstacles.

Given these constraints, can the beef cow inventory forecast really take shape in the coming years? Improving drought conditions and profitability help. Survey responses suggest it will take even more.

USDA's latest Census of Agriculture reveals a clear trend: Big cow-calf operations are getting bigger. Since 2012, producers with 200 head or more added 2.2 million cows — a 20% jump. Meanwhile, operations less than 200 head lost 2 million — an 11% drop. The shift was established by 2017 and accelerated into 2022.

Rabobank sees the 2027 census amplifying the trend: big operations getting even bigger. They have the capital cushion to absorb risk and make bold moves without jeopardizing the ranch. That is critical when bred cow and heifer prices push past $4,000 per head in the next few years and calf prices soften as supply grows later in the cattle cycle.

Producer age matters even more in this rebuilding effort. According to the 2022 census, beef operators now average 58.3 years — the oldest among all U.S. livestock and poultry producer groups.

Younger ranchers might be more willing to bet bigger during this rebuild. For many families, it's a natural handoff, an exit lane for older operators to transition decision-making to the next generation. Also, herd expansion could unlock new revenue and pull sons and daughters back into the ranch.

Cow-calf producers stand apart in the beef supply chain as fixed-cost operators in a largely margin-driven sector, but that distinction is blurring.

As herd size grows and ranch leadership skews younger, margin thinking will gain ground. Larger producers focus on profit per cow or per acre. Younger ranchers lean into data and strategy.

With volatile market prices and uncertainty surrounding the business, margin-minded cow-calf operators are not just likely to evolve during this herd rebuild. They are essential to the restocking effort.

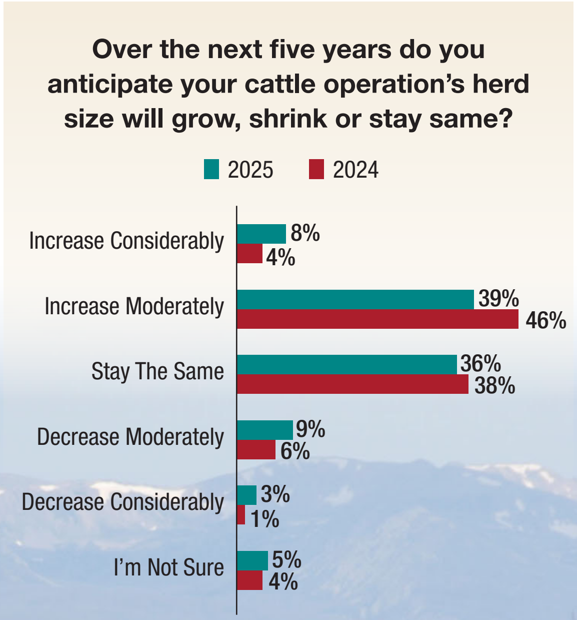
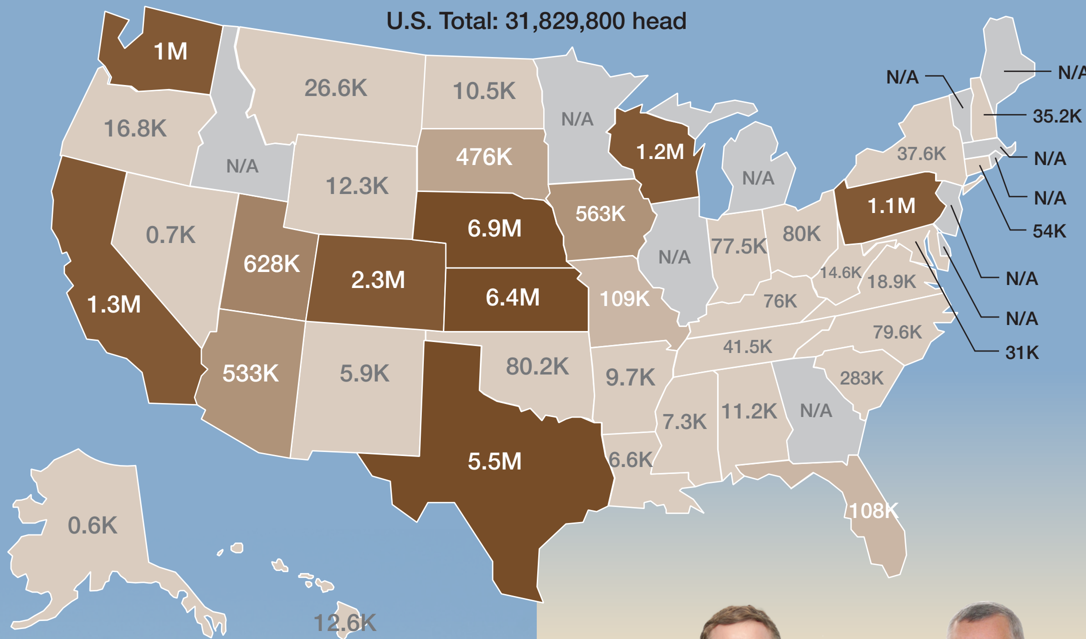


PHOTO: CHERAMIE VIATOR

2024 Commercial Cattle Slaughter

U.S. Total: 31,829,800 head



MAP SOURCE: USDA, NASS; PHOTO: CHERAMIE VIATOR