Cow Country Reporter

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News from your CEO

ATTENTION! CPL has new contact information. Our email is now fostercrib2@gmail.com and new phone # is 225-335-3345. If you don't get an answer on the phone, PLEASE leave a voice message.

The year 2024 is coming to a close! This year, like many years in the past, has had its challenges. Weather, price changes, political differences to name a few. One thing that has remained the same this year is prices for our calves, slaughter cows and replacements are higher than last year. As we move into 2025, know that cattle numbers will be lower which should convert to higher prices. There are some things that we in the cow/calf business can take advantage of, one, we can grow forages year-round and two, we can change our marketing of calves to fit higher demand. How do we accomplish a new marketing plan you ask? First, get with your marketing agent and discuss different options sooner rather than later. One example may be to change when you market your calves. This year was a good example, feeders are marketing their cattle at heavier weights, 1500-1700 lbs. compared to 1250-1400 lbs. Wheat grazers are taking stockers to heavier weights over 1000 lbs. compared to 700-800 lbs. We in Louisiana can take advantage of these occurrences by marketing our calves earlier or later depending on the market. Remember, less cattle mean higher demands which leads to higher prices. Wheat grazers are looking for stockers to put on wheat pasture now. Our light-weight calves, under 500 lbs. will be in demand. Then our ryegrass calves in April and May can go to summer grass or to the feedlot weighing 700-800 lbs.

Again, have a game plan. The year 2025 will be exciting! Be prepared! Have a Merry Christmas and a healthy and safe new year!

Dave Foster, CEO

Feedlot Inventories and Heifer Dynamics

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

The latest Cattle on Feed report showed that feedlot inventories on November 1 were 11.99 million head, equal to one year ago. Feedlot inventories have been about equal to the previous year for each of the past 14 months. October feedlot placements were 105.3 percent of year ago levels, slightly higher than pre-report expectations. Placements in October were likely enhanced by early movement of feeder cattle in October. In Oklahoma, October auction volumes were up by 45.2 percent over year earlier levels. Auction volumes dropped sharply in November. The larger, earlier fall run of calves likely means that auction volumes will be smaller for the remainder of the year. Total feedlot placements this year have been 1.1 percent less year over year.

Feedlot marketings in October were 104.7 percent of last year. However, October 2024 had one additional business day compared to last year so daily average feedlot marketings were equal to one year ago. Total feedlot marketings this year have been down slightly, just 0.1 percent less than last year.

Recent slaughter data for October showed that heifer slaughter was 32.5 percent of total cattle slaughter for the month. The twelve-month moving average of heifer slaughter was 31.8 percent of total slaughter for the past year. With just two months of data left in 2024, this is a good estimate of the annual value of heifer slaughter as a percent of total cattle slaughter. This estimate is included in Figure 1 (shown in red) and shows that heifer slaughter rates continue to increase. The 2024 heifer percentage of total cattle slaughter is likely to be the highest level since 2004.

Cattle cycle herd dynamics depend on the dynamics of female cattle including both cull cows and heifers. Declining cull cow rates is often the leading indicator of producer herd rebuilding intentions. Beef cow slaughter is down 17.9 percent year over year in the first 45 weeks of 2024. This is projected to result in an annual culling rate of about ten percent, roughly equal to the long-term average and down from the recent high over 13 percent in 2022.

Feedlot Inventories and Heifer Dynamics

During herd expansion the cow culling rate typically drops below nine percent for 3-4 years.

The biggest component of herd expansion is heifer retention. The heifer slaughter rates in Figure 1 indicate that no heifer retention is occurring yet. Heifer retention usually lags changes in cow culling. Herd expansion results in decreased heifer slaughter rates similar to the 1991-1996 and the 2014-2017 periods. Current heifer slaughter rates suggest that the beef cow has continued to decrease in 2024 and that prospects for herd expansion in 2025 are very limited.

Trump Taps Texas Native Brooke Rollins for Secretary of Agriculture

By: Jim Wiesemeyer

Brooke Rollins, president of the America First Policy Institute, has officially been selected to serve as USDA Secretary. President-elect Donald Trump made the announcement Saturday, saying her "commitment to support the American farmer, the defense of American food self-sufficiency and the restoration of agriculture-dependent American small towns is second to none."

Rollins is the president and CEO of the America First Policy Institute (AFPI), a think tank established by former Trump officials to promote conservative policies. AFPI has advocated for curbing foreign ownership — particularly from China — of U.S. farmland, an issue with bipartisan support in Congress. She served as the president and CEO of the Texas Public Policy Foundation (TPPF) from 2003 to 2018, where she significantly expanded the organization and positioned it as a leading state-based think tank.

During Trump's first term, she served as the Director of the Domestic Policy Council and Assistant to the President for Strategic Initiatives. In these roles, she was instrumental in shaping key domestic policies across various sectors.

Rollins has strong ties to key figures in Trump first administration, including his son-in-law Jared Kushner. Her relationships within this network might facilitate collaboration on agricultural policies and initiatives.

Educational Background

Rollins holds a degree in agricultural development from Texas A&M University and a Juris Doctor from the University of Texas School of Law. She graduated cum laude with a Bachelor of Science in Agricultural Development from Texas A&M University in 1994, where she also became the first female student body president.

Her educational credentials are complemented by her practical experience, having grown up on a farm in Texas.

Rollins thanked Trump on X (formerly Twitter) Saturday following the announcement, saying: "It will be the honor of my life to fight for America's farmers and our Nation's agricultural communities. This is big stuff for a small-town ag girl from Glen Rose, TX — truly the American Dream at its greatest," Rollins said in her X post.

Given her educational background and professional focus, Rollins has developed insights into agricultural policies, trade issues and rural development, which are critical for USDA's mission.

3 Key Focus Areas

In her new role, Rollins is expected to focus on several key areas, including:

1. Support for American farmers. Rollins has expressed a strong commitment to advocating for American farmers, emphasizing food self-sufficiency and the revitalization of agriculture-dependent small towns.
2. Trade policies. A significant challenge will be managing Trump's proposed tariffs on imports, which aim to boost domestic production but could disrupt critical export markets for U.S. farmers. Rollins will need to navigate these complex trade dynamics while supporting agricultural interests.
3. Rural development. Her background and personal connection to rural America position her well to address issues affecting rural communities, including economic development and food assistance programs.

Bottomline:

Rollins is going to be an impact player in the Trump administration. And will be highly effective on issues impacting ag and food that are in the purview of other Federal Departments and agencies.

Her nomination reflects Trump's broader strategy of appointing loyalists with deep ties to his administration as he seeks to advance his economic agenda in a potential second term. Her leadership at AFPI has prepared her for this role, aligning with Trump's vision of prioritizing American interests in agriculture and beyond.

As she steps into this pivotal position, Rollins will be tasked with not only implementing agricultural policies, but also addressing the challenges posed by current trade practices and supporting the livelihoods of American farmers amidst changing economic conditions.

Last-Minute Change?

Trump also had considered nominating former Georgia Sen. Kelly Loeffler, whom he has already tapped to co-chair his inaugural committee, to serve as Agriculture Secretary, CNN reported Friday. CNN initially said Trump was poised to offer the post to Loeffler, who reportedly met with the president-elect at Mar-a-Lago on Friday afternoon.

CNN said there had been several discussions between Loeffler and the transition team regarding the position. "But Trump held off from announcing his Agriculture pick as he issued a slew of others Friday night, raising questions about whether Loeffler was ultimately offered the post."

Time to 'Unlearn' the Fundamentals

Heavyweight cattle not seen as a bearish fundamental factor approaching 2025.

By: Dennis Smith

A major weather event in the Great Plains has triggered a wave of demand for feeders. Heavy and highly beneficial rains have fallen in the Southern Plains, with much more in the forecast. The entire Great Plains and Corn Belt are forecast to see above-normal rainfall during most of November.

With receipts of feeders declining at auction barns, the scramble for animals has driven feeder prices sharply higher. Everyone has wheat to graze, and there aren't enough animals.

Feeder futures surged higher and penetrated the October highs. Live cattle futures remain more than 300 points off the October highs, but it appears that the market has completed a downward correction against the uptrend.

The live cattle futures market, doing what it's designed to do, appears to be anticipating a sharp decline in

Time to 'Unlearn' the fundamentals

placements in the months ahead. The November "Cattle on Feed" report, scheduled for release Nov. 22, is expected to show large placements of cattle into the feedlots during October. The average estimate is for placements to be up just over 3% from last year. Basically, this report is expected to show larger placements than marketings, pushing on-feed inventory to 11.9 million, up from 11.6 million in the previous month.

We've known all year that we're dealing with the smallest calf crop in history. However, packers have prevented a tight fed cattle supply situation from developing by cherry picking the show list and slowing chain speed. This has helped to prevent a plunge in wholesale beef prices and allowed cattle to gain weight, resulting in record-heavy cattle weights for most of the year.

The slower marketings have kept on-feed inventory close to year-ago levels. The short supply of fed cattle that was widely expected never developed this year. The market is now expecting a shortage to develop next year.

The previous 38 years of my brokerage/analyst career I was taught that heavyweight cattle, over an extended period, were never bullish toward cattle prices. This tidbit of knowledge has served me well until this year. While difficult, it's time to "unlearn" this concept. Heavy weights are not seen as a bearish fundamental factor approaching 2025. It's seen as one of the last tools in the packer toolbox to utilize in an attempt to keep cash steer prices from jumping higher. Yes, it appears that packers are out of tools, and this market is about to get away from them.

The tight supply will be enhanced if the industry decides to begin holding back heifers for breeding. So far, there is no evidence this has started in 2024. When it does start, placements, hampered by the smallest calf crop, in history will be whittled down further as cow/calf guys hold back heifers for breeding. This creates what is called the "bullish whiplash effect," forcing fed supplies ever tighter and prices higher to sharply higher. This appears highly likely to happen in 2025.

My concern about inflation-wary consumers and their inability and unwillingness to pay for expensive beef is a legitimate concern. This was proven in the recent Presidential election as people voted with their wallets. The inflation era of the Biden Administration has hurt the average consumer. This is unlikely to change. However, in the case of beef, production is likely to drop so severely that beef will become a luxury item. Prices will rise very high to ration the tight supply. That's how markets function.

Beef, both in the domestic market and in the export market, will go to the highest bidder. No one knows how high prices will go to ration the supply. All-time high beef prices and cash steer prices are very likely over the next 12 months. There was a major seasonal low in futures due in early December. It appears to have occurred about two weeks early. The next major seasonal high is due in the third week of February.

Dennis publishes the evening livestock wire daily for clients and subscribers. For a free 30- day trial, send an email request to dennis.smith@archerfinancials.com.

RaboResearch: Productivity and efficiency will power the next U.S. cow herd rebuild

Producers will need an adaptive, trial-and-error mindset to navigate the changing environment.

By: Krissa Welshans, Livestock Editor

Cow-calf producers have an opportunity to initiate a dynamic shift in the U.S. beef cow herd during the rebuilding process, according to a new RaboResearch report. In fact, report author Charlotte Talbot, animal agriculture sustainability analyst for RaboResearch, said management decisions made now will shape the next decade of production.

"Investing in productivity and efficiency now while margins are favorable can lower barriers to adopting new practices and innovations, strengthen operational resiliency, and open avenues to explore value-added revenue streams. Producers who delay investments could risk loss of early adopter rewards and face a less advantageous market for implementing new strategies as the cattle cycle progresses," Talbot noted.

Emerging factors such as sustainability will distinguish this rebuild from past herd expansions. Talbot said cow-calf producers will need to assess their involvement in sustainability initiatives. This may include adopting management strategies that boost productivity, testing new innovations, or staying the course while awaiting more certainty.

Pasture and rangeland management, advancing herd genetics and monitoring, and capitalizing on emerging technologies and incentives are three areas that are uniquely positioned to achieve productivity, efficiency, and resiliency, she added.

Risk remains high due to elevated costs of replacement females, high interest rates, weather uncertainties, and the potential for some producers to exit the industry, but Talbot suggests opportunities will continue to emerge for producers who distinguish their business strategy. In fact, she said the herd rebuilding provides a unique moment for the cow-calf segment to assess production pressures in order to build back better.

Uncertainty creating hesitancy

While the Biden administration has allocated $19.5 billion for agriculture producers to participate in voluntary conservation program or adopt climate-smart practices and corporations have announced incentives, the beef sector remains hesitant to respond to sustainability demands, according to the report. Furthermore, political uncertainty and the question of "who pays" still being debated only adds concern. Even so, sustainability efforts march on.

Over the next decade, Talbot said sustainability will be a more urgent topic compared to past cattle cycles as the 2030 and 2050 climate deadlines near. The sector will require a collaborative system approach to identify and act on the numerous forces that shape cattle production, she added.

"With an adaptive, trial-and-error mindset, producers can better navigate the risks associated with cattle production and ultimately reap the long-term benefits of a more productive and sustainable operation."

Cattle Imports from Mexico Restricted after New World Screwworm Detection

By: Josh Maples (MSU), David Anderson (Texas A&M), and Charley Martinez (Univ. of Tennessee)

Big news broke over the weekend as Mexico notified the USDA of a positive detection of New World screwworm in a cow in the southern Mexico state of Chiapas. The USDA-APHIS announcement (available here) noted the case was identified at an inspection checkpoint near the border with Guatemala. As a result, USDA-APHIS announced "APHIS is temporarily suspending the importation of ruminants, including live cattle and bison, from Mexico."

The screwworm is an issue with which the cattle industry has grappled before. The map above shows when the screwworm was eradicated from various regions in the 1950s-1980s. Eradication efforts were driven by the release of tens of millions of sterile screwworm male flies to reduce reproduction. For anyone interested in more historical context, here is a link to an article posted by the Foreign Agriculture Organization.

There are many potential impacts of this announcement and also many unknowns. A few unknowns that will be key in potential impacts are: whether additional cases are identified (and where); how long the import ban lasts; and will the ban continue to affect all imported cattle from Mexico or just those from specific regions.

The market impacts of this announcement are likely to be obvious in the near-term. The U.S. imports a significant number of feeder cattle from Mexico, and that is now temporarily suspended. Roughly 5 percent of feedlot placements this year have been imported feeder cattle from Mexico. The fall months are a seasonally high import period, as shown in the chart below. If the ban on imports of feeder cattle lasts awhile, it would mean a lower supply of feeder cattle going into feedlots. Tight feeder cattle supplies would get tighter which would mean more support for prices.

There will be more information about this topic released over the coming days and weeks. Right now there are probably more questions than answers. Feeder cattle futures markets were up as much as $4 per CWT at some points in trading today and closed the day up about $1 per CWT.

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