

# Cow Country Reporter



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News from your CEO

In This Issue

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Cattle and Beef Markets: 2024 in Review

Five New Year's Resolutions for 2025

2025: Don't over complicate the cattle market

2024 Beef Cattle Market Review

Court rulings cause confusion on Corporate Transparency Act



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HAPPY NEW YEAR! May you and your family have a Happy, Healthy, Safe and Prosperous New Year.

The year 2024 is history! What will the year 2025 bring? No one knows, but we all have opinions, answers and questions. Let's look back at the year 2024 to gain some perspective. Looking at the cattle industry we notice one theme, "Record Breaking". Yes, the industry has broken many records. All time record high prices for all classes of beef cattle. U.S. cattle inventory at an all time low. U.S.D.A. Southeast Region cattle prices in December for steers weighing 400-500 lbs. in the 270's cwt., 500-600 lbs. 260's cwt. and 600-700 lbs. in the 250's. Will they move higher in January 2025? According to the

Louisiana Department of Agriculture and Forestry Brand Commission, cattle receipts at the 7 sale barns in 2024 were 181,381 which was 28% less than the year 2023. Remember the drought in 2023 caused massive selling of our Louisiana cow herd with a high percentage of our cows going to slaughter. We will enter into the year 2025 with less cattle to sell. Check out U.S.D.A. Cattle Inventory report which will be released the last week in January.

Have a marketing game plan. Be flexible and keep in contact with your marketing agent.

Remember we have no control over Ma Nature and the weather. Give thanks for your many blessings and have a great year!

*Dave Foster, CEO*

## CATTLE AND BEEF MARKETS: 2024 IN REVIEW

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

*Looking back, 2024 was mostly a continuation of the story that has been developing since 2022.*

Looking back, 2024 was mostly a continuation of the story that has been developing since 2022. Tight supplies of cattle pushed cattle and beef prices higher to new record levels during the year. However, in some ways, 2024 was kind of a pause in the developing dynamics of the industry with more of a sideways move than noticeable progress to change the market situation.

Despite an expected 2024 calf crop down over 1% year over year and the sixth consecutive decrease in the total calf crop, feedlots were able to hold average monthly inventories fractionally higher compared to the year before. Total feedlot marketings in the past 12 months were down just 0.3% from the previous 12 months. Total feedlot placements were down 1.7% in the past year compared to the previous 12 months. Feedlots were able to hold inventories steady mostly due to continued heifer feeding in 2024. As of Oct. 1, heifers still represented 39.7% of feedlot inventories, near the upper end of historical levels and well above levels that would indicate heifer retention. Additionally, feedlots held inventory levels by extending days on feed and slowing down the turnover rate in feedlots. Kansas feedlot data shows that days on feed for steers increased by 3.2% in the first ten months of 2024, adding 6 days to average on-feed time over the same period a year earlier.

Although final data for the year are still coming, it appears that total beef production in 2024 was down just 0.6% year over year. This is significantly less than earlier expectations of a 4+ percent year-over-year decrease. In fact, fed beef production was up 2.2% due to larger than expected steer and heifer slaughter and a sharp increase in carcass weights in 2024. Steer slaughter was up 0.2% year over year, while heifer slaughter was down 1.1 compared to the previous year. Average steer carcass weights jumped 22 lbs. year over year with heifer carcasses averaging 18 lbs. heavier. Although fed beef production was higher year over year, Choice boxed beef prices averaged 2.8% higher year over year on strong prices for end meats from the chuck and round.

Without a doubt, the biggest change in 2024 was in nonfed beef production, down 13.2% year over year due to sharp reductions in cow slaughter. Beef cow slaughter was down 19.0% year over year and dairy cow slaughter was down

(continued page 2)



## CATTLE AND BEEF MARKETS: 2024 IN REVIEW

12.2% from the previous year. Reduced supplies of processing beef led to record wholesale trimmings prices, increased demand for imported beef, strong lean demand for end meats, and record cull cow prices.

All of the above suggests that cattle inventories continued to decline in 2024. USDA-NASS will confirm cattle inventories going into 2025 with the scheduled release of the annual Cattle report on Jan. 31. Much of 2024 was occupied with producers looking for indications of heifer retention that would lead to eventual herd rebuilding. With no indications of heifer retention at the end of 2024, the new year starts with the same question.

## FIVE NEW YEAR'S RESOLUTIONS FOR 2025

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

Low cow inventories, little evidence of replacement heifer retention and record high prices for cattle during the close of 2024 are all positive signs for commercial cow-calf operations in 2025.

That being the case, here are my New Year's resolutions for commercial cow-calf operations to unlock greater profit potential in the coming year:

1 – Evaluate your marketing plan and resolve to market better. Consider when (weaning, yearlings or as fed cattle) and how. Investigate marketing opportunities that can add value through documented health and/or genetic values.

2 – Keep better records, both financial and production. Evaluating cow productivity in the form of Percent Calf Crop Weaned or the Percentage of Mature Weight Weaned on a herd-wide basis are vital to unlock profit potential.

3 – Find the optimum balance of Mature Cow Weight/Cow Productivity to your available pastureland and forage/feed resources. Selection pressure applied to keep mature cow size in balance can be effective as this is a highly heritable trait.

4 – Monitor nutrition and cow body condition – don't let cows lose weight during the last trimester of pregnancy.

5 – Improve the health of your entire grazing ecosystem (soil, plants and cattle). Most Oklahoma rangeland has been drought stressed during two of the past three years. Manage warm season grasses accordingly this spring.

*Mark Johnson, OSU Extension beef cattle breeding specialist, looks ahead to 2025 and has advice for producers when it comes to starting off the year on a good note on SunUpTV from December 28, 2024 at <https://www.youtube.com/watch?v=Z68uf29P6Ps>*

## 2025: DON'T OVER COMPLICATE THE CATTLE MARKET

*One lesson to know is don't pay attention to cow depreciation in this market.*

By: Doug Ferguson

I left off last week with the promise of comparing a legit sell/buy scenario to the now busted no depreciation cow herd theory. Before I get into that I have some extra holiday cheer and hope to share.

### A promising 2025

I received two messages last week that left me feeling awesome. These messages were from people who've attended one of my schools. The first one said she was planning on quitting her job in 2025 and legit sell/buy was going to help her achieve this. The second was a stocker trade that made over \$460 per head profit! I have never seen, or heard, of one this amazing before!

For the sell/buy scenario, remember last week's examples were not sell/buy, I used the same parameters of 16 percent fallout and 30 percent opens on the replacement heifers, and the sale results from Salina, Kansas October female sale. Now let's be honest here, I have the sale results and hindsight being 20/20 and all that. It would be easy for me to just pull out the best sell/buy trades and do them repeatedly for the ten-year window and blow the doors off last week's examples.

### Trading animals

In the real world we don't always have the most overvalued animal in our inventory, and we don't always replace it with the most undervalued animal. So, I hand cuffed myself even more for this example. Once I did a trade between two animals, I did not allow myself to come back and do that trade again. The only exception was buying replacement heifers each year since one of the cozeners' points is capturing appreciation value. I held heifers to a maximum of 40 percent of the stocking rate to force myself to market cows, and I never let it drop below 20 percent.

### Calving once a year

Another layer I added since some cow/calf producers that have been to my schools do not like the idea of switching calving seasons and having to calve twice a year, I only calved once per year in this example. (side note: the pushback on calving twice a year is what led to the knee jerk reaction I had in class where my now popular one liner came from "If you're going to run from the work, you might as well hide from the money"). So, when I bought short-bred cows I had to resell them before they calved and buy back something else that fit the desired calving window.

### The cattle square

The most important thing is every trade had to be a legit sell/buy trade. This means that costs were attached to the animal sold and all four values were plugged into a cattle square to be sure each one was a profitable trade. There was a lot of math, remember the math way is the pathway.

Here's why that last paragraph is so important. People have been texting me prices of a trade they have done because they think they got this all figured out from listening to podcasts. Not one of these has pulled off a legit sell/buy trade, the math doesn't check out.

### Sell/buy perspective

Last week the only scenario that remotely worked is a total failure if we look at it from a sell/buy perspective because it sold more value into the market than it was getting paid for that value on some of those trades. Sell/buy is not just selling an animal and replacing it with a cheaper one. That leaves out the math. It also examines value, which requires math. The no depreciation cow herd theory deflects responsibility onto the calendar removing the math, whereas legit sell/buy forces the operator to take responsibility of examining relationships.

### Inventory

At the end of the ten-year scenario, with all the added restrictions in place, the string of trades made \$398,840 net pretax profit. That is 32 percent higher than the control group and 25 percent higher than the best-case scenario of

(continued page 3)



## **2025: DON'T OVER COMPLICATE THE CATTLE MARKET**

the no depreciation theory I covered last week. Ending inventory valuation was \$263,600 or 7 percent higher than the control group and 3 percent higher than the best case no depreciation scenario. We can't control what the market does to our inventory valuation, we can control what we have in inventory.

### **Stick to the basics**

This sell/buy scenario accomplished this with all those restrictions in place by sticking to the basics of sell/buy marketing. I made sure the gestation periods matched up. The real world has a way of messing up plans. I bought a group of fall calving cows that were due in Sept. and Oct. 25 percent of them calved in Nov and Dec. These things happen and we must play the hand we are dealt like it is the hand we wanted from the word go.

Here's the big thing when it comes to a handful of trades I did for this scenario. I sold old cows and bought back younger ones at a profit. At a profit! This is why I say we've given too much attention to cow depreciation. I am not at all interested in deflecting anything; I am focused on generating profits. We've all heard that what we pay attention to is what grows. If we are giving our attention to deflecting depreciation, we end up hurting our profits. If we focus our attention on earning a profit, we greatly increase our odds of capturing those profits. And look at what focusing on profits by utilizing sell/buy did. It outperformed the half-baked idea of deflecting depreciation, even with all the restrictions I put in place. Legit sell/buy is a culture of excellence and unrivaled performance.

### **Capital gains tax**

I was curious and removed the restrictions and net income soared 20 percent higher. Here's why I bring that up. The cozeners are big on owning cows for a while, so they pay capital gains tax, which is a lower percentage than income tax. If the operator executes good trades and does it aggressively, both are key and will require some work, that operator can pay the higher income tax and still have more money left over after satisfying the tax bill than they would by playing the capital gains game. Again, focusing on what you want.

### **Profitable trades**

Years ago, when Ann Barnhardt was teaching the schools she was put up to a similar task as I was. She was challenged to do it with stocker trades and the requirement there was the animal had to be sold every so many days and she had to use a set rate of gain for that time period. She was able to show profitable trades every time the animal was to be sold and replaced. I haven't written this line on here for a while so here it is; the market has a way of coming around and helping us out. The thing about it is we must be able to interpret what the market is telling us. See, the market is not screwed up in any way, it is our ability to interpret it that is lacking. This systemic thinking problem can be fixed.

### **Don't over complicate it!**

It is time to give legit sell/buy marketing the respect it deserves. Quit over complicating it, manipulating it, or throwing in bogus theories disguised as sell/buy. Just stick to mastering the basics.

### **The market**

This week a female sale I was at gave me a Christmas present, which is another way to disprove the no depreciation nonsense. Price discovery established a price for 3- and 4-year-old cows. Five-year-old cows sold \$150 below that price and the price the five-year-olds brought is what all cows over age five brought until they were called short solid. When the buyers that were making the market for the 3- and 4-year-old cows were squared up, the market for them dropped \$500.

Not many of us will pay more for the mature cows than what the younger ones are bringing, so their price dropped \$500. As readers can see laissez faire free market capitalism proved when it comes to depreciation the sellers of the younger females didn't deflect anything.

### **Looking to 2025**

My March school in North Dakota is filling up, so get those registrations in soon. We still have plenty of room for the February school in Nebraska. Marketing Schools – Mr Cattlemaster

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## **2024 BEEF CATTLE MARKET REVIEW**

By: Josh Maples (Mississippi State University) and James Mitchell (University of Arkansas)

In 2024, cattle markets remained strong, driven by declining cattle numbers—a trend consistent with expectations outlined at the start of the year. The ongoing cattle cycle began in 2014 and saw beef cow inventories peak in 2019 at 31.69 million head. Since then, inventories have declined at an annual rate of 2.3%.

Cattle and calf prices continue their upward trajectory, ending the year on a high note. In the Southern Plains, prices for 500-600 pound steers have increased by approximately \$40 per CWT from early October to mid-December. Contributing factors include recent rainfall in the region and a reduced number of calves, which have collectively helped to elevate calf prices. Additionally, the current import restrictions on feeder cattle from Mexico are likely providing some further support to prices, given that December is typically a peak month for imports.

We also have a strong fed cattle market to finish the year. Fed steer prices in the Southern Plains reached \$195 in mid-December. Carcass weights remain very high compared to history. Steer dressed weights are near 960 pounds. Lower corn prices are supporting longer feeding periods, but there are typically seasonal declines in fed weights. It will be very interesting to watch cattle weights as 2025 begins.

2025 will begin as another year on the heels of herd contraction in the previous year. The USDA's January 2025 Cattle Inventory Report is expected to confirm that cattle numbers did indeed decline in 2024. Weekly slaughter data from USDA support this projection. Year-to-date beef cow slaughter is down by 18%, but the implied cull rate—calculated as slaughter divided by inventories—remains at 10.2% for 2024, well above the that would indicate herd expansion. Heifer slaughter data also shows no signs of herd expansion. Year-to-date heifer slaughter is down 1.1%, with no evidence of heifer retention occurring at a rate sufficient to signal herd rebuilding.

Cattle market fundamentals at the close of 2024 offer plenty of bullish signals for 2025. Many producers remember the high prices in 2014-2015 as a cautionary tale of how quickly prices can come down after a run up. However, the current fundamentals are quite different than they were in 2015. By year two of the 2014-2015 high price environment, it was clear that herd expansion was occurring. Currently, there are no clear signs to suggest larger calf supplies anytime soon. While prices are high, they have not yet hit levels to persuade producers to expand. 2024 prices hit record levels as shown in the chart above. However, after adjusting for inflation using 2000 as the base year, the purchasing power from the 2024 producer revenues was still below 2014-2015. It could very well be that feeder cattle prices have not yet peaked and the market is beginning 2025 with more optimism.

## **COURT RULINGS CAUSE CONFUSION ON CORPORATE TRANSPARENCY ACT**

After this story was published, the 5th Circuit Court of Appeals issued a ruling that puts this reporting requirement on hold once again. Please click [here](#) for updated information.

A last-minute court of appeals ruling could put tens of thousands of farmers in legal crosshairs for failing to register their businesses with the federal government. Farmers who operate corporations and limited liability companies are once again required to file Beneficial Ownership Information with the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN) or face stiff fines or jail time.

A federal district court ruled earlier in December to halt the requirement, but the United States Court of Appeals for the Fifth Circuit lifted the injunction on Dec. 23, meaning the January 2025 deadline is back in effect.

Analysis from American Farm Bureau Federation (AFBF) economists shows more than 230,000 farms are required to file under the Corporate Transparency Act, but as of October, less than 11% of all eligible businesses nationwide had done so.

"Farm Bureau is very disappointed in the court of appeals decision to reinstate the Jan. 1 filing deadline," AFBF President Zippy Duvall said. "It's clear than many farmers aren't aware of the filing requirement because of lack of guidance and the government's poor public outreach."

**Reporting deadlines and details**

Reporting companies that were created or registered prior to Jan. 1, 2024 have until Jan. 13, 2025 to file their initial beneficial ownership information reports with FinCEN. (These companies would otherwise have been required to report by Jan. 1, 2025.)

Reporting companies created or registered in the United States on or after Sept. 4, 2024 that had a filing deadline between Dec. 3, 2024 and Dec. 23, 2024 have until Jan. 13, 2025 to file their initial beneficial ownership information reports with FinCEN.

Reporting companies created or registered in the United States on or after Dec. 3, 2024 and on or before Dec. 23, 2024 have an additional 21 days from their original filing deadline to file their initial beneficial ownership information reports with FinCEN.

Reporting companies that qualify for disaster relief may have extended deadlines that fall beyond Jan. 13, 2025. These companies should abide by whichever deadline falls later.

Reporting companies that are created or registered in the United States on or after Jan. 1, 2025 have 30 days to file their initial beneficial ownership information reports with FinCEN after receiving actual or public notice that their creation or registration is effective.

Businesses that fail to file under the Corporate Transparency Act, or do not update records when needed, could face criminal fines up to \$10,000 and additional civil penalties of up to \$591 per day. Failure to file could also lead to felony charges and up to two years in prison.

Farmers are encouraged to contact an accountant or attorney if they are unsure whether they are required to file their business's BOI with FinCEN.

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