

# Cow Country Reporter



March 2025 Volume 17 Issue 3

News from your CEO

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The month of March is upon us already! Can you believe it? There are some dates during March that can have an impact on our cattle markets. Mardi Gras on March 4, will be the last big event until Easter. Ash Wednesday on March 5, is the start of Lent when historically it reduces the demand for meat. Daylight Savings time on March 9, moves our clocks ahead 1 hour giving us more daylight to grow our forages and complete our chores in the light of day. St. Patrick's Day on March 17, a day where the Irish celebrate as well as all those who want to be Irish for a day. Corn beef is a major seller. Spring Equinox on March 20, the first day of Spring, however, we all know and have experienced it, Ma Nature does not follow our calendar.

This month, again historically, is the time when our cull cows and

bulls sell at their highest level for the year. Speaking of high price levels, we have seen record prices for our calves and yearlings, as well as cull cows and bulls in 2025.

We had a CPL information Seminar on February 27, 2025 at Elm Park Plantation in St. Francisville, LA where 40 people learned about Livestock Risk Protection from Russell Kent with First South Farm Credit. Also, representatives from U.S.D.A Farm Service Agency gave us an update on their program. I encourage other CPL Regions to have these kinds of informative events.

Keep your baby calves growing and keep up-to-date with the cattle market through your marketing representative. Enjoy the season of Spring!

*Dave Foster, CEO*

## A REVIEW OF FEEDLOT STRUCTURE AND 2024 MARKETINGS

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

The latest USDA-NASS Cattle on Feed report pegged the February 1 feedlot inventory at 11.716 million head in feedlots with 1,000+ capacity, down 0.7 percent year over year. January marketings were 101.4 percent of one year ago and placements were 101.7 percent of last year. The report was well anticipated with values close to pre-report estimates.

The February report also contained a summary of 2024 feedlot production and the structure of the feedlot industry coming into 2025. The total U.S. feedlot inventory on January 1, 2025 was 14.297 million head, including 2.474 million head in feedlots with capacity less than 1,000 head (Table 1). Since cattle inventories peaked in the mid-1970s, feedlot inventories have represented a growing percentage of cattle inventories (Figure 1). Feedlot inventories represented 16.5 percent of total cattle inventories on January 1, 2025, down fractionally from the peak of 16.6 percent last year.

Figure 1. Cattle on Feed Inventory as % of All Cattle and Calves  
January 1

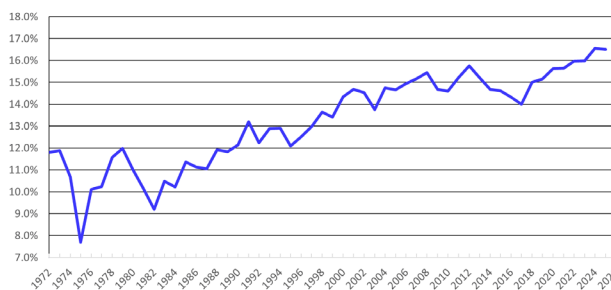


Table 1 shows the size distribution of feedlots and their contribution to total feedlot production. A total of 2105 feedlots with capacity of 1,000+ head (included in monthly Cattle on Feed reports) accounted for 82.7 percent of the January 1 feedlot inventory and 87.2 percent of total feedlot production in 2024. A total of 24,000 feedlots with less than 1,000 head capacity accounted for 17.3

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## A REVIEW OF FEEDLOT STRUCTURE AND 2024 MARKETINGS

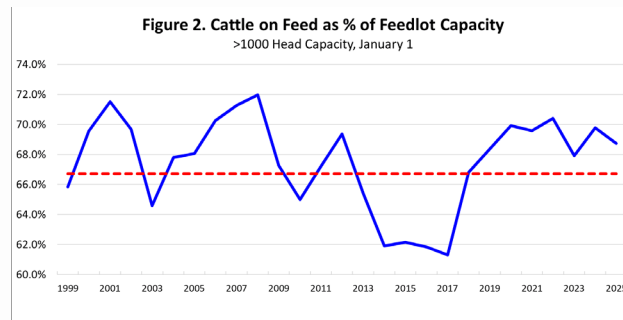
percent of feedlot inventory on January 1 and 12.8 percent of total feedlot marketings in 2024. Feedlots with capacity over 50,000 head made up 3.8 percent of feedlots over 1,000 head capacity but accounted for 34.8 percent of inventory and 35.1 percent marketings last year. Over 50 percent of feedlot inventories on January 1 and annual marketings in 2024 were in feedlots over 32,000 head of capacity, 6.9 percent of feedlots with 1000+ head.

Table 1. Feedlot Size Distribution, Inventory and Marketings.

Feedlot Capacity	Feedlots	% of Feedlots >1000 Hd.	Inventory Jan. 1, 2025	% of Total Inventory	Marketings 2024	% of Total Marketings
Head	Number		1,000 Head		1,000 Head	
<1,000	24,000		2,473.7	17.3	3,180.0	12.8
1,000 - 1,000	740	35.5	363.0	17.3	610.0	2.5
2,000 - 3,999	530	25.2	630.0	4.4	1,220.0	4.9
4,000 - 7,999	370	27.6	930.0	6.5	1,790.0	7.2
8,000 - 15,999	190	9.0	1,040.0	7.3	1,990.0	8.0
16,000 - 23,999	85	4.0	940.0	6.6	1,840.0	7.4
24,000 - 31,999	45	2.1	760.0	5.3	1,550.0	6.2
32,000 - 49,999	65	3.1	2,190.0	15.3	3,920.0	15.8
>50,000	80	3.8	4,970.0	34.8	8,720.0	35.1
Subtotal >1,000	2,105		11,823.0	82.7	21,640.0	87.2
Total	26,105		14,296.7		24,820.0	

The estimated total feedlot capacity (1,000+ head) on January 1, 2025 was 17.2 million head, up fractionally from the previous year. Total feedlot capacity has not changed significantly in recent years and has averaged 17.13 million head since 2011. Figure 2 shows the January 1 feedlot inventory as a percentage of feedlot capacity.

The cattle on feed percentage of feedlot capacity on January 1, 2025 was 68.7 percent, down from 69.8 percent in 2024 and from the recent peak of 70.4 percent in 2022. For the past fifteen years, feedlot inventories have averaged



66.7 percent of the feedlot capacity (red dotted line). The percentage dropped significantly from 2014-2017 during herd expansion. Ever tighter feeder cattle supplies and the prospect of heifer retention for herd rebuilding mean that the percentage is likely to decrease in the future.

## APHIS ESTABLISHING NEW WORLD SCREWORM STERILE FLY BARRIER ZONE IN MEXICO

*Move is designed to prevent the further northern movement of the pest to the U.S.*

USDA-APHIS

The U.S. Department of Agriculture's Animal & Plant Health Inspection Service (APHIS) announced that it is adjusting its New World screwworm (NWS) sterile fly dispersal strategy to push this devastating pest away from the U.S. and back toward the previously established biological barrier in Panama.

APHIS is shifting its dispersal efforts to Mexico — the northernmost point of the outbreak — using a scientifically proven eradication model. The agency said it successfully implemented this approach in previous eradication efforts, and it remains the most effective strategy.

APHIS identified two locations for sterile fly dispersal centers in Mexico. As APHIS transitions to these sites, it will continue operations using dispersal centers outside of Mexico to ensure program continuity. Adjusting dispersal locations will ensure the greatest number of sterile flies are released in the critical areas, the agency said.

While sterile fly dispersal will shift north, APHIS said it remains committed to working closely with Nicaragua, Honduras and regional partners to support on-the-ground outbreak response activities, including surveillance, animal health outreach and early detection efforts.

## WHAT RANCHERS SHOULD KNOW ABOUT CARBON PROGRAMS

*It is important to understand how carbon programs work and where they are finding their role in the beef industry.*

By: Shaye Koester-Wanner

Carbon markets can be a controversial topic, but regardless of where you stand it is important to understand how they work and where they are finding their role in the beef industry. Ryan Dierking and James Clement from the team at Earth Optics, helps ranchers understand the basics of carbon programs and what they need to consider before signing up in Season 8, Episode 7 of the Casual Cattle Conversations Podcast.

There are five key players involved in carbon programs.

1. Ranchers/landowners – cattle producers who are making management changes for the betterment of the soil. These management changes are referred to as “Additionality”.
2. Project Developers – these groups are the ones who enroll producers into programs and collect data from the landowner.
3. Measurement Agency – companies, such as Earth Optics, that provide all of the ground truth data to determine carbon stocks that verifiers then turn into credits
4. Verification Agencies – these groups use the collected data to determine how many carbon credits have been produced based on soil data and associated changes in management.
5. Buyers – these are the companies who want to purchase these credits to offset their own carbon emissions. These are known as Scope 1 offsets.

Earth Optics is a unique company in this space. They help ranchers collect actionable carbon data and help them understand which directions they can go with it.

“We produce carbon distribution maps and can calculate what a carbon stock should be for a particular field or landscape,” Ryan Dierking says. “Another way to think about it is having a yield map of carbon created for your land.”

Earth Optics does not create or sell the carbon credits. They measure and report those values to both the ranchers and project developers.

Carbon is measured through two main methods – modeling and measurement. Modeling can involve looking at satellite imagery and/or collecting management data from software that tracks animal movements to quantify the difference in plant matter on the surface. Essentially, this is measuring the impact of grazing duration, biomass removal and rest and recovery periods based on defoliation and plant regrowth.

Measuring involves taking physical measurements of the soil as well as remotely scanning soil data using EMI sensors. Earth Optics uses a combination of the two methods to quantify the soil carbon baseline for the land and then re-check carbon values in three to five years depending on the contract between the rancher and project developer.

In the United States, carbon programs are voluntary.

“These carbon credits are not subsidized. They are being demanded and purchased by shareholders of private companies,” James Clement says. “Essentially, these companies need landowners which creates the opportunity to get paid for doing what is right by the land and that’s the main draw for many landowners.”

One reason landowners choose not to participate in carbon programs is because of the contract length.

“Most of these contracts are looking at a timeframe of 15 or 30 years and beyond. The challenge is many ranchers don’t or can’t make this decision for the next generation,” Clement says. “Additionally, the contract or program may not be in line with the landowner’s values and goals.”

Landowners also must be committed to upholding their end of the agreement with management changes and data collection and reporting.

“When that change takes place, project developers are requiring management data such as how many cattle were there, when were they moved etc.,” Dierking says. “Data management programs and tools might be available or provided depending on the contract.”

It’s important to note that ranchers who have already been proactive with their soil health and management practices and are focused on good stewardship may already be eligible for some programs with little to no management changes required depending on the Project Developer.

Another challenge these programs can face is the amount of rented land being operated on. This could be private land or government land such as BLM, forest service etc. This creates an added layer of complexity because now a lessee is involved in addition to the other parties.

“It usually comes down to a negotiation between the lessee and the landowner,” Clement says.

If a landowner is interested in engaging in a carbon program, there are numerous things to consider.

“There are only a handful of programs out there. Look at all the programs and do your due diligence. Look at which program is going to fit the needs of your ranch. Don’t jump at the first one that comes by,” says Dierking. “The right opportunity might not arise for another year or two.”

Landowners should also be diligent about reviewing the contracts.

“The difficult thing is you need to find a lawyer who is comfortable thinking through this,” says Clement. “The family lawyer who has helped with pipelines or eminent domain in the past might not be comfortable or familiar with carbon programs.”

After that, landowners should be cognizant of who the buyer is and if it is likely they’ll be in business for the duration of the contract. The language of the contract shouldn’t be complex and what is being asked of the land manager should be clear.

“Ask yourself if it is reasonable to achieve the results they are asking for? For a good steward, 90% of the time it is,” Clement says.

Understanding any management limitations placed in the contract is also important. An example of this is whether land managers will be able to spray for weeds or if they will be required to use other forms of weed control.

Reviewing contracts is also an opportunity to place any clauses to protect yourself in the future if something were to change or if complete liability protection is not included for those who uphold their commitment.

At the end of the day this is new territory for American ranchers.

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## WHAT RANCHERS SHOULD KNOW ABOUT CARBON PROGRAMS

“It sounds complex, but the bottom line is if you are making long-term good decisions for your land through your management you most likely have the opportunity to participate in these markets,” Clements says. “If enrolling in carbon programs is in line with your goals and values, find someone experienced to help you navigate the opportunities that come your way.”

## DID THE U.S. CATTLE INVENTORY SHRINK EVEN MORE IN A YEAR? 60% OF AG ECONOMISTS THINK SO

Nalivka: The Cost of Running Cows and Your Breakeven Price

Decisions up and down the beef supply chain evolve around calculating costs and breakeven prices.

John Nalivka

Decisions up and down the beef supply chain evolve around calculating costs and breakeven prices. That calculation in the feedlot involves the cost of feeder cattle plus the cost of gain divided by the finished weight to generate the breakeven price. The cost of feeder cattle, on average, accounts for about 67% of the total cost. When herds are liquidated and followed by subsequent tight cattle numbers and high feeder prices, that percentage increases. Since mid-2023, it has averaged 74% while the feedlot breakeven for the same period has averaged \$180/cwt. This compares to the tight cattle numbers from mid-2014 to 2015 when the cost of feeder cattle averaged 76% of total cost with a coinciding breakeven of \$150/cwt. It is no secret that the cost of feeder cattle has the greatest impact on the feedlot breakeven.

If you retain ownership of your calves, the current market for the weight of your cattle is your opportunity cost of retaining ownership and feeding those cattle versus selling them. The decision you make to own those cattle in the feedlot or to sell them is your consideration of the risk and how your capacity to manage that risk at that point —financially and otherwise.

Coming back to the ranch, this discussion of feedlot breakeven price is also an important consideration for decision-making. While it is straight-forward to calculate feedlot breakeven, it is just as important, though perhaps not as straight-forward, to know your breakeven price at the ranch for those calves. Furthermore, it may not seem imperative to know your breakeven and manage costs in a record-high market that is giving most ranchers plenty of financial breathing room. However, this is an ideal time to build a solid analysis and understanding of your business costs. Your breakeven cost may surprise you!

I know it is easy to become tired of hearing that you need to know your ranch costs in detail. However, as with any business, it is important if you are to manage market risk, and it does not have to be a difficult project. It begins with tracking your primary costs of production, i.e., fuel, labor, feed. Divide those costs by the pounds of beef produced on your ranch and you have a great start.

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