



IN THE CATTLE MARKETS



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Cow-Calf Production Costs & Returns

In a recent [Southern Ag Today](#) article, the trends in farm operating costs over the last few years were discussed based on data released by the USDA Economic Research Service (ERS) in May. The article focused mainly on row crops, but the data also includes operating [costs for cow-calf production](#). So, the focus of this article will be looking at historical cow-calf production costs combined with forecasted costs for 2025 and 2026 from the Livestock Marketing Information Center.

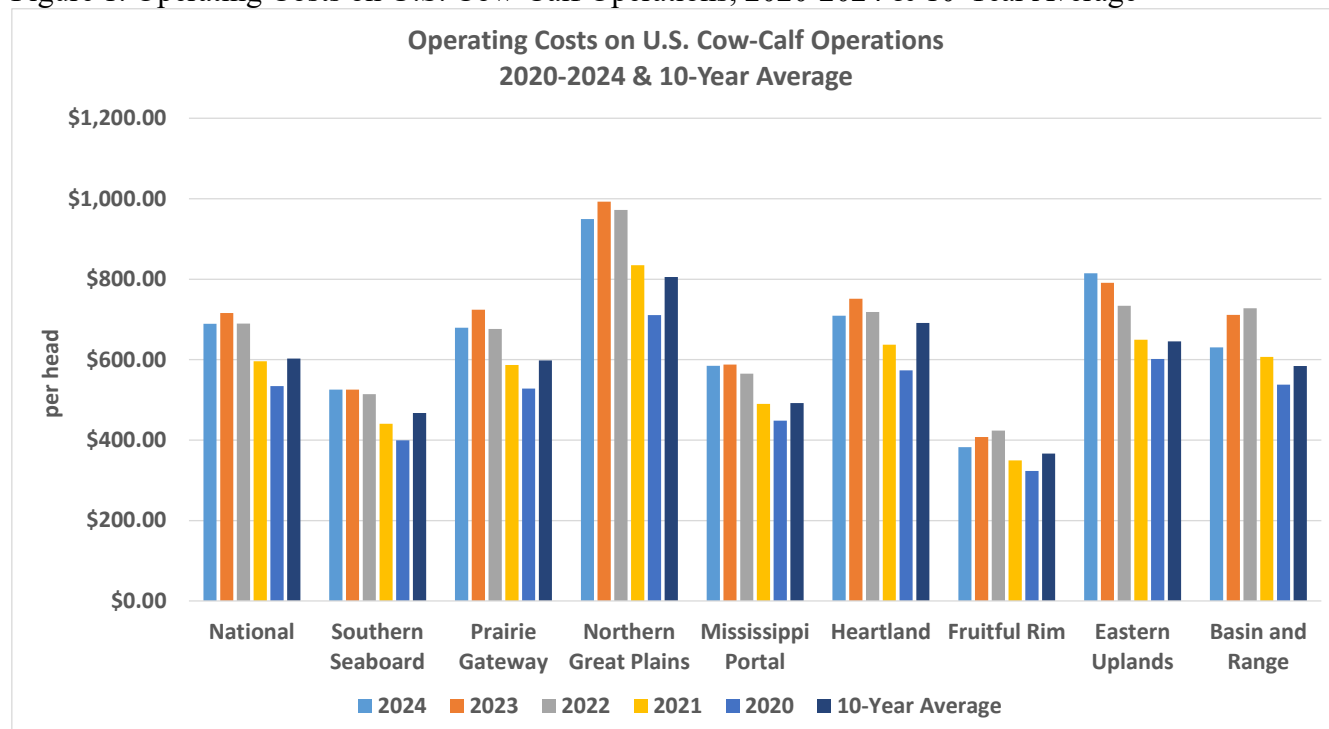
Over the last five years, cow-calf operating costs per head have increased by 29 percent nationally, according to data from the ERS and LMIC. Looking back at the 10-year average (2015-2024), annual operating costs for a cow-calf operation have been \$602.53 per head (does not include pasture rent) according to ERS survey data. This average is 14 percent lower, 19 percent lower, and 14 percent lower than estimated operating costs in 2024 (\$689/hd), 2023 (\$715/hd), and 2022 (\$690/hd), respectively. The forecasted total of cash (operating) costs and pasture rent for 2025 is \$1,059/hd

and \$1,044/hd in 2026 according to LMIC. These forecasts are slightly below the estimated total costs in 2024 of \$1,069/hd.

Figure 1 conveys total operating costs separated out into USDA, ERS [Farm Resource Regions](#). These total operating costs include total feed costs (purchased, harvested, and grazed), backgrounded cattle, vet and meds, bedding/litter, marketing, custom services, fuel, lube, electricity, repairs, and interest. According to the data, all of these costs increased in 2024 except total feed costs, fuel, and interest. Looking more closely, total feed costs were down, but the cost of grazed feed was 4 percent higher year over year assumingly due to fertilizer prices. Interest was slightly lower year over year but was still 86 percent higher than the five-year average on a per head basis. While declines and fluctuations have been seen in input costs such as feed, fuel, and fertilizer over the last year in most regions, global dynamics will continue to play a role in the cost of inputs throughout the rest of 2025 and into 2026.

The cattle industry has been experiencing record-high prices for cattle, which is undoubtedly influencing larger profits. The forecast for the next couple of years is that cow-calf producers can expect to continue experiencing these high returns due to tight supplies and strong consumer demand. However, just like cattle prices, operating costs have also increased over the last few years. Even with slight declines forecasted for the future, it is still important to intentionally manage input costs and marketing strategies regardless of how large the revenue stream may be.

Figure 1. Operating Costs on U.S. Cow-Calf Operations, 2020-2024 & 10-Year Average



The Markets

Prices for cattle have remained strong as we get deeper into the heat of the summer months. Fed steer prices were unchanged from a week ago but still 16 percent higher than a year ago. The choice-select spread dropped by another percent compared to last week and has declined by 46% year over year. As mentioned last week, fewer cattle entering the beef production system, coupled with strong demand, is more than likely the cause of a smaller spread.

		Week of 7/4/25	Week of 6/27/25	Week of 7/5/24
5-Area Fed Steer	all grades, live weight, \$/cwt	\$229.43	\$229.51	\$197.09
	all grades, dressed weight, \$/cwt	\$369.30	\$369.52	\$313.69
Boxed Beef	Choice Value, 600-900 lb., \$/cwt	\$393.94	\$394.19	\$329.96
	Choice-Select Spread, \$/cwt	\$13.22	\$13.30	\$24.38
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	--	\$354.57	--
	Oklahoma 8-market, \$/cwt	\$320.77	\$321.69	\$275.99
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$441.00	\$433.62	--
	Oklahoma 8-market, \$/cwt	\$384.24	\$384.38	\$317.46
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.35	\$4.16	\$4.26
	DDGS, Nebraska, \$/ton	--	\$143.14	--

Data Source: USDA-AMS Market News as compiled by LMIC

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