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Keeping Replacement Heifers: Challenges and Opportunities

To keep or not to keep…that is the question facing many producers today when making the decision about weaned heifers. Many producers may wish they would have kept some heifers back two years ago to have calves to sell today, but record-high prices for feeder heifers are hard to pass on. Whether to retain or sell heifers is a long-term decision that depends on both market conditions and the resources available on an operation. Here are a few opportunities and challenges to consider.

Opportunity: While no one knows exactly how long today's strong cattle prices will last, current market fundamentals continue to support strong cattle prices. At the start of 2026, there were only 4.7 million beef replacement heifers available, the second-lowest inventory since the 1940s behind 2025 (4.6 million head). While beef cow slaughter has declined nearly 17% during the first half of 2026 after an 18% decline in 2025, reduced culling is only one part of herd expansion. Expansion also requires producers to retain more heifers, and those efforts have been slow. As a result, cattle supplies will remain tight, supporting strong prices until production increases substantially or beef demand weakens.

Challenge: Expanding the cow herd requires the resources to support additional females. Retaining heifers is a long-term investment that requires intensive management and significant costs, including nutrition, health, labor, breeding, and the expense of developing females that ultimately do not fit the operation. Resource availability is another key consideration. Although recent rainfall has improved pasture conditions in some areas, more than half of the country remains in drought, particularly across the Southeast and West. Additionally, high interest rates and concerns such as New World screwworm and pasture mealybug all add to the risk and uncertainty of investing in high-value breeding stock.

Considerations: Despite the challenges and high prices for weaned heifer calves, the expectation that strong calf prices may persist creates an opportunity to evaluate the economics of retaining heifers. However, those projections should include multiple market price and cost scenarios rather than assuming today's market conditions will continue indefinitely. Below are a few other considerations associated with retaining heifers:

- Why do I want to retain heifers? (Genetics, biosecurity, herd expansion, etc.)
- How quickly do I need revenue from calves?
    - Retaining a heifer means foregoing income from a calf for roughly 18 months compared to purchasing a bred heifer or selling a weaned heifer.
- Would retaining and breeding only a portion of my heifers make sense?
    - You may be able to develop a percentage of heifers but only keep the best heifers for your herd while marketing the remaining bred heifers.

For producers with adequate forage, capital, and a long-term outlook, retaining replacement heifers may be a sound investment. At some point, the national cow herd must begin rebuilding, and waiting until expansion is well underway could mean buying replacement females at even higher prices when calf prices will start declining. Carefully evaluating an operation's resources, financial position, long-term goals, and market opportunities can help ensure the decision fits an operation in the long-run and not just in today's market.

In the Markets

		Week of 7/17/26	Week of 7/10/26	Week of 7/18/25
5-Area Fed Steer	all grades, live weight, $/cwt	$238.28	$248.01	$237.78
	all grades, dressed weight, $/cwt	$377.01	$391.49	$379.36
Boxed Beef	Choice Value, 600-900 lb., $/cwt	$371.21	$383.39	$374.89
	Choice-Select Spread, $/cwt	$11.26	$18.06	$16.81
700-800 lb. Feeder Steer	Montana 3-market, $/cwt	--	--	$343.00
	Nebraska 7-market, $/cwt	--	$416.48	$352.50
	Oklahoma 8-market, $/cwt	$379.13	$388.16	$335.78
500-600 lb. Feeder Steer	Montana 3-market, $/cwt	--	--	--
	Nebraska 7-market, $/cwt	$460.86	$509.63	$412.00
	Oklahoma 8-market, $/cwt	$470.54	$475.01	$394.84
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$4.32	$4.25	$4.14
	DDGS, Nebraska, $/ton	$153.00	$153.00	$141.25

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

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