



LMIC

Livestock Marketing
Information Center

Imic.info

MARGINS & MARKETS

A Quarterly Update from the Livestock Marketing Information Center



Volume 7, Issue 4 / Nov 2025

Inside this Issue

Introduction.....1

Cow-Calf.....2

Cattle Feeding4

Dairy6

Hogs9

Poultry11

Across the Livestock Industry...

- ▶ Now that the government shutdown is over, some much needed data is starting to flow from USDA. As more data becomes available through the end of the year, it will take some time for the markets to digest the information.
- ▶ While the crop and grain markets struggle with low prices received by farmers, the rest of the livestock industry is benefitting from cheaper feed and higher prices received on animals. Later season shifts and markets reacting to announcements out of Washington D.C. regarding trade and profitability in certain sectors is producing ambiguity as to what the future holds for later 2026.
- ▶ Retail meat prices are a hot topic in the news right now. As the all-fresh retail beef price rallies to all-time highs, over \$9 per pound, the fundamental question remains: Will these record prices affect consumer demand as 2025 concludes and 2026 begins? Conversely, retail prices for pork and chicken have remained more stable and potentially more attractive to consumers.

Cow-Calf

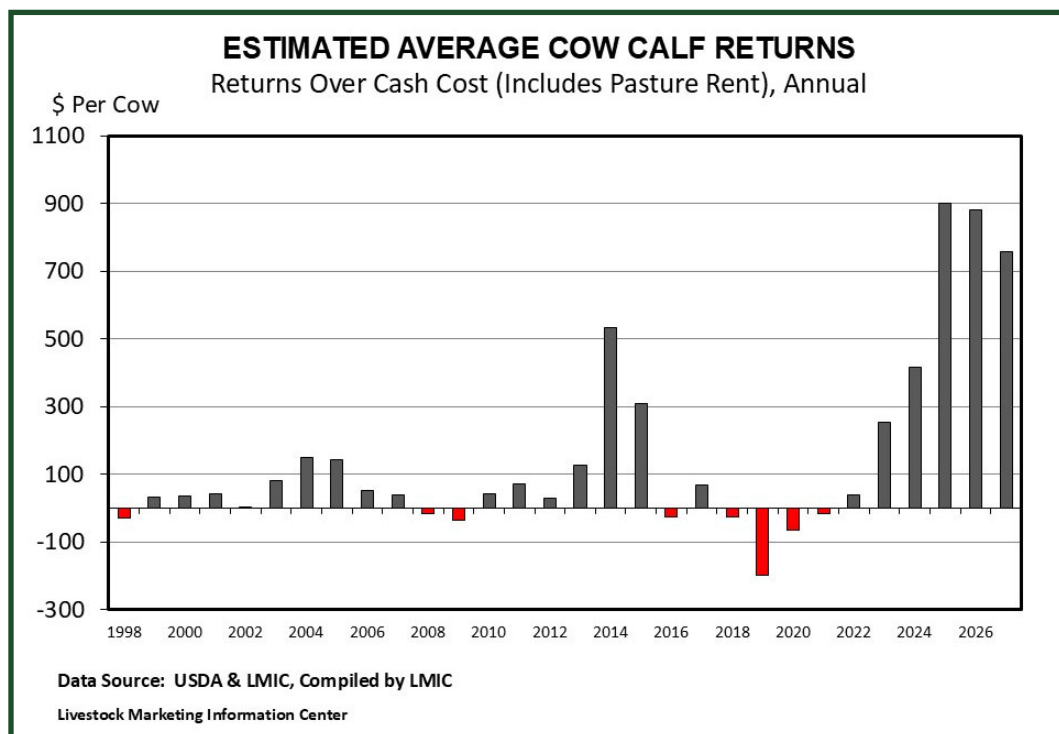
Key Drivers:

- ▶ In recent weeks volatility has appeared to be an issue in the cattle markets, but, if traditional weaning patterns are historically consistent, then fall season revenue has mostly been locked in already for cow-calf producers.
- ▶ Producer profitability has been boosted for 2025 by strong counter-seasonal cattle prices this fall.
- ▶ Contrary to belief, the cost environment may be more familiar than what is apparent at face value on a cash basis, but high capital barriers remain a critical factor in rebuilding decisions.

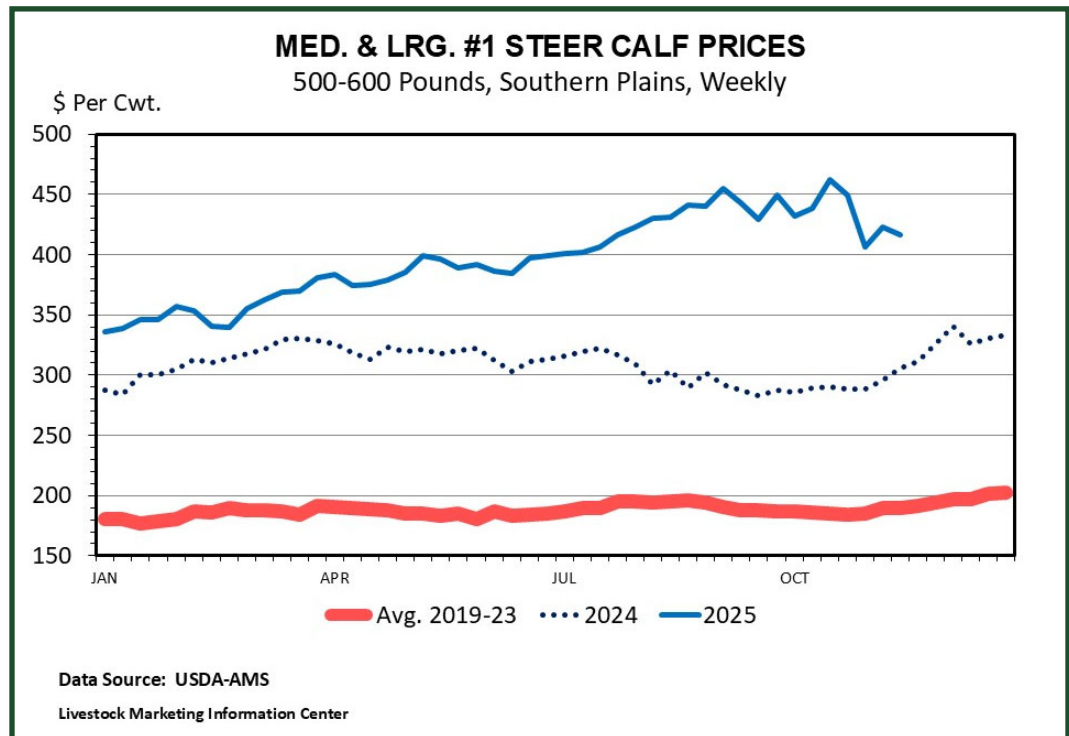
Strong growth in feeder cattle prices this fall has pushed 2025 profitability estimates sharply higher with the Livestock Marketing Information Center (LMIC) now estimating returns per cow just above \$900 per head. This increase comes on the heels of high prices received on cattle. In the Southern Plains, the average price reported as of November 14 for 500–600-pound steer calves (medium and large 1) was \$416.48 per cwt.

Compared to the same time last year, when prices were \$305.66 per cwt, the value of those calves increased +36.3%, with the year-to-date average up roughly +28%. While these prices are historically high on their own, what has really defined this year's boom in profitability has been the counter-seasonal strength observed since August. Typically, during late summer and fall months, weaning on the ranch leads to a surge of calves coming to market that puts downward pressure on feeder and calf prices. That has not been the case this year. Instead, peak prices

reached \$461.78 per cwt in mid-October. Last year, they had already receded by roughly -13% from their peak in early spring. The overall fall-season average price received (August through November, which is the most important period to consider) in 2025 was roughly \$437 per cwt on weaned steer calves—that is +49.5% higher than in the same period in 2024. Similarly, the cull cow market prices have also been supportive of cow-calf returns. In the Southern Plains, 85-90% lean slaughter cows were documented at \$167.24 per cwt by



November 17 (+42.4% year over year). The peak price of \$169.73 per cwt was observed only two weeks prior with overall fall-season average prices up +29.7% year over year. With only a couple more weeks to go, the traditional window to market weaned calves is almost complete, meaning most of the high prices observed in that window will dominate return estimates for this year.



The cost of production, especially high input costs, are a major topic of conversation in the cow-calf sector right now, and depending on who one talks to, the overall tone remains fairly pessimistic despite these estimated high returns. For 2025, the LMIC currently estimates cash costs per cow (including pasture rent) in the Southern Plains to be roughly \$1,128 per head. This is the highest estimated cost in the series history with year-over-year increases expected to be around +5%. Relative to the last trough in cattle inventories in 2014, this figure puts costs up approximately +28%. However, much of this increase reflects inflation rather than a fundamentally different cost environment. Using the Producer Price Index from August to deflate costs, current estimates appear much more comparable to 2014, which previously documented the highest estimated returns per cow (~\$530). In terms of 2025 dollars, 2014 cow carrying costs were about \$1,123 per head, only \$5 below this year's estimate. Viewed through this lens, 2025 no longer holds the title of highest cost year. Instead, 2015 stands out more clearly with costs of roughly \$1,200 per cow.

This isn't to say pessimism is unwarranted. Compared to Q3 in 2014, interest rates are nearly +3% higher on both feeder cattle and operating notes. According to the Quarterly Agricultural Credit Survey, Q3 2025 variable interest rates in the 11th District (Texas, Southern New Mexico, and Northern Louisiana) on feeder cattle loans averaged 8.45% while operating loans in the 10th District (Colorado, Kansas, Nebraska, Oklahoma, Wyoming, Northern New Mexico, and Western Missouri) were at 7.96%. In 2014, those rates were 5.69% and 5.40%, respectively. Focusing specifically on the 10th District, loan repayment rates are down -22.3% from 2014, while the amount of collateral required is up +7.2% (based on diffusion indices from the Federal Reserve Bank of Kansas City). This otherwise suggests that even if the profitability landscape appears positive on a cash basis, growth and expansion in the national herd will likely be tempered if lending barriers remain a challenge with capital and animal acquisitions. §

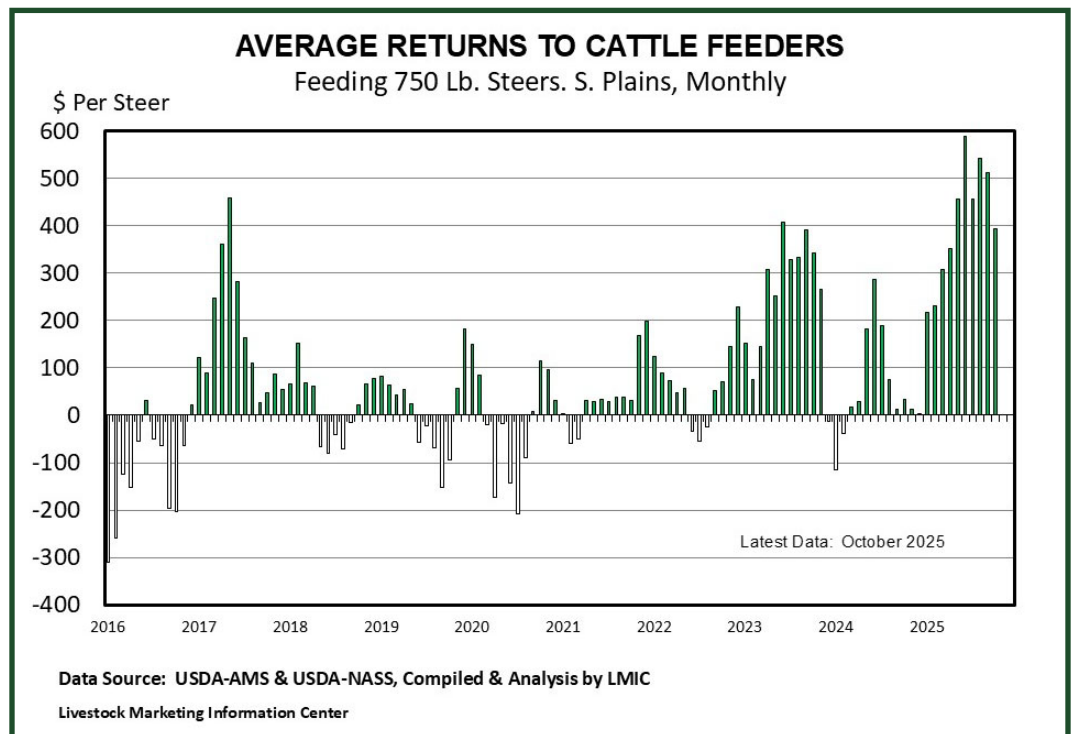
Cattle Feeding

Key Drivers:

- ▶ Low input costs (e.g., feed) and high prices received on fed cattle suggest a strong profitability outlook for 2025; however, recent volatility could produce ambiguity in profit outcomes for 2026.
- ▶ The latest Cattle on Feed report signals two key takeaways: 1) available cattle supplies remain tight and 2) uncertainty surrounds heifer retention in the cattle sector.
- ▶ Domestic beef demand continues to defy expectations with consumers paying record retail beef prices. Strong beef demand will underpin the sector through 2025 and into 2026.

Cattle feeding returns since early 2024 have been positive and are anticipated to remain that way into early 2026. However, as price dynamics continue to shift for both feeder and fed cattle, profitability by late 2026 becomes more uncertain. In the prior cow-calf section, the counter-seasonal behavior in 500–600-pound calf prices was discussed; similar patterns are present for cattle feeders. In the Southern Plains, 700–800-pound feeders

(medium and large 1) averaged \$342.44 per cwt for the week of November 14, while fed steers (5-market weighted average) brought \$225.04 per cwt, each posting year-over-year growth of roughly +32.7% and +21.8%, respectively. When these high prices are complemented with lower feed input costs (i.e., Omaha corn prices by November 14 down -15.4% per bushel from the 2019-2023 average and August alfalfa hay prices down -22.1% per ton from the same 5-year average), one has a recipe for healthy margins.

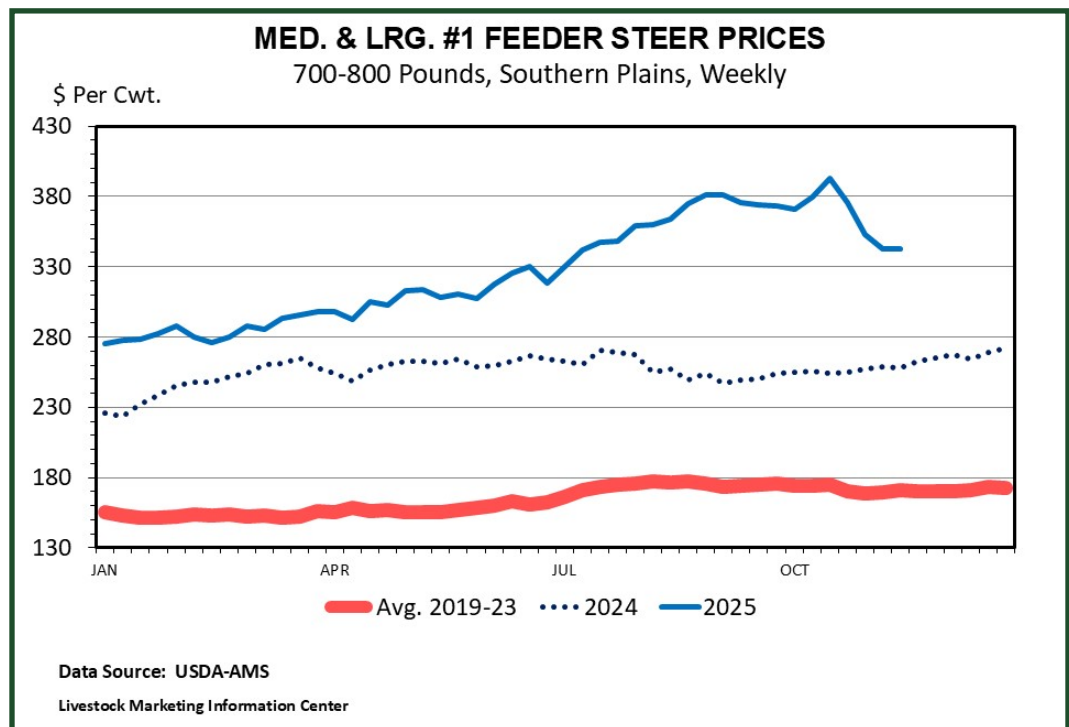


What is driving ambiguity in future returns is the relative strength between feeder and fed prices. In the Southern Plains, prices on feeder steers did not peak until mid-October at \$392.71 per cwt. Fed prices, by contrast, peaked in mid-August at \$244.25 per cwt and have largely trended lower since. Looking at year-to-date growth through mid-November, feeder prices have risen nearly +41% (\$114 per cwt), while fed steers are up only +13% (\$26 per cwt). If output prices on slaughter cattle continue to soften while input prices on

feeders remain strong, margins at the feedlot could tighten towards later 2026. Currently, the LMIC is anticipating feeder prices to moderate down towards the mid-\$300s per cwt by the end of 2025 and remain within the \$350–\$370 range into 2026. For fed cattle, Q4 2025 expectations fall around the \$230s per cwt with early 2026 values growing towards the \$230–\$250 range.

As has been addressed, the 43-day government shutdown resulted in a hole of data that is typically released by the USDA-National Agricultural Statistics Service (NASS). However, now that the government has reopened, reports are starting to get backfilled, including the Cattle on Feed report. In the November report, values for both October and September were released, and the included information largely supporting two key takeaways: 1) supplies are tight and 2) heifer retention is still uncertain. As of November 1, 11.7 million cattle were recorded on feed, corresponding to a -2.2% year-over-year loss in on-feed inventories. This comes on the heels of an -8% decline in marketings and a -10% decrease in placements during October; all values published were within pre-report estimate ranges for both September and October. Also in the report, was the quarterly breakout of heifers versus steers on feed. Unchanged from last quarter, heifers still account for 38.1% of all on-feed inventories.

Beef trade has been in the forefront over the last few months, but trade data has been limited due to the government shutdown. The most recent monthly beef trade data available is for the month of August, and this is on a



product-weight basis. Throughout the first eight months of the year, beef and beef variety meat exports are down nearly -10% to about 775.2 million metric tons (MMT) compared to last year. U.S. beef imports continue to track higher with the year-to-date total through August up about +25% to more than 1,500 MMT. Larger year-to-date beef imports have occurred from Brazil (+72%), Australia (+32%), New Zealand (+1%), and Argentina (+32%), while imports from Canada fell -3%. Of the total beef imports through the first eight months of the year, Australia accounted for 23%, Brazil 19%, Canada 18%, New Zealand 12%, and Argentina less than 2%.

The all-fresh retail beef price was \$9.18 per pound in August per the latest reported from USDA-ERS. August's retail beef price was up \$1.03 per pound (+13%) from last year and the highest on record. Despite the record retail beef prices, available statistics indicate robust beef demand through the first three quarters of the year. This strong beef demand is likely to continue through the fourth quarter of the year and into the first half of next year, which should support prices. §

Dairy

Key Drivers:

- ▶ New butter and cheese processing plants in 2025 are supporting the expansion of the milk cow herd.
- ▶ More processing capacity supported big increases in butter production during the summer but will likely pressure butter prices this fall.
- ▶ Lower feed costs since last spring are offsetting the impact of lower milk prices.

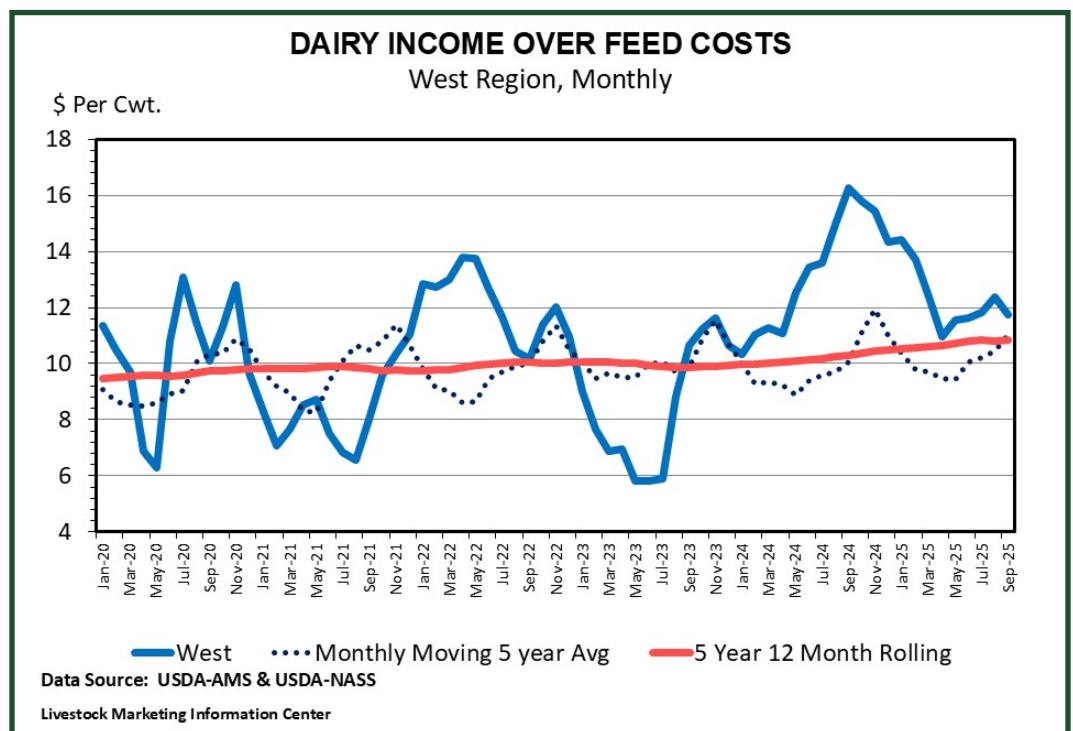
The dairy herd last December was 9.355 million head. As of this September, the dairy herd has expanded by 126,000 cows, or over +1%. The increase has outpaced expectations and has been driven by impressive expansions in the dairy and cheese processing industries that have required more milk to operate their new facilities. Initially, new cheese plants were brought online in Texas and Kansas during the first quarter of 2025. Cheese production was up less than +1% during the first

quarter but was up close to +4% from a year ago during the second quarter. The additional cheese production put a lid on cheddar cheese prices at \$1.80 per pound during the first half of the year, similar to the last quarter of 2024. The dairy herd in the spring quarter averaged 9.458 million head, up from 9.401 million head in the first quarter, leading to more milk production and pressure on Class 3 milk prices.

Start-ups of new butter plants in April and June led to a +6% increase in butter production dur-

ing the spring quarter. Butter prices held steady at around \$2.40 per pound in the spring quarter from the winter quarter but were down from \$2.60 per pound in late 2024.

Dairy herd expansion accelerated during the summer quarter with the September herd reaching 9.581 million head and the summer quarter herd averaging 9.540 million head, 80,000 more than the previous quarter. Milk production was up +4% from the summer of 2024. The increase in milk production was matched up against more butter processing



capacity in the Pacific Northwest and new cheese processing facilities in South Dakota. Butter production is on course to be up +10% to +15% this summer from a year ago, although data for the late summer has been delayed. Cheese production is expected to be up +4% to +5%.

The surge in butter production led to a breakdown in butter prices by Labor Day. Prices held close to \$2.50 per pound through mid-August but finished September at \$1.90 per pound. Data on cold storage inventories and international trade for September is still not available, so a picture of how much butter was moving through domestic commercial channels is still unknown, but price movements suggest a slowdown in domestic demand. Butter price trends in October and November extended trends from August and September, so signs of a market turnaround have yet to surface.

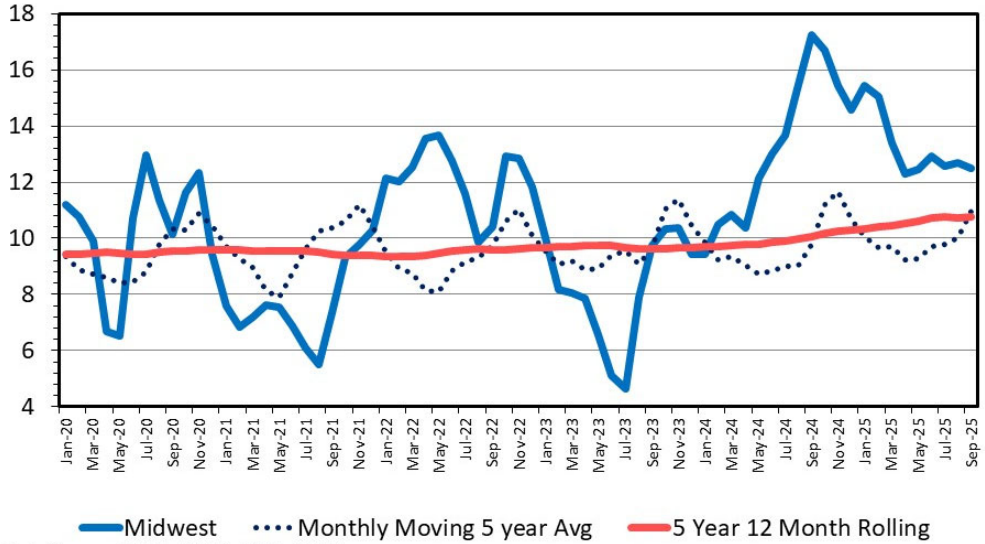
Milk producer profitability has been impressively stable in the last six months as the decline in milk prices has been matched by similar declines in feed costs. Profitability is not as good as the record-setting returns of a year ago, but

they are still better than most of the last five years. This stability could be tested over the next six months if dairy producers continue to expand their herds or if the consumer economy slips materially in a way that would reduce spending on dairy products.

DAIRY INCOME OVER FEED COSTS

Midwest Region, Monthly

\$ Per Cwt.



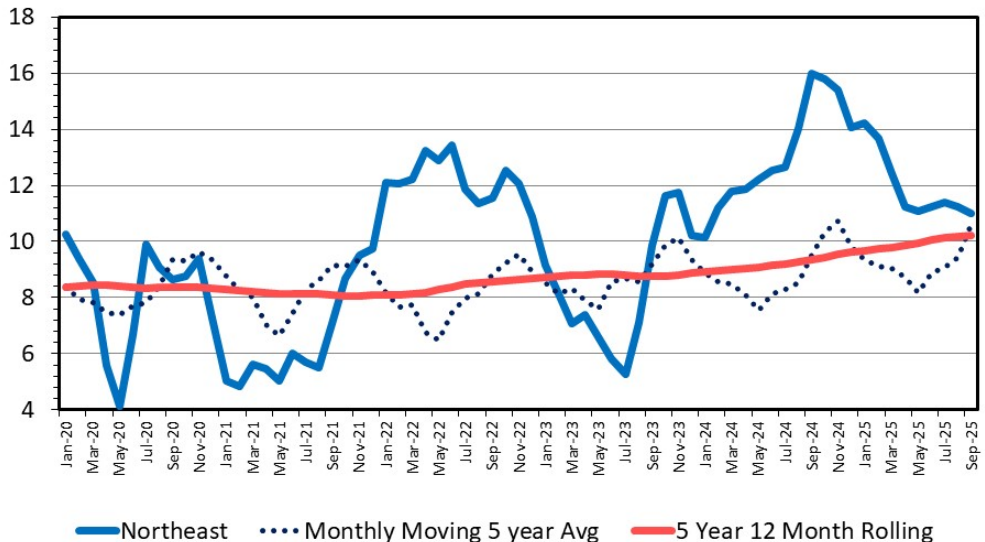
Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

DAIRY INCOME OVER FEED COSTS

Northeast Region, Monthly

\$ Per Cwt.



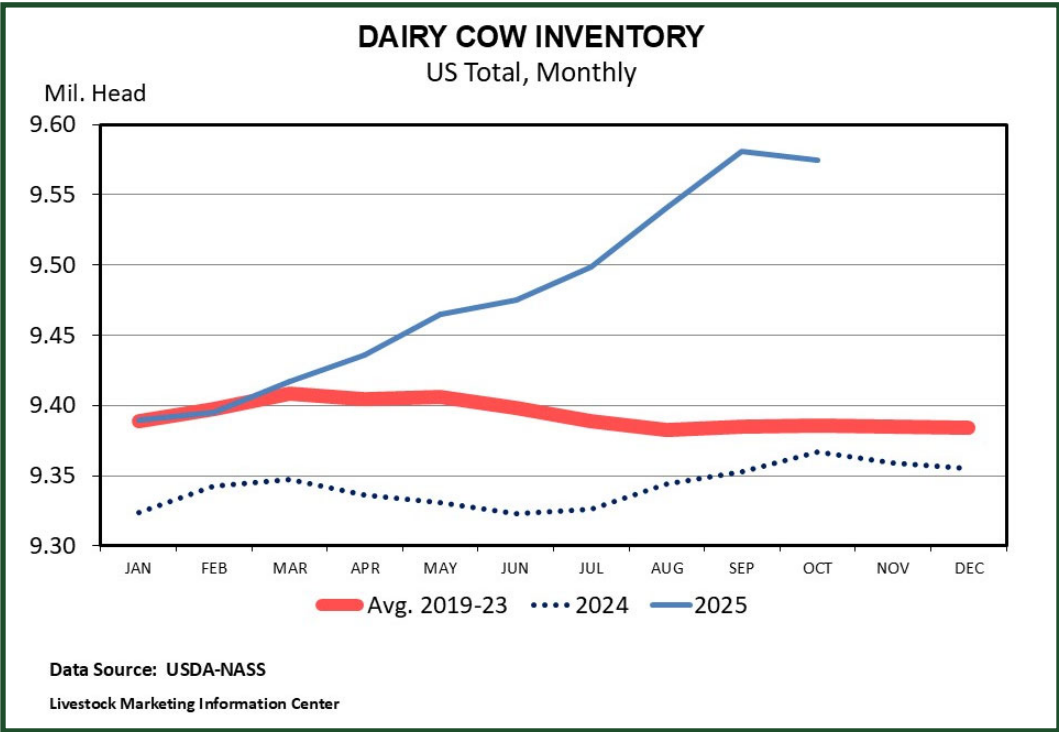
Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

The outlook for dairy markets assumes that dairy producers slow their herd expansion in the last quarter of 2025, with the herd averaging 9.59 million cows, an increase of only 10,000 head from September and 50,000 head from the summer quarter average herd count. This keeps fourth quarter milk production at a +3% increase from the last quarter of 2024. This should keep the Class 4 milk price at \$15 per cwt, up slightly from the October average of \$14.30 per cwt. Class 3 milk prices should find support at \$17 per cwt.

Some aggressive culling of the dairy herd is assumed for early next year as producers find beef cow prices more attractive than milk prices. This keeps milk production in the first quar-

ter of next year at a +2% increase from earlier 2025 and allows for a bounce in butter and Class 4 milk prices. Significant gains in cheese prices may have to wait until the second half of next year, provided that the dairy cow herd does not resume another significant expansion phase. §



Summary Dairy Table of Weighted Milk Price and Feed Costs (Five-Year Historical Average 2020-2024)						
Region	Milk Price	Alfalfa	Corn	Soybean Meal	Whole Cottonseed	IOFC
Northeast	\$ 21.72	\$ 229.24	\$ 5.61	\$ 394.19	N/A	\$ 9.66
Midwest	\$ 21.05	\$ 169.47	\$ 5.13	\$ 394.19	N/A	\$ 10.32
West	\$ 20.67	\$ 229.27	\$ 5.73	N/A	\$ 228.06	\$ 10.51

Sources: LMIC uses the USDA NASS data for milk price, alfalfa, and corn using state-level data to calculate regional data. Soybean meal data is from USDA AMS and whole cottonseed data is not available consistently enough to use state-level data, so national prices are used.

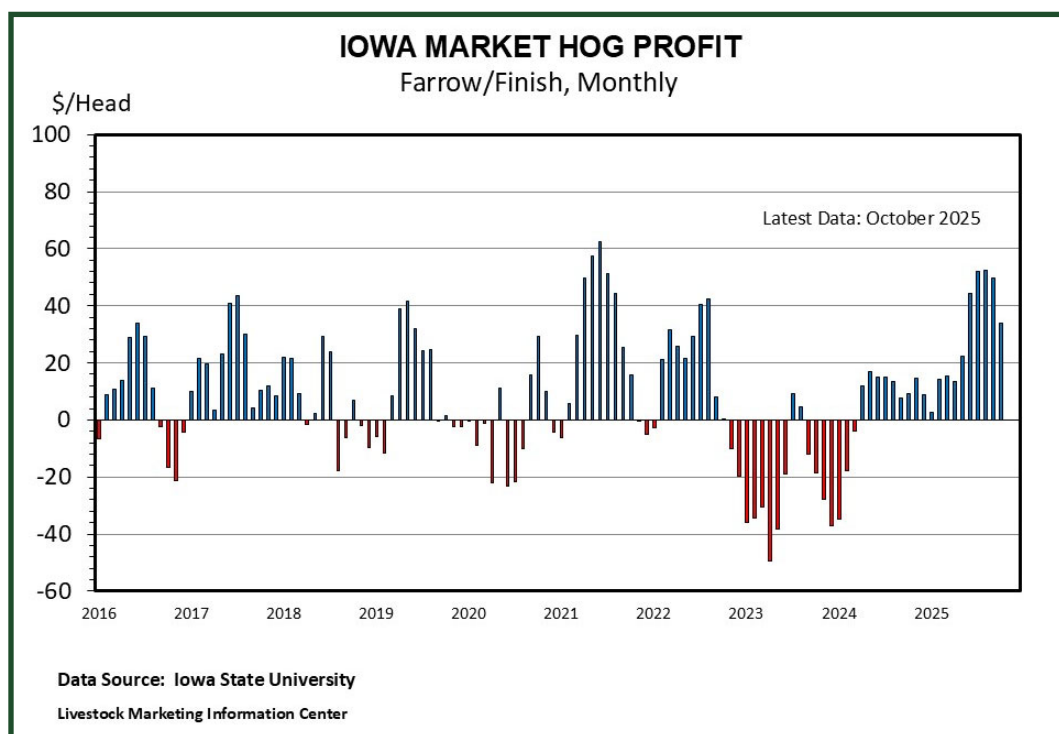
Hogs

Key Drivers:

- ▶ As the government resumes activities, further production and trade statistics will hopefully become available, allowing for additional insights into production and trade dynamics.
- ▶ Lower feed costs continue to drive profitability in the hog sector.
- ▶ A steady rise in pigs per litter continues to be a driving factor on the supply side, but producers continue to take a measured approach to farrowings, which is expected to throttle hog supplies into the first part of 2026.

Profitability persists in the hog sector, with Iowa State University's estimated returns reporting positive profits for every month going back to April 2024 for a farrow-to-finish hog operation. From January through October, estimated returns averaged just over \$30 per head compared to \$3.28 per head over the same period in 2024. October's estimated returns were reported at \$33.77 per head, which was down from \$49.85 in September and \$52.58 in August. Compared to a year ago, October's estimated returns were up \$24.47 per head, a more than three-fold increase.

In October, total feed costs were \$82.09 per head, down \$5.12 per head (-6%) from last year and the lowest monthly total feed cost since December 2020 (\$82.01 per head). Declining feed costs in October for corn, soybean meal, and dried distillers grains continue to be driving factors into feed costs being the lowest

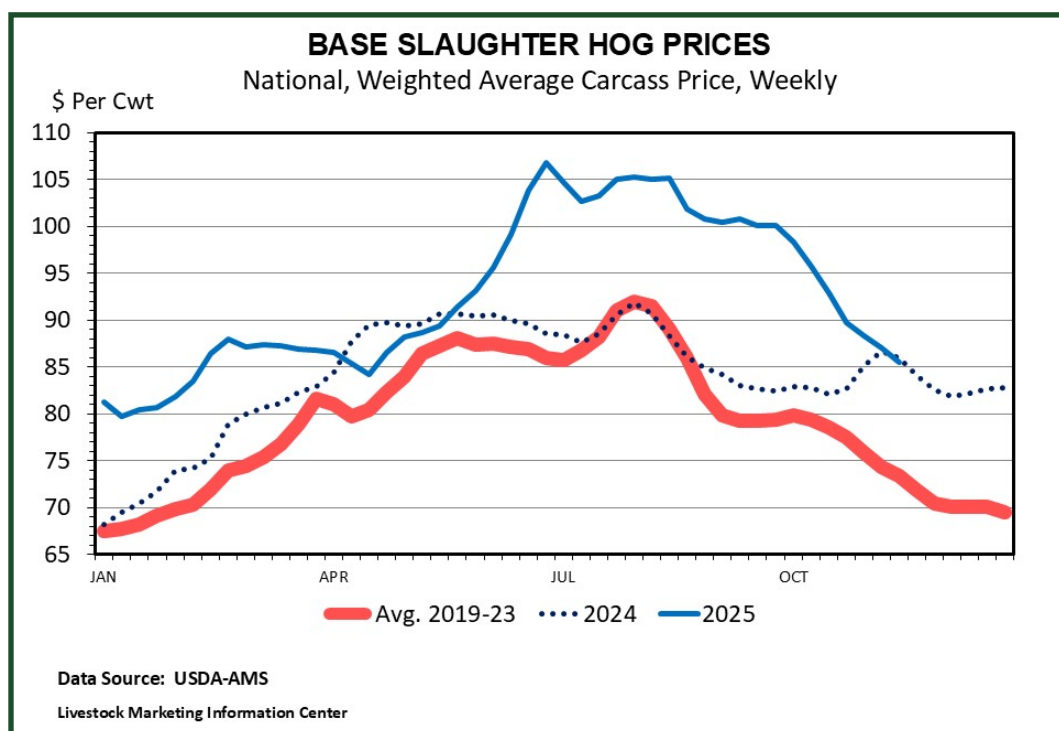


in nearly five years. Corn feed costs were \$37.10 per head, down \$1.31 per head (-3%) from last year. Soybean meal costs were \$13.02 per head, down \$4.22 per head (-24%) from last year. Feed costs for dried distillers grains were down \$0.65 per head (-7%) from last year to \$9.01 per head. In the near term, prices for corn, soybean meal, and dried distillers grains are expected to remain low, which will likely keep total feed costs in the \$80 to \$90 per head area in the near term.

Slaughter hog prices (national base weighted average) have moved seasonally lower since summer highs. Hog prices peaked at \$106.75 per cwt the last week of June but stayed above \$100 per cwt until the last week of September. Since the first week of October, hog prices have fallen \$12.82 per cwt (-13%) to \$85.56 per cwt in mid-November. Prices are expected to continue moving seasonally lower through the end of the

year and likely to fall below the breakeven selling price of \$81.47 per cwt that was reported for October. Looking into 2026, LMIC is forecasting hog prices to follow a typical seasonal pattern, although price levels are expected to be slightly below a year ago based on marginal increases in production and steady demand.

The September Hogs and Pigs report from USDA-NASS reported all hogs and pigs as of September 1 to be nearly 74.5 million head, down about one million head (-1.3%) from the prior year. The breeding herd fell more than 100 thousand head (-1.8%) to just over 5.9 million head, while farrowings for the June–August period were down about 100 thousand head (-3.4%) to just under 2.9 million head. Farrowing intentions for the September–November and December–February periods were reported to be nearly 2.9 million head. As farrowings decline and the breeding herd slowly contracts, this continues to be partially offset by improvements in pigs per litter, which were up +0.9% to 11.82 for the June–August period. Although efficiency gains continue in pigs per litter, the decline in farrowings and the breeding herd contractions are translating into ex-



pected tighter hog supplies into the first half of 2026. The December Hogs and Pigs report will provide further details into trends regarding pigs per litter and farrowings, which will form a better picture for hog supplies through 2026. The last reported monthly retail pork price for the month of August was \$5.01 per pound, up \$0.11 per pound (+2%) from last year. During the government shutdown, the weekly wholesale pork cutout value was reported, which gives an indication into price action from September through mid-November. The pork cutout value peaked in late June at \$120.72 per cwt. Since that point, the cutout value moved seasonally lower to below \$100 per cwt in early November. Compared to a year ago, the pork cutout value remained above year-ago levels from June to about mid-October, but by late October and into November, the cutout value has been near or slightly below year-ago levels. §

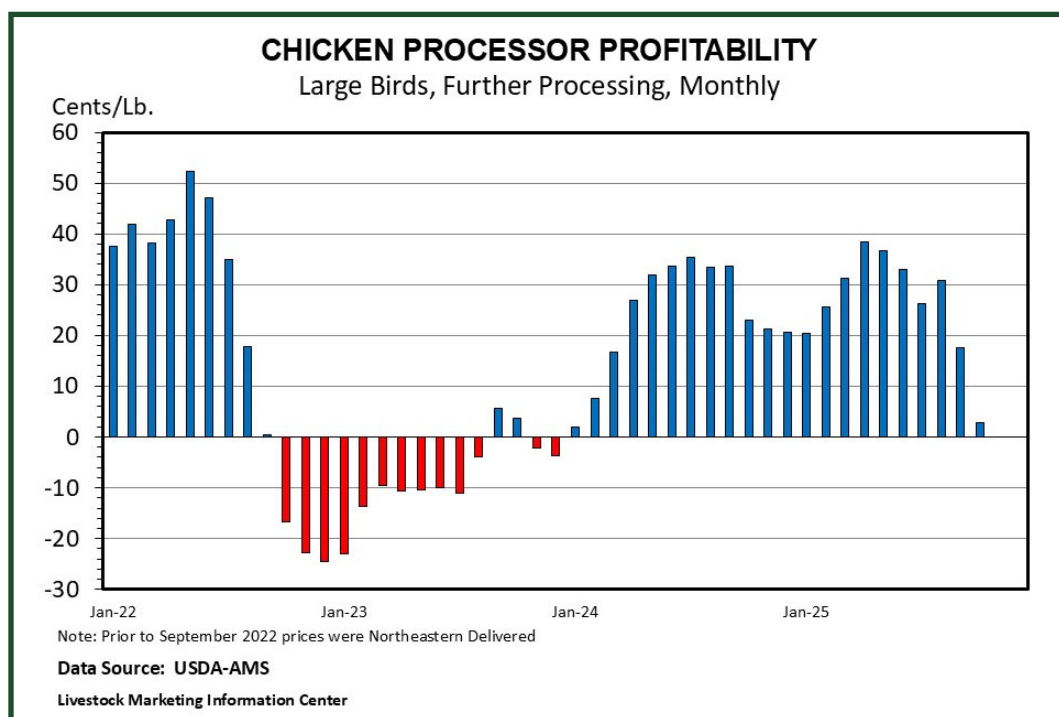
Poultry

Key Drivers:

- ▶ Weakening chicken breast meat and wing prices in wholesale markets during the summer and fall suggest that consumer demand through food service channels is weakening.
- ▶ Chicken processor profit margins have declined sharply in October, and hatchery output is running below expectations for the current quarter.
- ▶ Turkey losses due to Highly Pathogenic Avian Influenza (HPAI) during October were much higher than a year ago, which is supporting turkey prices going into Thanksgiving.

The chicken and turkey industries are facing challenges at opposite ends of the supply and demand spectrum. The chicken industry is seeing signs of too much supply for current consumer interest, even with high prices for competing proteins, like beef. The turkey industry, is fighting a battle against Highly Pathogenic Avian Influenza (HPAI) that is reducing production and creating concerns about available supplies during peak holiday season demand. Wholesale prices for turkey products have reached record high values in the last three months.

Chicken breast meat prices at the wholesale level traded around \$2.75 per pound for most of May but were in the \$1.10 to \$1.15 range during October and November. A year ago, these prices were closer to \$1.50. Chicken production in October and November has been up close to +3% from last year,



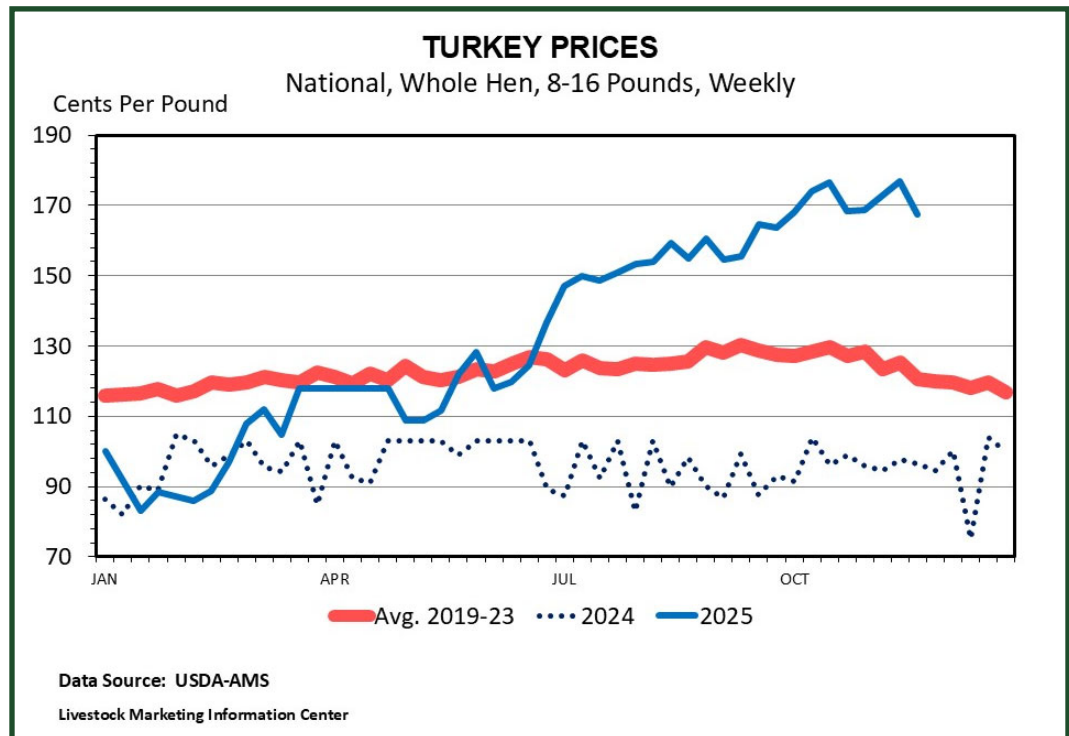
The -30% decline in breast meat prices cannot be totally attributed to a +3% increase in production. Inventories of chicken in cold storage at the beginning of the year were less than a year earlier by about -10%. At mid-year, inventories were only down -1%. The last available data on chicken in cold storage was for the end of August, due to the government shutdown, showing that chicken inventories were up +6% from a year earlier. These trends imply that consumption was not keeping pace with gains in production. Similar price declines have been

seen in the wholesale chicken wing market, and to a more limited extent, in the leg parts market since early October.

Chicken processor margins peaked in the spring quarter at close to the highest levels ever recorded. There was gradual slippage during the summer quarter, although margins were still very favorable. The same margin situation probably exists for the last quarter of 2025. These margins are still considerably better than 2023 but should lead to some caution for processors' production planning in 2026. Chicken production in 2025 should be up about +1.8%, and the outlook for 2026 calls for a +1% increase.

The recent disappointments in consumer demand trends for chicken have translated into lower price forecasts for chicken products next year, even with production only up marginally and beef prices slated to move higher. Overall, chicken prices at the wholesale level should be about -10% lower next year. Chicken processor profitability is calculated to be about -10% to -15% less next year. Lower feed costs provide an offset for lower chicken product values.

Turkey markets have been experiencing extreme turbulence this year. Production losses due to HPAI are running ahead of 2023 and 2024 totals, and data disruptions due to the government shutdown going into the holidays have hiked the uncertainty about the availability of supplies. The latest available government data on whole turkeys in cold storage was for the end of August and showed inventories at 239 million pounds versus 245 million pounds



a year earlier. Frozen wholesale hen prices in September averaged \$1.60 per pound versus \$0.97 per pound during September 2024.

Turkey consumption this year has been below a year ago, partly due to higher prices, which has helped to maintain inventories even as production runs -5% below 2024 due to HPAI. So far this quarter, about 1.3 million meat-type turkeys have been confirmed with HPAI. Over these same weeks a year ago, only about 340,000 turkeys showed signs of HPAI. The spate of outbreaks this fall has pushed frozen whole bird prices to spike up to \$1.80 per pound twice in the last month.

Evidence of turkey HPAI outbreaks has been lacking in mid-November. If this continues, whole turkey prices should moderate in December, falling back into the \$1.30 to \$1.50 per pound range. Turkey production for the quarter may be down only slightly from a year ago. Turkey supplies for the first half of next year are expected to be adequate for consumer needs with frozen whole bird prices staying in the \$1.40 to \$1.50 per pound range. §



LMIC

Livestock Marketing
Information Center

Imic.info

Questions or Comments?

ADDRESS

7175 W. Jefferson Ave., Suite 2700
Lakewood, CO 80235

PHONE

(303) 716-9934

FAX

(303) 716-9937

EMAIL

tyler.cozzens@Imic.info

WEB

Imic.info

Founded in 1955, the Livestock Marketing Information Center (LMIC) is a national cooperative non-profit organization that specializes in livestock marketing information and analysis for educational purposes.

Disclaimer: The information provided in this report is intended for educational purposes only. LMIC will not be held liable for any decisions made based on the information contained in this publication.