

# Where Do Calf Prices Go From Here?

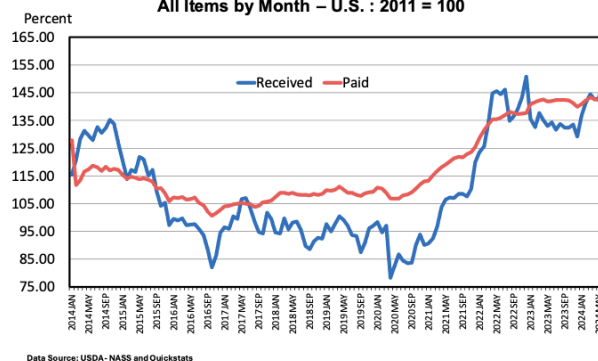
Max W. Runge, Extension Professor- Economist, Department of Agricultural Economics and Rural Sociology

As we approach the last quarter of 2024, our thoughts (and questions) turn to 2025 and beyond. The cattle industry has experienced increased prices over the last few years leading to record high prices in 2024, but input prices have increased as well.

Figure 1, Livestock Farm Received and Paid Indexes, All Items by month shows that the index for inputs have increased as well. It should be noted that these are indexes (not prices) that show relative changes for the monthly price index received and the relative monthly price index of all purchased items (inputs). Since the beginning of the most recent cattle cycle, (January 2014), only 25 percent of the months have the index for prices received been higher relative to the index of prices paid. In other words, the record high prices for cattle doesn't translate into greater profitability.

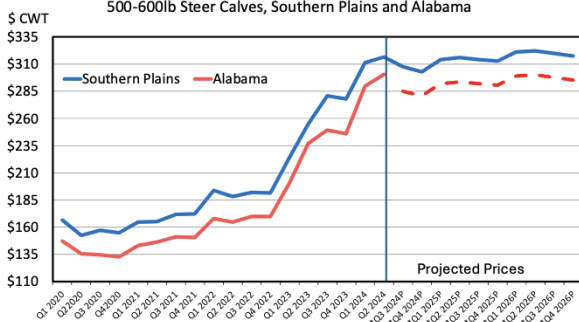
Using the \$22.19 difference and the projections compiled by Livestock Marketing Information Center (LMIC) provides an average Alabama price projection for 500 – 600 pound large and Medium #1 steers.

**Figure 1. Livestock Farm Received and Paid Indexes, All Items by Month – U.S. : 2011 = 100**



Data Source: USDA - NASS and Quickstats

**Figure 2. Average Quarterly Calf Prices 500-600lb Steer Calves, Southern Plains and Alabama**



Data Source: USDA-AMS, Compiled and Forecasts by LMIC Livestock Marketing Information Center

This isn't breaking news or surprising information. Prices paid for inputs rise when prices received for cattle and other ag products increase. The squeeze for cattle producers (and for all agricultural producers) when the prices received stay steady or fall relative to the input costs that remain flat or increase. Profitability and sustainability during these times provides a challenge for producers.

Figure 2 Average Quarterly Calf Prices, 500 – 600 pond steers, Southern Plains and Alabama prices from the first quarter in 2020 through the second quarter of 2024. There are also price projections for the third quarter of 2024 through the fourth quarter in 2026. Alabama prices average \$22.19 per hundred lower than the Southern Plains price for Q1 2020 – Q2 2024.

Keep in mind that these are only predictions. There are obviously a number of factors that can and will affect future prices. Factors may include but are not limited to, weather, exports, prices and production of alternative proteins such as poultry and pork, as well economic conditions such as inflation, unemployment, and interest rates. The good news is that while the prices aren't increasing, they are holding steady.

The takeaway is that cattle prices look to remain steady for the next couple of years but producers need to manage out inputs. Strategic investments in your operation should be considered with the knowledge that prices will likely fall beyond 2026.