

Expanding your Herd in 2025

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As we move forward into 2025, we will continue to hear a lot of discussion on the expansion of the beef herd nationally. This is quite important to the national (and global) price of beef, and you will hear a lot of talk from beef cattle economists and producers about how much and how fast things move and potential impacts from that movement. That is all quite interesting and important from a big picture perspective, but what about from a more focused perspective. What should we consider as Alabama cattle producers as we decide about expanding our own operations?

The first question to address for a producer is whether they should expand. High feeder cattle prices certainly make it attractive to add brood cows and increase the number of high dollar calves we can market, but do most producers have the capacity to expand? Research (funded by checkoff dollars) over the last 2 years have shown a wide variance in profitability amongst producers in South Alabama (<https://www.aces.edu/blog/topics/farm-management/south-alabama-cow-calf-enterprise-cost-study/>) and the Blackbelt region. There are significant losses ranging from a loss of \$309.21 per brood cow to profit of \$275.07 per brood cow. There are multiple reasons for this variability in profit, including the local prices at the time of sale, weight and quality of livestock sold, and cost of production.

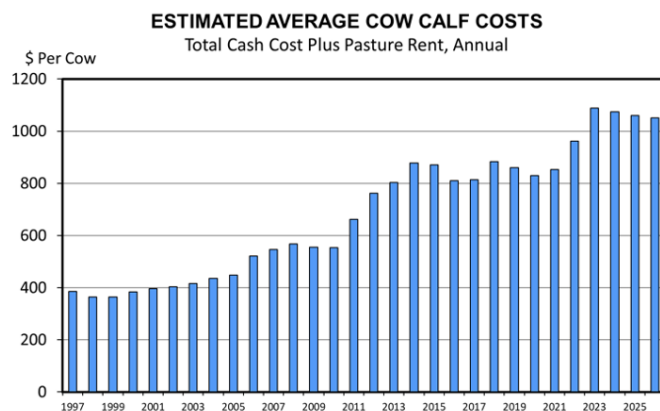
Prices (as a general rule) are beyond what individual producers can affect. We are a price taker industry producing a commodity product (beef). So, that leaves the other two components which are quality of livestock produced and cost of production. Quality of livestock sold is the sum of genetic potential and management. In other words, you need both good genetics and good management. Genetics can always be

improved in any herd. The other side of that is management though, and that directly ties into our discussion of cost of production of individual producers. The cost of production is high (figure 1) and should be given great consideration.

The cost studies from South Alabama and the Blackbelt region mentioned earlier highlight the effect of stocking rate on overall cost of production and eventually on the amount of money producers can potentially make (or lose). Many producers are overstocked. Recommended stocking rates (<https://www.aces.edu/blog/topics/beef/stocking-rates-for-cow-calf-operations-in-alabama/>) for producers across Alabama are somewhere around 2 acres per cow-calf pair. The cost studies showed that many producers stock closer to a cow-calf pair per acre (double the recommended rate). This leads to the need for more supplemental feed and more hay and can be a major expense for producers, an expense that can make the difference in profitability in the herd. Many producers would have the potential for greater profitability by reducing their herd as opposed to expanding their herds without more pasture in Alabama. That is certainly not the case for all producers, but as each producer considers herd expansion at any point, they should always consider what stocking rate gives them the most sustainability and the best opportunity for profitability. This doesn't mean producers shouldn't consider buying top quality replacement animals to improve their genetics. This does mean that producers should consider culling lower performing animals (cull prices continue to be very good as well), finding the appropriate stocking rate for their farm, and then considering improvement of genetics through purchased or retained breeding stock.

Another consideration is how much can they afford to pay for breeding stock. This is an interesting question and there are several ways producers tend to answer. However, it's important to realize that the answer is probably not going to be a simple equation. The answer will be a projection of future prices, longevity of animals, and individual farm productivity. When we value any asset (a brood cow should be an asset and not just an expense), we should consider what we pay for it, profitability during its useful lifespan, and the salvage value at the end of its useful lifespan. So, when considering a replacement heifer, we should consider (1) how long will she stay in the herd, (2) how profitable will she be yearly, and (3) what is she worth when she is culled. There are quite a few variables to consider in this equation. Genetics will certainly play a role in both productivity and longevity, but so will management. With proper management we might expect to get 8 or more calves from a replacement (calf yearly), but with poor nutrition

Figure 1.



and health protocol that might be closer to 5 or 6 calves (calf periodically). That will seriously affect the profitability of a brood animal over their lifespan.

We also must be aware that the only constant in cattle prices is that they will change. We are currently enjoying historically high prices on both feeders and culls, but what will the future hold. If we buy replacements in 2025, we can probably realistically expect good feeder prices for the first couple of calves, but forecasting long-term feeder and cull prices is a very difficult thing. So, the correct answer to the question of "how much can I afford to pay for a replacement?" is- it depends. What is your level of management? What are you doing to maximize both genetics and performance? Each producer should evaluate where they are, where the industry is, and make an educated and realistic projection about what they will do with their herd (including replacements) going forward.

It's an exciting time to be in the cattle business. Prices are high, they are projected to stay high in the near term, and there is opportunity for profitability for producers. However, expenses are also high. Fertility and pesticide costs are down (relative) but are still high. The same is true of interest rates and therefore finance options. As we move forward and consider possible expansion of our Alabama herds, producers should "sharpen their pencil" and do some realistic projections for both long- and short-term production scenarios as they assess if, when and how they expand their herds.



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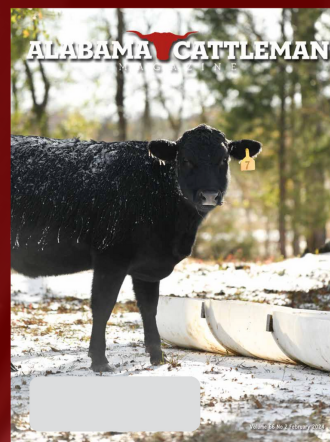
We're on the hunt for farm lifestyle photography featuring cattle for the March 2025 issue of the *Alabama Cattleman* magazine, and we need your help to capture it! Check out the entry rules below.

Entry Requirements:

- Submissions must not feature posed family portraits. Visible faces are not preferred.
- Submissions must be high resolution (300dpi)
- Submissions must be portrait oriented.
- Submissions must leave ample space for the publication masthead.
- Submissions must feature Alabama cattle farm scenery or lifestyle.
- Submissions must be seasonal to the publication date (late winter/early spring).
- Submissions must not be overly-edited and may not include a watermark.
- Submissions may not be used previously by another publication or company.
- Submissions must be captured by an Alabama resident & member of the ACA.

SUBMISSION DETAILS

Email up to five photos to ngodwin@bamabeef.org and kgreer@bamabeef.org. File attachments or links to online gallery downloads are acceptable. Links or tags on social media albums will not be accepted. Submission should include **photographer's name, hometown, county and farm name** in order to give proper credit to the photographer.



2024 Winner: Hailey Frith, Sumter County