

# THE WATER TROUGH

Cows in Control Newsletter

January 2026

## Cross currents...

In this issue, we discuss how cattle fare against other asset classes and really how well cattle have performed keeping up with inflation and rising costs. They have been a fantastic investment and we see no reason for that to change anytime soon. That being said, as always, we encourage prudence and establishing floor prices when possible as 2026 could prove to be a volatile year albeit at very high price levels. Margins are good, demand is good, supply is still tight. We see good times continuing, but outside news events like free trade negotiations and volatile politics will keep it interesting! Stay invested and protect your investment!

### Cows in Control client services:

- 1) Developing an annual marketing strategy for your cattle
- 2) Working with you to protect the value of your herd
- 3) Analysis on retained ownership and forward pricing
- 4) Making sense of the markets

Give us a call for a free consultation

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*"Rule one: You must know the difference between an asset and a liability. An asset is something that puts money in my pocket. A liability is something that takes money out of my pocket"*

*- Robert Kiyosaki*

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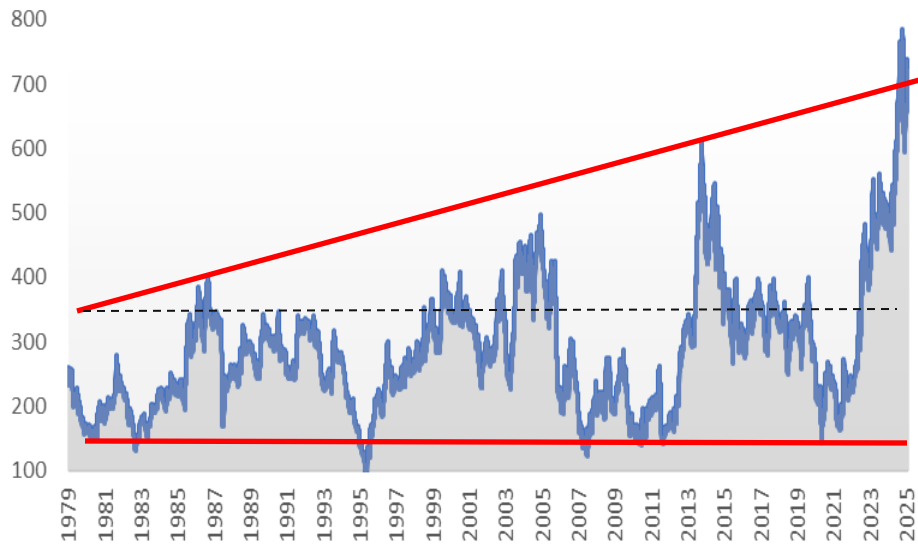
God art...

## In This Issue

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- Corn hit the brakes?
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- Buy, sell, trade, or news



## # of bushels of corn to buy a steer



## Corn hit the brakes?...

Commodity prices trade on independent fundamental reasons, but there are cross relationships markets often pay attention to.

There is a saying, "cheap corn, cheap cattle". That hasn't been the case of late, but over time it has proven itself to be true.

When cattle get too expensive to grains, then the chicken and pork factories crank into gear and put on cheap pounds. Cattle do as well as evidenced by steer carcass weights hitting over 1000lbs average last fall and still weighing in just under at 977 lbs today.

Small cattle inventories and strong beef demand are allowing cattle prices to run away from grain prices, all while grain prices are hamstrung by global overproduction.

The chart at top left shows how our high cattle prices reversed lower last fall just when the upper trend line of # of bushels of corn to buy a steer was hit, a trend line going back 50 years.

Is it meaningful?

Beef is 4X more expensive than chicken now.

For this ratio to come back into line, say 350 bushels of corn to buy a feeder steer in the US, feeder futures would have to go below 300 (70 cents lower or a 20% correction lower) and corn would need to rise over \$7/bu. That would bring us back to mid range on the chart above left (black dotted line).

Will it happen? How? With the amount of grain Brazil and the US are producing these days, it will be hard to see corn rise that much without either a supply shock or perhaps energy prices drastically rising (40% of the corn crop goes into ethanol. If global tensions rise and oil runs, corn may tag along higher). This chart does show that feeder prices may have run their gambit for now relative to corn.

Bred prices compared to calf prices

## The Marketing Buzz (January 23)

### Canner cows, heiferettes and bulls

**Cull cows:** \$175-240 (avg. \$221 D2) **Heiferettes:** \$260-340

**Cull Bulls:** \$220-330 (\$5000 cull bulls; \$3000+ cull cows)

### Breds

**Bred heifers:** \$3000-8250; avg. \$5368

**Breds:** \$1950-6800; avg. \$4815

### Feeders (red numbers: heifer discount)

<b>Steers:</b> 450 wts \$7.68	<b>Heifers:</b> 450 wts \$6.73 (-.95)
550 wts \$6.84	550 wts \$6.16 (-.68)
650 wts \$6.12	650 wts \$5.53 (-.59)
750 wts \$5.35	750 wts \$4.92 (-.43)
850 wts \$4.96	850 wts \$4.52 (-.44)
950 wts \$4.57	950 wts \$4.16 (-.41)

Slide 550-850: **63 cents/cwt** Heifer:steer @ 750 lbs: **-43 cents**

### Finished Cattle

\$3.05/lb live; \$5.11/lb rail

**Feeder Basis:** + 3 (futures) **Finished cattle Basis:** - 16 (futures)  
- 3 (US cash) - 16 (US cash)

*(Note: Huge demand for feeder cattle in Canada, we have net imported over 450k head, thus the strong feeder basis for this time of year.)*

January days...



Bred prices...

## Jaded...

There haven't been a lot of bred cattle trading since the new year, but what has traded is definitely priced lower than it was just a month ago.

Bred cow prices were gaining traction into November until the 18% overall market drop hit us between October 14th and November 24th. Bred cows set back about \$500.

Then with tax buying, bred cows started to gain traction again into year end. Now that tax buying season is over, and tariffs being threatened once again, bred prices have softened again. Too much?

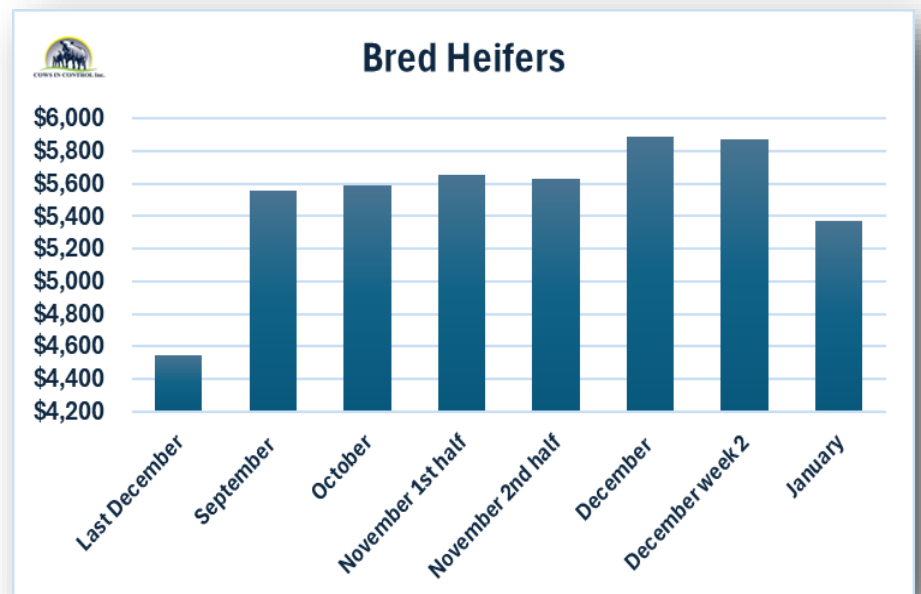
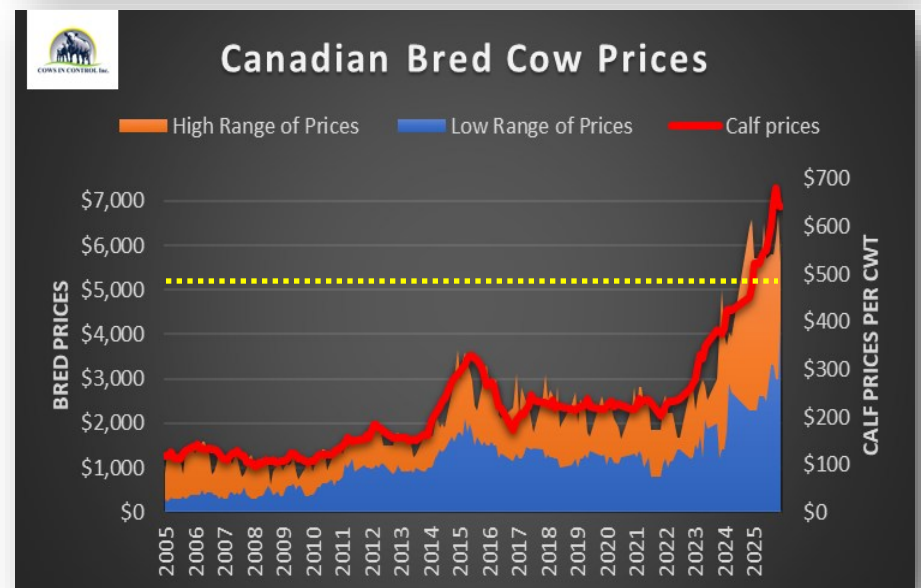
The middle graph is one we have shown often of calf prices relative to good commercial bred heifer or young cow prices (orange). With \$6.50/lb calves, bred heifers should be trading \$6500+. Current bred heifers are trading more like \$5400. It shows buyer fear. Ranchers seem to think calf prices are headed back to the \$5/lb range by what they are paying for bred heifers today, or so this chart implies.

Has the 10 year cattle cycle rolled over? Have prices peaked and are headed lower? Is Trump scaring the market with his tariff threats? Are ranchers loaded up with cattle and not needing anymore? Are ranchers anticipating dry conditions this year? Tapped out? Is it merely that the tax buying season is ended? Why the conservative pricing?

If you run a present value calculation on a bred heifer based on the future profit potential of her future calves, it suggests a bred heifer should be worth well over \$6500 to the rancher even with a softening of calf prices over the next 4 years.

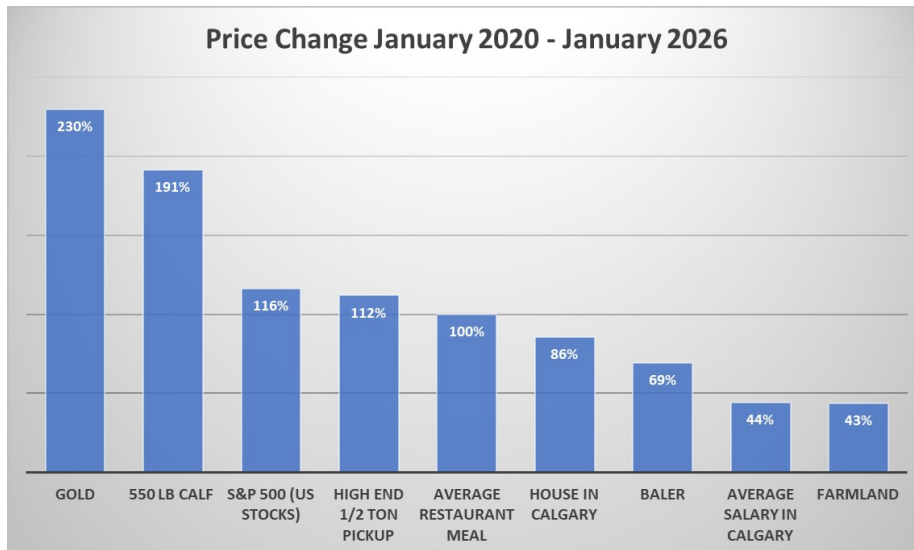
To sell a 5 weight calf today for around \$3600 and be able to buy a good bred cow with several calves in her for only \$1000 more is an interesting concept. Even with \$5/lb calves (\$2750/calf) and all-in costs of around \$2000, that still suggests profit margins of \$750/cow even with a correction. If prices hold here, it is \$1600/steer calf.

Breds are pricing conservatively.



## A great investment...

Reflecting on the price increases of certain goods since 2020, it is amazing how well cattle have performed relative to the increases in costs and prices of other assets.



Cattle prices have well exceeded the increases in the stock market and far surpassed the inflationary costs of housing, meal prices and most asset classes. Gold has led the charge higher, showing inflation is real even if central bankers suggest it isn't. Cattle have been a great hedge against that inflation, even better than farmland.

Input costs such as pickup trucks, balers and other equipment have risen significantly, but cattle are outpacing them so far which is encouraging. Wage earners seeing salaries only increase 44% while the average restaurant meal has risen 100% is a caution. If you don't have hard assets when governments go wild printing money, you will suffer inflation. Hold on to the cow's tail!

Cows in Control, serving the cattle producer

## Thoughts on the industry

Cattle prices have run hard and fast since 2020. They have been fighting a battle to stay ahead of inflation of asset prices, a factor as much important and causal as is prices rising due to any supply and demand factors. Seeing bred cattle rise to over \$5000 is really not much different than seeing your pickup truck move well over \$100,000. Cash is trash, hard assets like cattle are your remedy to irresponsible governments. They have performed wonderfully, you are in the right business!

At Cows in Control, our role is to identify risk potential and find ways for producers to eliminate risk and sleepless nights. Our role is not to scare or intimidate you from growth and production, but rather to encourage you to secure your floor prices so that you can expand and grow safely and sleep at night as you do so. When we suggest there is risk, please heed that risk, but also take heart that these cattle are performing wonderfully amid the risk. Pullbacks are inevitable, necessary and normal. That's Ok. Just cover your downside risk with hedges like you do with any insurance products you buy on your house, vehicle or ranches to ensure you can weather the storms.

We see potential for large volatility in prices this year, albeit at very high price levels. Trump threatens 100% tariffs, it may be only bluff and negotiating tactics for the USMCA free trade negotiations this year. Likely there will be no tariffs, but anything in between 0 and 100% is a large impact on our cattle prices. So don't be cavalier. Yes, we are risk takers in this industry, but there are tools available to level the playing field of risk. We don't need to be cavalier.

Gamble on the world's insatiable demand for more beef, which has been proven despite the negative press from the anti-cattle lobbies. Setting a floor price with insurance and hedge tools allows you to weather the storms while the rest of the world, so disconnected from their food production and rural life, figures out the realities and truths we all know as cattle producers. A cow keeps 10 or more acres of grasslands intact every year and finances those lands that house what we all call "nature". We need more cows, not less. They will learn in time. - Take care out there - RC

## Contact Us

Give us a call for more information about our services and products

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TO LOVE THE LORD YOUR GOD AND TO SERVE HIM WITH ALL YOUR HEART AND WITH ALL YOUR SOUL – THEN I WILL SEND RAIN ON YOUR LAND IN ITS SEASON, BOTH AUTUMN AND SPRING RAINS, SO THAT YOU MAY GATHER IN YOUR GRAIN...I WILL PROVIDE GRASS IN THE FIELDS FOR YOUR CATTLE, AND YOU WILL EAT AND BE SATISFIED." - DEUT. 11:13



## Need to Renew or Start an Environmental Farm Plan?

Contact Sonja Bloom at:  
[enviro@foothillsforage.com](mailto:enviro@foothillsforage.com)

Maintaining a healthy environment is essential to the success of Alberta's agricultural producers. The Environmental Farm Plan (EFP) program helps you identify and address environmental risks in your operation. It will also increase your understanding of legal requirements related to environmental issues.



COWS IN CONTROL Inc.

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Easily, on your terms.



[buysellbreeders.com](http://buysellbreeders.com)

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