



THE WATER TROUGH

Cows in Control Newsletter

December 2025

Merry Christmas!

What a year for the cattle business! If that isn't worth celebrating this Christmas, and worth pulling out the finest beef you have to share with your family. We've been through a lot in this industry! Patience, endurance and hard work have emerged to reap a harvest. Well done! It reminds me of the verse in scriptures, "...we also glory in our sufferings, because we know that suffering produces perseverance; perseverance, character; and character, hope." Romans 5: 3-4. If that doesn't sum up our cattle industry in a verse! Now is the time for gratitude, peace, hope, and encouragement. Peace to you!

"Do not be afraid. I bring you good news that will cause great joy for all the people. Today in the town of David a Savior has been born to you; he is the Messiah, the Lord."

~ Luke 2:10-11

Cows in Control 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



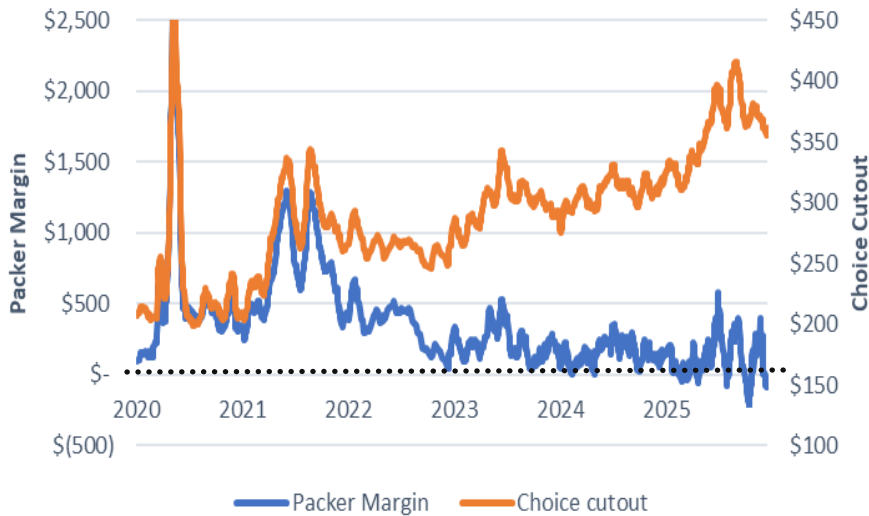
Christmas carolers

In This Issue

- Marketing Buzz
- Packer woes
- COOL
- Thoughts for 2026
- Thoughts on the industry
- Buy, sell, trade or news
- Hedge training class



Packer Margins to Cutout Values



Packer woes...

The packing industry has always been a difficult business which is why it has got so consolidated over time. 2 packers in Canada process 70-80% of the Canadian supply, 4 packers in the US process roughly 85%.

President Biden pumped \$1 billion into the US packing system during his tenure. Hundreds of small plants expanded and 6 new mid sized packers opened up in the last couple years in the US as a result.

Monopoly percentages didn't change much. What it did do was create an oversupply in packer capacity relative to cattle supply. The US went from having too many cattle with packers running double shifts 6 days a week with good margins, to now having too much packer capacity relative to supply. Below you can see US plants are now operating 2/3rd to 3/4 full. Cow plants are even worse.

Packer margins relative to cutout prices...

The Marketing Buzz (December 19)

Canner cows, heiferettes and bulls

Cull cows: \$160-252 (avg. \$218 D2) **Heiferettes:** \$260-350

Cull Bulls: \$215-350 (*\$5000 cull bulls; \$3000+ cull cows!*)

Breds

Bred cows: \$1300-8100 Avg. \$5099; Mean: \$4584

Bred heifers: \$2000-15000 Avg. \$5871; Mean: \$5757

Feeders *(Green are the increase in prices since last December)*

Steers: 450 wts \$7.09 (+1.78) **Heifers:** 450 wts \$6.33 (+1.53)

550 wts \$6.42 (+1.70) 550 wts \$5.50 (+1.24)

650 wts \$5.62 (+1.39) 650 wts \$5.05 (+1.19)

750 wts \$5.05 (+1.08) 750 wts \$4.45 (+0.92)

850 wts. \$4.63 (+1.08) 850 wts \$4.14 (+0.95)

Slide 550-850: 60 cents/cwt **Heifer:steer @ 750 lbs:** -60 cents

Finished Cattle

\$2.95 live; \$4.95 rail (*\$2.57 live; \$4.27 rail last year*)

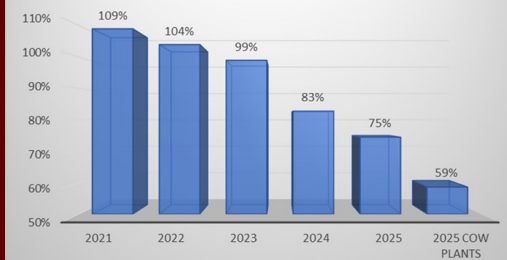
Feeder Basis: -12 (futures) **Finished cattle Basis:** -21 (futures)

-19 (cash) -18 (cash)

(Note: Basis levels are near where they were a year ago with fed cattle trading behind US prices more than normal. Last year we worried about Trump's tariff plan. This year is it worry about country of origin labelling and the free trade agreement?)



% of fed cattle processed compared to available packing space in US

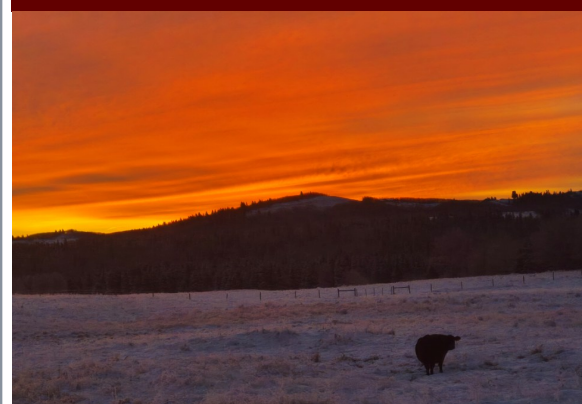


Packers accommodated short supply by allowing larger carcasses and charging more and more to the retailer as you see above left all while their margins worsen.

Packer demand for limited supply of cattle was what helped drive prices up the last few years. That will unwind now as margins are negative and cutout prices appear to have topped out.

Cattle prices will have to soften or packers will go dark. Keep an eye on this.

Winter skies...



COOL...

2026 is going to be an interesting year for beef and cattle prices.

First we look at the White Paper the US put out in October to increase cattle production. The white paper mentioned country of origin labeling to support US beef prices.

In January, the US will implement Voluntary Country of Origin Labeling (vCOOL) allowing but not forcing packers in the US to put labels on beef promoting cattle that were born, raised and slaughtered in the US only. Plants are not obliged to label as such, but soon can.

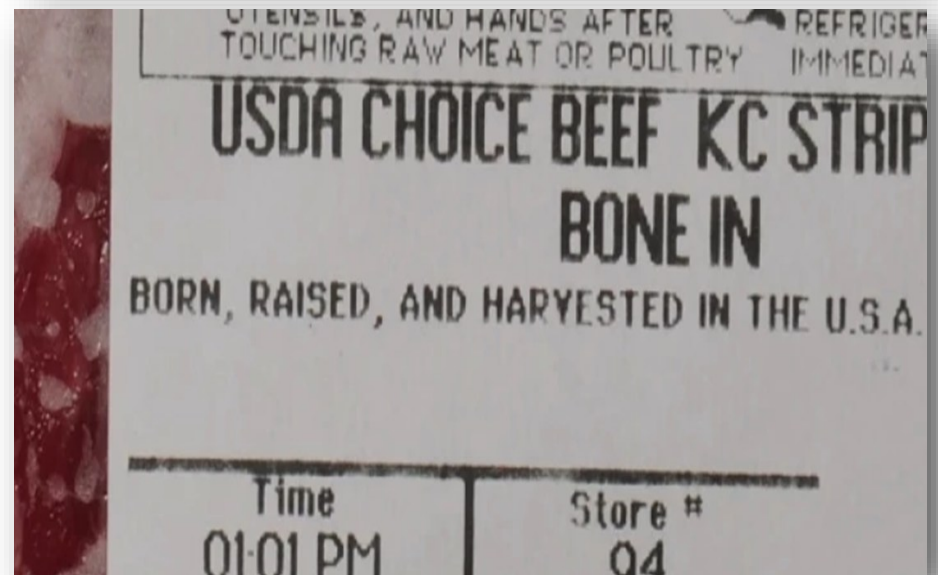
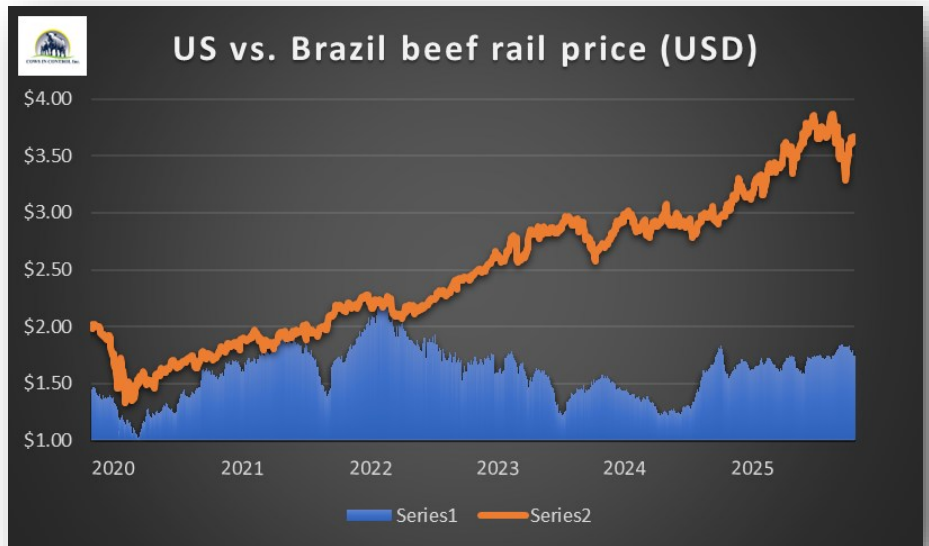
Then we have Trump in social media suggesting he will bring down beef prices as he did the egg prices. His first step was to increase import quotas 4 fold with Argentina. Then he reduced the tariffs on Brazilian beef.

Top right you see what US beef rail prices have done relative to Brazilian rail prices since 2020. The US grading system, grain feeding, and import quotas have allowed North American beef to more than double Brazilian prices. As long as we have those moats around us, we in North America can defend our expensive beef relative to global beef.

Will the upcoming North American free trade agreement negotiations allow Trump an opportunity to get even more protectionist? Tariffs? Will VCOOL be replaced with MCOOL (mandatory country of origin labelling)? To lower beef prices, will Trump open up more quota to Argentina, Brazil, Australia and others who are now learning to grain feed like North Americans?

If the cattle cycle topped, and prices begin to slide as the herd rebuilds, will US producers get more protectionist? Will they demand more COOL and import restrictions? Or more open trade with tariffs?

With the opening up of Argentina quota, the US saw Argentina grain fed product inflow. Will we see a tiered market develop? US grain-fed vs. rest of world grainfed product including Canadian. One thing we all learned is they need imports.



Thoughts for 2026...

1. Softening of cattle prices - We believe the cattle market topped in October. The 10 year cattle cycle suggests softening prices for the next few years. Futures are indicating calf prices in the \$5's by next fall instead of \$6-7's like this fall. We think the market will be choppy sideways to lower overall, but not as extreme a sell-off as 2016 at the conclusion of the last cycle high. Calf prices are near all time highs here, get these prices locked in!!

2. Protectionism vs. cheaper beef - With cattle prices softening, US cattle producers may demand more protectionism, but Trump will have one eye on lowering beef costs to lower inflation as well. With VCOOL coming in January, and USMCA negotiations beginning, it will be interesting to see how that trades off. We suggest Canadian and global beef will inflow to the US but on a tiered pricing system limited by quotas and tariffs, maybe increased quotas. It could create basis risk here in Canada.

3. Mexico reopening - 1.2 million head of Mexican imports have been shut out of the US due to Screwworm. It is likely those imports will resume in January, and that the US will have a Screwworm vaccine in addition to the sterile fly facilities to allow the trade to continue and fill southern US feedlots once again.

4. Plant closures - there were new plants and plant expansions due to \$1B Biden bucks that drove up cattle prices as these plants fought for limited cattle supply. Now cutouts are topped out, packer margins are weak, and plants are only partly filled. Expect more plant closures which will create volatility in our cattle prices.

5. Good times! - The cattle cycle has turned lower. Plants may go dark. Country of origin labelling is inbound. Mexican imports may resume. It all looks scary. But the reality is we see a choppy move to likely around \$5 calves which suggests \$4-5000 bred cattle over the next few years using historical price models. Most ranchers can make a pretty darned good living at those levels. Do we need \$7 calves to survive? Most will have near \$1000 margins even at \$5 calves. The cash flow potential on these bred animals whether \$5 or \$7 calves is immense. Markets will be choppy with all the above mentioned issues coming down the pipe, so you have to protect yourself! Cattle prices are just off all time record highs at very profitable levels. Don't waste these prices, lock them in! But don't be afraid to build the herd, the cash flow should be good!

Cows in Control, serving the cattle producer

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...! WILL PROVIDE GRASS IN THE FIELDS FOR YOUR CATTLE, AND YOU WILL EAT AND BE SATISFIED." - DEUT. 11:13

Thoughts on the industry

Merry Christmas to all!

At Cows in Control, we feel it is our duty to report the risks to our cattle prices, and to recommend strategies to protect those risks. We have some challenges ahead which we mentioned. Mexico reopening to the US, voluntary country of origin labelling in January, the 10 year cattle cycle rolling over, possible demand softening, cattle held over the year end for tax reasons being sold in the new year. It all sounds scary. It is also a reason to be looking at some hedge strategies for your cattle while prices are near all time record highs.

However, we see nothing but opportunity for these cows kicking out calves around the \$3000 range. That cash flow potential is unprecedented, and even if calf prices do drop to \$5/lb or so, it won't change that cash flow a lot. Ranching is going to be profitable. Lowering prices may make it so that feedlots and packers can also make it work. Right now feedlots and packers are underwater, the market needs to adjust so that all players can make it as well, or we might have significant infrastructure loss which is not good for any of us. \$7 calves is euphoric and celebratory for ranchers, but not too healthy overall for our industry if our downstream partners are losing money and the consumer loses interest in paying ridiculous levels for their daily beef intake.

I have great optimism for the potential for a continuation of good rancher profit margins. My greatest fear is government interference. Subsidies, white papers, tariffs, traceability measures, scrapping free trade agreements, building more packing plants, trade restrictions and protectionism. We must keep government out of our business and let the market do what it does best, find prices that work for everyone by the natural cycles of supply and demand. Government is always here to "help", but seldom delivers on that offer. We must remain free and independent and avoid government oversight and influence.

We have much to celebrate this year in terms of prices. Enjoy it! You earned it through stubborn persistence staying in this business. Thank God for the blessings and enjoy your family this Christmas. Merry Christmas! — RC

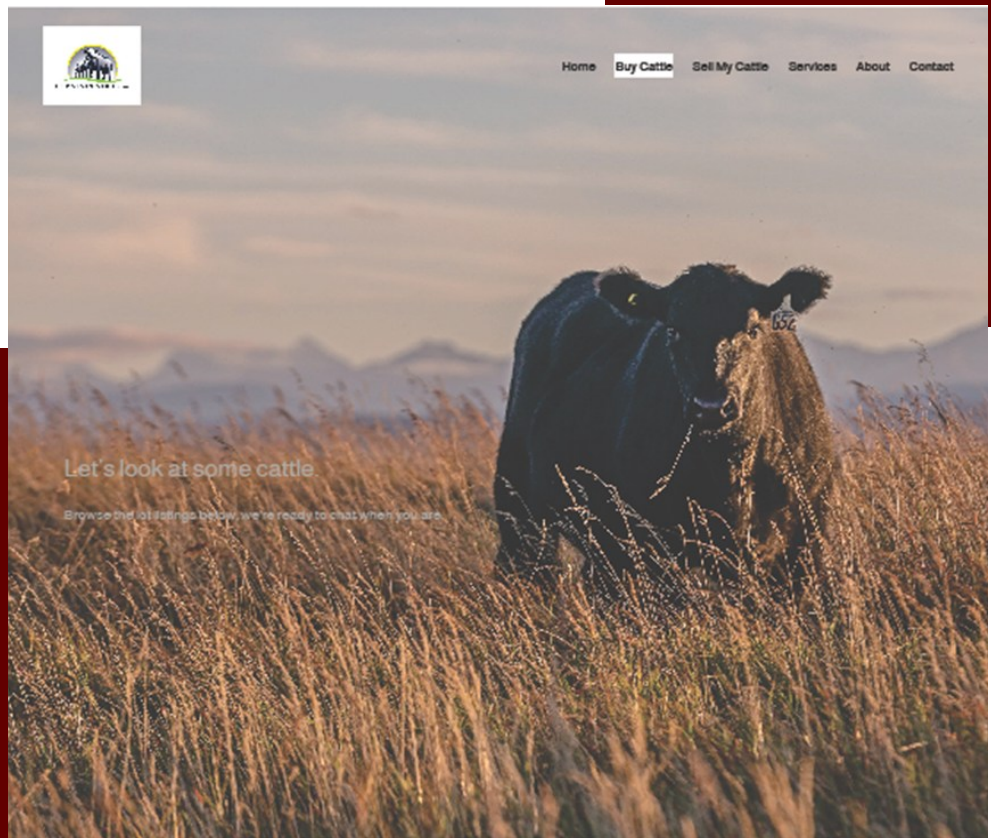
BuySellbreeders.com

Cows in Control breeding cattle direct marketing service

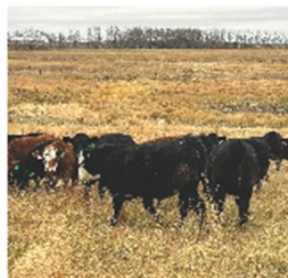
Our website is up and going and we have cattle listed! This is a full service breeding cattle marketing service that offers:

- Low stress sales process for the buyer, seller and the cattle
- Lower commissions than traditional auction sales
- No panic selling, get all the information and no deals made until both sides are happy and money has changed hands.
- Forward selling opportunities

Check out our site!



Lot 2024-1 (Have a look at our sample listing)



Lot 24-3-H 153 head March calving Bred Heifers



Lot 24-4-H 43 head March calving Bred Heifers - Select group

Call 403-669-3451 or email admin@cowsincontrol.com to book space to advertise here!



OLDS COLLEGE
OF AGRICULTURE & TECHNOLOGY



COMING BACK TO THE FARM

An evening for Agriculture students and future producers



January 28, 2026



5:00pm



Olds College Alumni Centre

Guest Speakers

Angela Kumlin - Lazy J Cattle Co.

Lorin Doerksen - Gemstone Cattle Co.

Ben Campbell - Grazed Right

Brandon Toews - Route 304 Cattle Co.

Graydon Garner - Moderator

Hear real stories from producers who've each forged their own path in agriculture! Learn from next-generation innovators, successful family farm successors, and a first-generation producer who built his operation from the ground up. Together, they'll share their experiences, lessons learned, and practical insights on what it takes to build a thriving future in agriculture.

JOIN US FOR A FREE SUPPER!
REGISTER BY JANUARY 14, 2026!

This event is free to attend, but please register at:

www.foothillsforage.com/backtothefarm



MERRY

CHRISTMAS!

COWS IN CONTROL

HEDGE TRAINING CLASS



WHEN

Tuesday, January 13th, 2026
9am - 3pm

WHERE

Veterinary Agri Health Services
Crossfield, Alberta

FEATURING • Ventum Financial's Scott Cockx and Cows in Control's Ryan Copithorne in a one day training seminar on using hedge tools and simulating a risk management pro-

www.cowsincontrol.com

**ALL SKILL LEVELS
EVENT**

TICKETS
\$400

CLIENTS
\$200

INCLUDES

Education on risk management

How to set up a hedge plan for your cattle operation

Cattle, grain, currency hedging

Trading simulation

Lunch included

Bring laptop with Excel or Google sheets if you have one please!!

RSVP

Ryan

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