



## Are Cattle Inventories Turning the Corner?

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The USDA's July cattle inventory report estimates the total inventory on July 1 at 4.2 million head, down 1.26% from two years ago, as the USDA didn't release the report last July. In its absence, a prior [farmdoc daily article](#) estimated nearly the same size cattle herd for last July, which if true implies only less than a 0.1% further reduction over the last year. That July herd estimate reflects two main indicators of expansion and contraction—specifically, the share of the cowherd slaughtered and the share in feedlots that are heifers, which respectively last dipped below 7.0% and 35.0% in 2015 and 2016, during the last expansion phase, and again are turning downward at 6.7% and 38.1%, respectively. Hence, any slowing of herd reduction or even hints of expansion reflect increased retention (reduced culling) of cows as opposed to replacement heifers at this time. All cows and heifers that have calved total 38.1 million head, also about 0.78% below the prior July report, which reflects 1.21% fewer beef cows at 28.7 million head and 0.53% more dairy cows at 9.45 million head. It's the lowest mid-year cattle inventory since 2014, when herd rebuilding started following the drought in 2012, and the beef cowherd is the smallest on record.

Led by the beef cowherd, both the total cowherd and overall inventory come in slightly above the range of pre-report expectations, with most other USDA estimates in line with expectations, except the 2025 calf crop at 1.4% lower, which naturally also comes in just above the range of expectations, as do bulls over 500 pounds, which are unchanged compared to average expectations for 0.8% lower. The latter may indicate producer sentiment regarding continued and perhaps increasing herd bull needs. Even so, the USDA confirms expectations for nearly unchanged dairy replacement heifers and 2.6% fewer head in beef replacement and other heifers categories, as well. Steers over 500 pounds and calves under 500 pounds are both down about 1.5%, as expected.

The USDA's most recent cattle on feed report indicates that feedlots placed 1.44 million head on-feed and marketed 1.71 million last June or about 8% fewer placements and 4.4% fewer marketings than in the prior June, bringing the July 1 total number of cattle on feed to 11.1 million head or over 1.5% less than last July. The mix of steers and heifers indicates that 0.9% more steers and 5.4% fewer heifers are being sent to feedlots compared to a year ago. Still, as noted earlier, heifers comprise over 38% of the cattle in feedlots, as compared to only 32%-35% during much of the last expansion, so producers remain reluctant to expand the herd by retaining replacements.

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With lower inventory and cattle on feed numbers, beef production in 2025 is anticipated to be almost 3% below last year and then drop another 1.4% in 2026. Accordingly, per capita beef consumption is expected to remain at 59.1 pounds per person in 2025 and decrease another 1% to 58.4 pounds in 2026. Meanwhile, exports are projected to decrease 9.3% this year and 6.0% next, reflecting limited availability of beef and also potential concerns for retaliatory tariffs. Cold stocks of beef remain fairly low. According to the USDA's July Cold Storage Report, beef stocks at the end of June are down 3% from a month earlier and 1% from last year.

All things considered, high prices are likely to persist for quite a while. Quarterly prices for slaughter steers are forecast to average about \$226.20/cwt and \$224.28/cwt for the last two quarters of 2025, and \$228.49/cwt and \$231.01/cwt for the first two quarters of 2026. For 600-700 pound feeder steers, prices are forecast to average about \$346.36/cwt and \$347.02/cwt for the last two quarters of 2025, and \$356.87/cwt and \$356.21/cwt for the first two quarters of 2026. These projections reflect tighter supplies and declining but still strong domestic consumption and export demand. While the eventual resumption of regular flows of Mexican cattle into U.S. feedlots that are currently disrupted by new world screw worm concerns will increase supply, given currently reported inventory levels and the amount of time it takes to expand the domestic cattle herd, the downside potential for prices lies largely with demand uncertainty. Thus, if unaccounted for events hinder domestic demand or disrupt trade, lower prices may result.

**YouTube Video:** Discussion and graphs associated with this article at: [https://youtu.be/f8vl\\_KtNwa8](https://youtu.be/f8vl_KtNwa8)

**View Slides:** <https://farmdocdaily.illinois.edu/wp-content/uploads/2025/07/2025-7-28-Farmdoc-Cattle-Inventory.pdf>

## References

Franken, J. "How Big is the U.S. Cattle Herd?" *farmdoc daily* (14):138, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, July 25, 2024.