



Make Informed Decisions

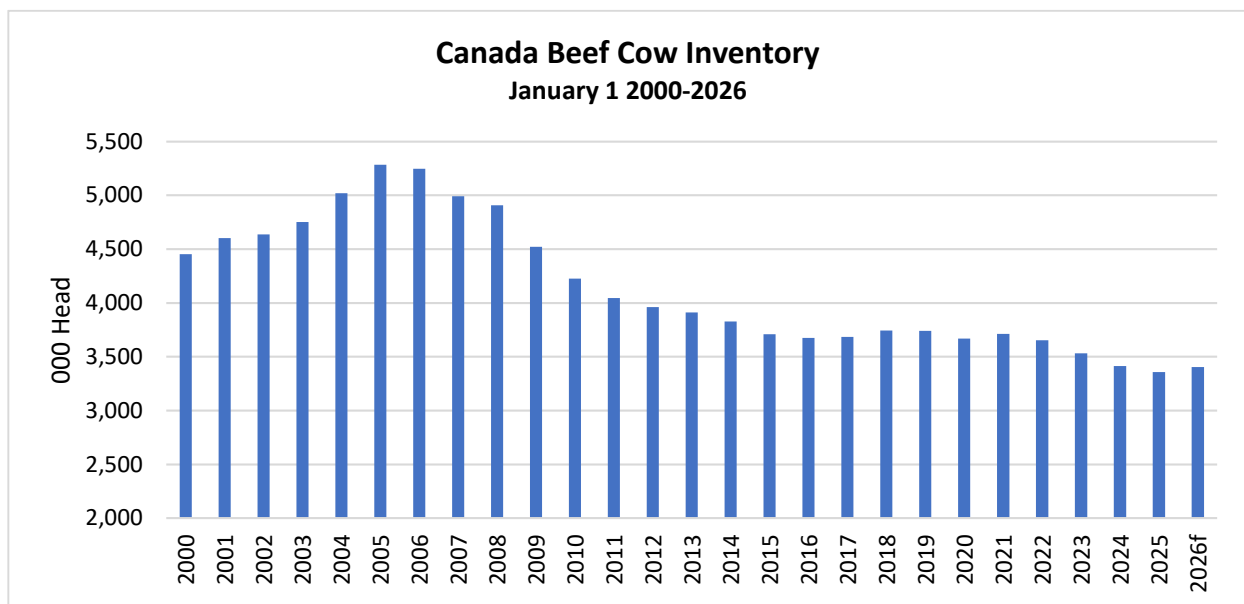
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Canadian Cattle Herd Actively Rebuilding

Cow Herd Up in 2026

The inventories of cows and replacement heifers, combined with the current year's cow kill can give a good indication of the cow inventory in the following year. Both January and July 2025 StatsCan Cattle inventory reports showed increases in heifer retention. The January report showed a modest reduction in the cow herd while the July report had cows up a little. Combine those inventory factors with the fact that cow slaughter will be down 6% this year; that leads to the conclusion that the 2026 cow herd will be up from 1-2% in 2026.



That 1-2% increase, however, might be underestimating the potential increase in the cow herd. A closer look at heifer slaughter suggests that maybe the cow herd will be up much more than 1-2%

Heifer Kill Sends a Message

Regarding the cow slaughter, as stated above, it will be down about 6% this year, or 23-25,000 head. What is most interesting this year is the steer and heifer slaughter. So far this year, steer slaughter is up about half a percent. Heifer slaughter on the other hand is down 16% or nearly 150,000 head. In 2024, there were 934,000 heifers slaughtered in Canada. This year, heifer slaughter is down nearly 150,000 head.

The fact that the steer kill is up in 2025 is probably more a reflection of the Cargill strike in Guelph last year. In addition, there was a big 100,000 head increase in calf imports in 2024 versus 2023. Those would also have boosted the steer kill tally in 2025. While the steer increase could be accounted for by imports and the Cargill strike, the heifer kill reduction is a major factor.

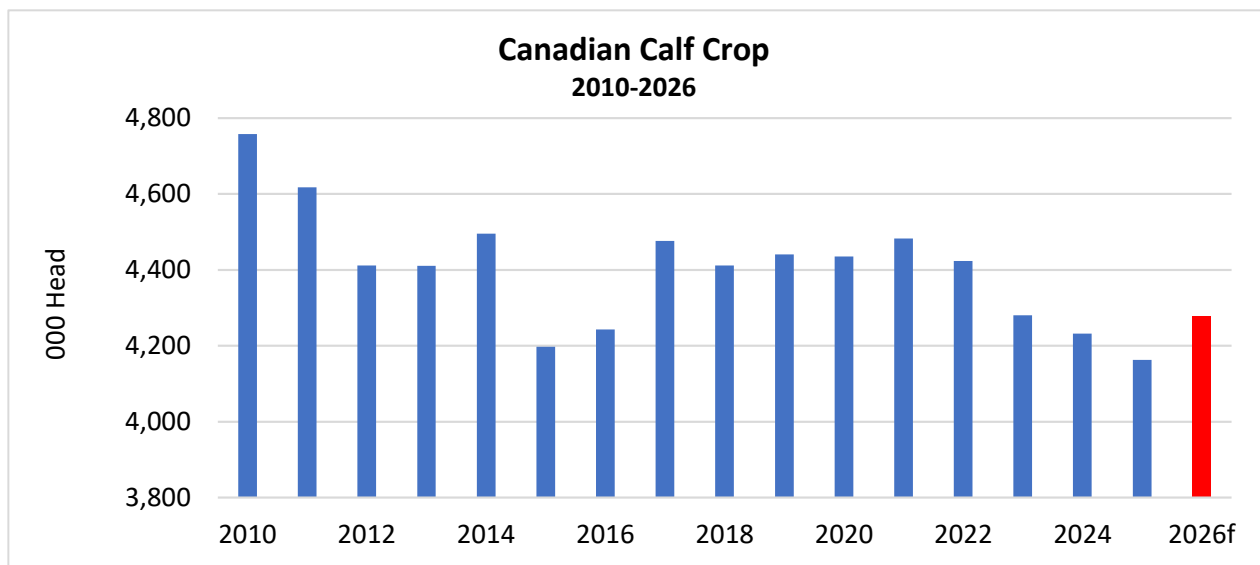
A reasonable assumption, given the cow-calf margins, is that nearly all those heifers and the cows not killed, 170,000+, have either had a calf or are going to have a calf. It means that in 2025 Canada is actively rebuilding the herd. That is not surprising since ranchers have the biggest financial incentive in history.

By contrast, the U.S. is down 4% on steers and 7% on heifers this year versus last. Cow kill is down 11%.

Jump in Calf Crop

The final calf crop for 2025 won't be reported by StatsCan until February. Based on inventory statistical relationships, the 2025 calf crop should see a decline of about 1.5% compared to 2024. The 2025 crop will be the lowest since the herd started to rebuild in 2017.

Based on the above noted expectation of the 2026 cow herd as well as the big decrease in female slaughter, it is reasonable to expect that the 2026 calf crop could be up by close to 3%. In other words, 2025 was probably the cycle bottom in the calf crop. It is still going to be a historically small calf crop, but it looks like it could be growing at an unusual rate. It will grow again in 2024.



Sincerely,

Kevin Grier, December 2025