#25-2 July 2026

From Surviving to Thriving:
2025 Benchmark Results

The last few years have brought record cattle prices and strong profits for many cow-calf operations. But high cattle prices will not last forever.

What are you doing today to prepare for the next phase of the cattle cycle? Now is the time to strengthen your business. Which investments will improve long-term profitability? Are you building a business that can remain profitable when prices turn?

Agricultural economist Dr. David Kohl recommends the **60-30-10 rule** for reinvesting profits.

- **60%** into improvements that make the operation more efficient and competitive.
- **30%** into working capital, including reducing debt without creating cash-flow problems.
- **10%** to Enjoy. We all need to enjoy what we do. So, treat yourself and don't feel guilty about the splurge, you've earned it. But keep it within a reasonable amount. [1]

What is the COP Network?

The Canadian Cow-calf Cost of Production Network (COP Network) uses standardized data collection which allows for comparison both within and between provinces, and internationally. The COP Network has collected data from over 200 producers contributing to 60 cow-calf benchmark farms that represent various production systems. Each benchmark is based on data from 3-7 producers. Data collection occurs every 5 years with annual indexing of input and output prices, as well as crop and forage yields, in subsequent years. Individual benchmark farm summaries, can be found at: https://canfax.ca/resources/cost-of-production/cop-results.html

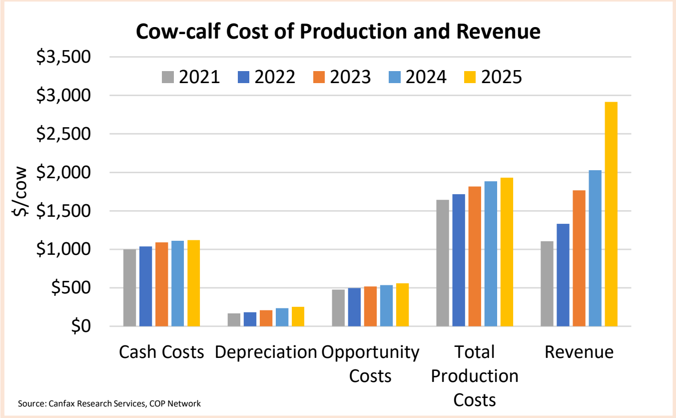
Producer focus groups from the Canadian Cow-Calf Cost of Production Network showed a similar approach. Over the past five years, producers invested in new technology, feeding systems, grazing management, genetics, herd management and marketing. Labour-saving improvements were a common priority. Looking ahead, producers plan to tighten calving seasons, improve genetics, expand rotational grazing, reduce feed costs and increase productivity. Many also said reducing debt and getting more production from existing land comes before expanding the cow herd. While herd rebuilding remains a consideration, many operations can now cover costs with fewer cows than in the past and are cautious about taking on additional financial risk.

Remember, the decisions made during profitable years often determine which operations remain profitable when the cattle cycle turns.

[1] Watch at summary at: https://www.youtube.com/watch?v=5P1mOiPSyO4
Ranching for Profit interviewed Dr. Kohl in November 2025 to dig deeper into these concepts. https://www.youtube.com/watch?v=vP9ujzrdqIg

What costs are you covering?

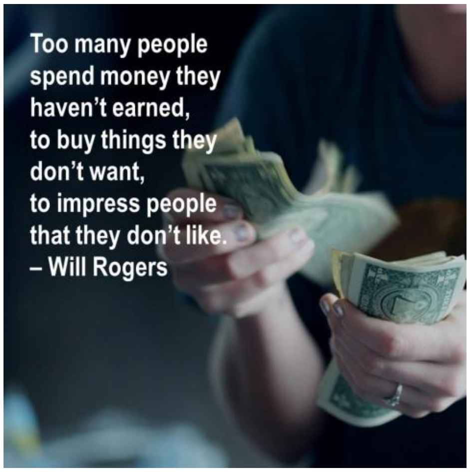
In 2025, revenues increased 44%, while total costs rose only 3%. As a result, profitability improved across Canada. Every benchmark operation covered short-term costs (cash expenses) and medium-term costs (cash expenses plus depreciation). Depreciation deserves attention. It reflects the cost of replacing machinery, buildings and equipment. Depreciation costs increased 7% from 2024 and are up 50% since 2021. Producers using book values may underestimate what those assets will actually cost to replace.



The strongest businesses also covered their opportunity costs— getting a return to their land, labour and capital. In 2025, 93% of benchmark farms achieved this, compared with only 62% in 2024. Covering opportunity costs means the business is generating enough profit to support investment and growth.

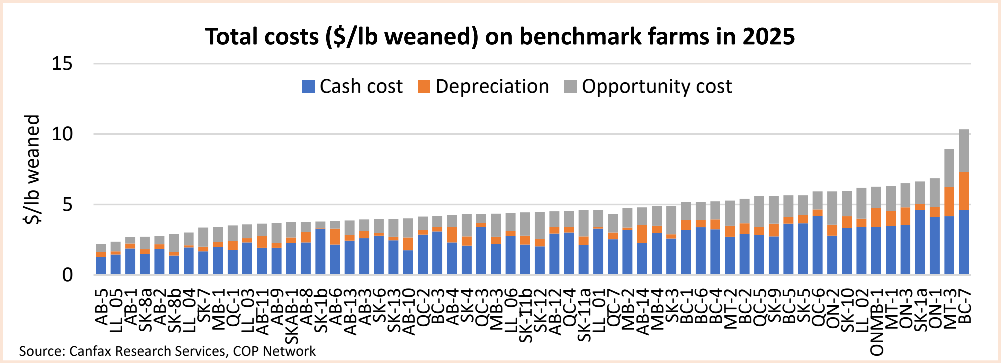
Knowing Where You Stand

Knowing your numbers helps gives you confidence to make management decisions and major investments.



The first step toward improving profitability is knowing where you stand. Good records allow you to compare your own performance year after year. Benchmarking shows how your operation compares with similar ranches and helps identify practical ways to improve.

In 2025, average total costs increased 3% to **$1,931 per cow**. Costs rose more sharply in Eastern Canada, up 8%, while Western costs increased only 1%. Eastern producers saw increases across cash (+8%), depreciation (+10%) and opportunity costs (+7%), while Western producers saw declining cash (-2%) and more moderate increases to depreciation (+5%) and opportunity costs (+4%). **On a per-pound-weaned basis**, total costs averaged $4.67 per lb weaned, with a wide range from $2.20 to $10.33 (Figure 5). On average, $2.71 were cash costs, $0.61 depreciation, and $1.35 opportunity costs.



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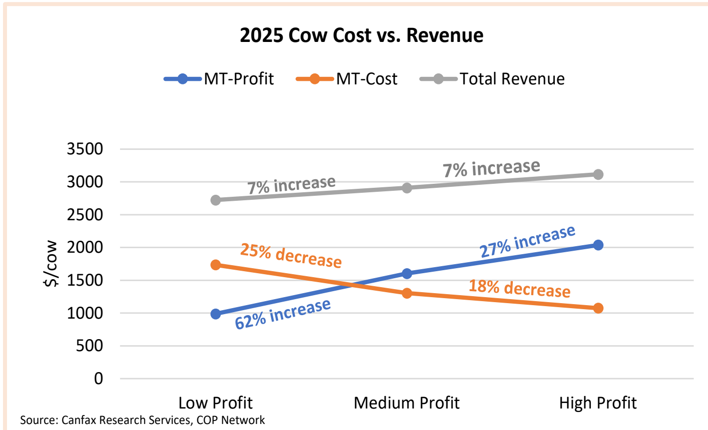
Profitability improved dramatically. Average short-term profit reached $1,796 per cow, up 96% from 2024. Medium-term profit increased 127% to $1,545 per cow, while long-term profit jumped from $146 to $985 per cow.

These averages tell only part of the story. There was still a wide range in profitability between operations. The Canadian Cow-Calf Cost of Production Network benchmarks are based on the **most profitable one-third of operations**, not simply the most productive. These producers earned:

- 25% higher short-term profits
- 32% higher medium-term profits
- 54% higher long-term profits

> Benchmarking and understanding the drivers of profitability are consistently identified as characteristics of stronger-performing operations.

About two-thirds of this advantage came from **lower costs**, while one-third came from **higher revenue**.



The top-performing operations had:

- Cash costs of $876 per cow
- Depreciation of $201 per cow
- Opportunity costs of $519 per cow
- Total costs of $1,595 per cow

There is no single secret to their success. The best-performing operations, controlled costs across almost every category. They focused on managing the entire business—not just one expense.

Table 1. Summary of 2025 Costs and Profitability ($/cow)

	2025 National Average	**National Top 3rd**	**National** *Top 3rd vs avg*	**West** *Top 3rd*	**West** *Top 3rd vs. regional avg*	**East** *Top 3rd*	**East** *Top 3rd vs. regional avg*
Cash costs	$1,120	$876	-22%	$864	-17%	$1,152	-16%
Depreciation	$251	$201	-20%	$202	-11%	$218	-34%
Opportunity	$560	$519	-7%	$533	2%	$601	-11%
Total Costs	$1,931	$1,595	-17%	$1,600	-11%	$1,971	-17%
Revenue*	$2,915	$3114	7%	$3,166	6%	$2,828	4%
Profit							
Short-Term (Cash)	$1,796	$2,239	25%	$2,302	19%	$1,677	24%
Medium-Term (C + Depr.)	$1,545	$2,038	32%	$2,100	23%	$1,458	42%
Long-Term (C+D+ Opp.)	$985	$1,519	54%	$1,566	33%	$857	147%

**Total revenue including calves, cull cows and bulls, breeding stock, and productivity from opens and death loss*

Don't Let Yesterday's Market Manage Tomorrow's Ranch

You've heard the saying, "*Don't waste a crisis*." Tough times often push people to change. The opposite can also be true. During good times, it's easy to think, "*If it isn't broken, don't fix it*." Thinking that what you have been doing is how you got here. But what if you have only been surviving, and a big rally is what really got you here? *Don't waste a profitable market.* Are you willing to grasp the present moment to go from an operation that is merely surviving to one that is thriving?

After grain prices surged in 2006-08, some farms simply enjoyed the extra income. Others used those years to build stronger businesses. They knew their cost of production, reduced debt, built working capital, adopted new technology and invested where it improved long-term returns. When drought hit Western Canada in 2021 and fertilizer prices soared, those businesses still faced challenges. But they had the financial flexibility to respond instead of react.

The cow-calf sector faces a similar opportunity today. Years of low prices taught producers how to survive by cutting costs and delaying investment. Those decisions made sense at the time. Today's market is different. A profitable mindset doesn't mean spending more money. It means spending it wisely.

Know your cost of production. Ask whether every cow earns her place. Invest in grazing management, genetics and labour-saving technology when they improve long-term returns. Strengthen your balance sheet before the next drought, disease outbreak or market downturn.

Markets change. Weather changes. Costs change.

The producers who thrive through every cattle cycle will be those who use today's profits to build a stronger business for tomorrow. Resilient producers recognize that the biggest adjustment is in the mindset needed to succeed through every market. You've made the money. Now the challenge is to keep it, grow it and pass it on to the next generation.

A **profitable mindset** means managing differently. Ask yourself:

1. Do you know where you stand: Are you a high-cost or low-cost producer?
2. Are you investing in long-term efficiencies that will improve future returns?
3. Have you built working capital for the next drought or market correction?
4. Are you investing in yourself? Leveling up your management – financially, operationally, mentally?
5. Are you building resilience or celebrating high prices?

The producers who thrive over the next cattle cycle will likely be those who adjust their mindset before the market forces them to.

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