Market Tracks

Cattle prices roar back.

by ***Wes Ishmael***

Cattle markets entered 2026 mostly recovered from the late-fall decline, higher in some cases, with many believing that new record-high prices were within striking distance.

As it was, prices ended 2025 significantly higher year over year for all classes of cattle.

Consider regional prices the last week of December for Medium and Large No. 1 feeder steers weighing 600 to 700 pounds. Based on USDA's weekly stocker summary, the average price was $108.98 per hundredweight (cwt.) higher in the North Central region at $413, $107.77 higher in the South Central region at $392.28 and $94.77 higher in the Southeast at $363.32. That represented an increase of 35% to 38%. The CME Feeder Cattle Index was up $87.60 (33.6%) at $348.65.

Similarly, the weekly weighted average five-area direct FOB live fed steer price was $30.92 higher (15.6%) year over year at $229.33 per cwt. The weekly weighted average dressed delivered fed steer price was $49.48 more (16.1%) at $356.53.

Although wholesale beef values failed to find the typical seasonal holiday spark, Choice boxed beef cutout value the last week of 2025 was $36.54 higher (11.4%) year over year at $356.12 per cwt., while Select was $58.58 higher (20.3%) at $347.46. The Choice-Select spread had narrowed to $8.66, which was $22.04 less (-71.8%).

Retail beef prices continued to surge higher, too. Based on November data — the most recent available data from USDA — Choice retail value was $1.76 higher (21.2%) year over year at $10.08 per pound. The all fresh retail beef value was $1.34 higher (16.6%) at $9.40.

Along with extraordinary consumer beef demand, declining cattle numbers and beef production explain the price increases. Year to date, through Dec. 26, estimated total cattle slaughter of 28.9 million head was 2.1 million head fewer (-6.8%). Estimated total beef production of 25.3 billion pounds was 1.1 billion pounds less (-4.0%).

Despite extraordinary volatility in the fourth quarter, Derrell Peel, Extension livestock marketing specialist at Oklahoma State University, points out prices ended the year higher for the third consecutive time.

2026 outlook

Peel provides some of his expectations for 2026, in his late December market comments.

Higher feeder and fed cattle prices — "Seven years of declining calf crops, culminating in the 2025 calf crop at the lowest level since 1941, and limited signs of heifer retention mean the feeder cattle supplies will be tighter going into 2026 and may tighten even more during the year if heifer retention picks up," Peel says.

Prices advancing more slowly — "Feeder and fed cattle prices, though expected to increase, are likely to increase relatively less in 2026 compared to 2025," Peel says. "In 2025, feeder cattle prices increased roughly 25% to 35%, while fed cattle prices increased 15% to 20%. Both feeder and fed prices are likely to see prices increase in the range of 5% to 15% in 2026.

Continued volatility — "Unfortunately, volatility is likely to continue to be a risk for cattle producers," Peel says. "The big fourth quarter 2025 correction should remove the tendency for a market or technical correction for quite some time, but external sources of uncertainty are likely to continue injecting volatility into cattle markets going forward. With cattle and beef markets continuing to be a focus of political scrutiny, markets are subject to additional political rhetoric and meddling."

Prices ahead

As mentioned in last month's *Baldy Advantage*, the Livestock Marketing Information Center (LMIC) forecasts Southern Plains prices for the first half of 2026 to be $410 to $420 per cwt. for steers weighing 500 to 600 pounds and $340 to $350 for steers weighing 700 to 800 pounds.

The USDA's December *Livestock, Dairy and Poultry Outlook* projected similar levels for Medium and Large No. 1 steers weighing 750 to 800 pounds and selling at Oklahoma City. The Economic Research Service (ERS) forecast the average first-quarter price at $340 per cwt. and $343 in the second quarter for an annual average price of $345.

The LMIC projects the five-area direct weighted average fed steer price at $230 to $240 per cwt. for the first half of 2026.

ERS analysts expect lower year-over-year feedlot placements during the first half of this year to continue supporting fed cattle prices. In December's *World Agricultural Supply and Demand Estimates* (WASDE), they project five-area direct weighted average fed steer prices at $230 per cwt. in the first quarter of 2026, $234 in the second quarter and $236 in the third quarter for an annual average price of $235.

Estimated 2026 beef production of 25.73 billion pounds would be 225 million pounds less (-0.9%) than 2025's estimated total, according to ERS projections.

Cattle feeding returns positive for now

Projected cattle feeding returns remain significantly positive through May of this year, based on the latest-available *Historical and Projected Kansas Feedlot Net Returns*. Keep in mind, these estimates are based on cash and assume no price risk management.

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	Last Year $/cwt.	This Year $/cwt.	Change $/cwt.
Regional Feeder Steer Prices[1]			
North Central			
600-700 lbs.	304.02	**413.00**	108.98 (+35.8%)
700-800 lbs.	277.58	**378.62**	101.04 (+36.4%)
800-900 lbs.	260.56	**348.68**	88.12 (+33.8%)
South Central			
500-600 lbs.	320.03	**438.77**	118.74 (+37.1%)
600-700 lbs.	284.51	**392.28**	107.77 (+37.9%)
700-800 lbs.	265.40	**356.44**	91.04 (+34.3%)
Southeast			
400-500 lbs.	336.45	**454.11**	117.66 (+35.0%)
500-600 lbs.	300.68	**407.33**	106.65 (+35.5%)
600-700 lbs.	268.55	**363.32**	94.77 (+35.3%)
CME Feeder Cattle Index[2]			
	261.05	**348.65**	87.60 (+33.6%)
Average Five-area Direct[3]			
Live steer (FOB)	194.81	**229.33**	34.52 (+17.7%)
Dressed steer (Del)	307.05	**356.53**	49.48 (+16.1%)
Live heifer (FOB)	194.00	**229.42**	35.42 (+18.3%)
Dressed heifer (Del)	307.61	**357.58**	49.97 (+16.2%)
Wholesale Beef Prices[4]			
Choice cutout value	319.58	**356.12**	36.54 (+11.4%)
Select cutout value	288.88	**347.46**	58.58 (+20.3%)
Byproduct value[5]	11.30	**11.69**	0.39 (+3.5%)
Average Weekly Slaughter Premiums and Discounts[6]			
Prime over Choice	22.14	**15.92**	-6.22 (-28.1%)
Premium Choice over Choice	4.83	**4.75**	-0.08 (-1.7%)
Select under Choice	-31.10	**-13.62**	17.48 (+56.2%)
Retail Beef Prices[7]	¢/lb.	¢/lb.	¢/lb.
Choice beef Retail value	832.4	**1,008.3**	175.9 (+21.1%)
All fresh beef Retail value	805.6	**939.6**	134.0 (+16.6%)
U.S. Beef Exports[8]			
Value (million $)	843.8	**660.9**	-182.9 (-21.7%)
Futures Prices[9]			
Feeder Cattle Near Mar	262.975	**345.325**	82.350 (+31.3%)
Live Cattle Near Apr	194.275	**232.125**	37.850 (+19.5%)
Corn Near Mar	4.584	**4.402**	-0.182 (-4.0%)
Crude Oil[10] Near Mar	71.25	**57.12**	-14.13 (-19.8%)

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For instance, projected net returns for steers range from $463.31 per head in February to $221.79 in May, with a cost of feedlot gain increasing from $97.56 per cwt. in February to $102.21 in May. Then projected net returns turn negative, ranging from -$243.03 per head in June to -$220.82 in August.

Primarily, returns decline as the price of purchased feeder cattle increases. Feeder prices range from $264.46 per cwt. in February to $286.69 in May before rocketing to $325.42 to $334.84 for June through August. **BA**

Estimated Year-to-Date Total Cattle Slaughter[11]

2024 million head	2025 million head	Change million head
31.03	28.92	-2.10 (-6.8%)

Estimated Year-to-Date Beef Production[11]

2024 billion lbs.	2025 billion lbs.	Change billion lbs.
26.38	25.32	-1.1 (-4.0%)

[1]AMS National Weekly Feeder & Stocker Cattle Summary, week ending 12/20/25

[2]CME Feeder Cattle Index year over year 12/31/2025

[3]USDA five-area weekly weighted average direct slaughter cattle, year over year, week ending 12/29/25

[4]National Weekly Boxed Beef Cutout and Boxed Beef Cuts (negotiated, weekly cutout value summary), weekly average for weeks ending 12/26/25 and 12/27/24

[5]USDA steer byproduct drop value (FOB central U.S.), year over year 12/31/25

[6]National weekly five-area direct slaughter cattle premiums and discounts, weighted average week of 12/29/25 and 12/30/24

[7]Meat price spreads, Choice beef values and spreads and all fresh beef retail value, USDA ERS; monthly values, cents per pound of retail equivalent (November 2025 year over year)

[8]U.S. Meat Export Federation data — September 2025 and 2024

[9]CME futures, nearby contracts year over year, 12/31/25

[10]WTI-CME, nearby contact, year over year, 12/31/25

[11]Estimated weekly meat production under federal inspection, year to date 12/26/25 year over year