Market Tracks

Trolling for lows.

by ***Wes Ishmael***

Stairs up and the elevator down. The rusty maxim underscored steep declines in cattle markets that began in early summer and continued through the latter half of August.

Many factors combined to drive the sharp decline, from lost packing capacity and altered marketing patterns forced by drought to the resumption of feeder cattle imports from Mexico and increasing feed costs. The Federal government added price pressure with more threatened meddling aimed at lowering consumer beef prices (see Let Markets Work, Page 29).

Numbers perspective

Keeping in mind that prices remain above historical levels, supported by strong supply and demand fundamentals, the market decline was breathtaking.

Negotiated cash fed cattle prices headed south after the second half of June. The five-area direct weighted average FOB live fed steer price declined about $34 per hundredweight (cwt.) to $225.01 the week ending Aug. 23. That was $19.24 less year over year. During the same period, the weighted average dressed delivered fed steer price was roughly $52 lower at $355.54, which was $30.83 less year over year.

Feedlot leverage eroded, due in part to slowing packer production aimed at propping up wholesale beef values, which never enjoyed the typical seasonal spark through summer grilling holidays.

USDA's Economic Research Service (ERS) cut the projected five-area direct weighted average fed steer price for the remainder of this year and the first half of next year in the August *World Agricultural Supply and Demand Estimates* (WASDE).

Compared to the previous month, based on weaker than expected demand for fed cattle, forecast prices for this year declined $13 in the third quarter to $255 per cwt. and $10 in the fourth quarter to $255 for an annual average of $251.10, which was $5.75 lower.

That was with this year's beef production estimated to be 321 million pounds less (-0.1%) than the previous month at 24.97 billion pounds. The total would be 1 billion pounds less (-4%) than the previous year's total. Beef production was lowered due to a slower rate of steer, heifer and cow slaughter through the end of the year.

For next year, fed steer prices declined $5 to $250 in the first quarter and $255 in the second quarter with an annual average price of $254.

Calf-feeder cattle prices under pressure

Cash calf and feeder cattle followed fed cattle and futures prices lower. The CME Feeder Cattle Index was $344.27 per cwt. on Aug. 25, which was $37.59 less than the most recent high toward the end of June.

Year-over-year nearby corn futures prices rose more than $1 per bushel, driven by lower estimated yield for the new crop, which was the result of tough weather.

At the same time, drought cast a pall over buying decisions in some parts of the country. As the Agricultural Marketing Services reporter noted at the Aug. 26 OKC West feeder cattle auction in El Reno, Okla., "Lack of grass and available pond water continue to weigh heavily on demand, leaving producers across the trading area with little interest in buying cattle."

The ERS slashed expected feeder steer prices for this year and next in the August *Livestock, Dairy and Poultry Outlook*. Compared to the previous month, based on recent price weakness, ERS reduced projected prices by $17 per cwt. in the third and fourth quarters of this year to $363 and $365, respectively. The annual 2026 projected price average declined $8.50 to $367.26. Prices are basis a Medium and Large #1 feeder steer weighing 750-800 pounds and selling at Oklahoma City.

Factoring in weaker price momentum, additional feeder calf imports, due to reopening the border with Mexico and recognizing a smaller calf crop this year, ERS reduced forecast feeder steer prices $8 in the first quarter of next year to $370 and $10 in the second quarter to $375. The 2027 annual price was $8.25 lower at $373.75.

Consumers keep choosing beef

Although domestic consumer beef demand has shown signs of wear, it remains extraordinarily resilient, especially when considering broader ongoing price inflation. Choice retail beef prices in July were 8.2% more year over year (see Table).

Likewise, U.S. beef exports regained strength in June despite lower volumes and remaining virtually locked out from China, according to data released by USDA and compiled by the U.S. Meat Export Federation (USMEF).

Monthly beef exports totaled 88,586 metric tons (mt) in June, down 6% from a year ago. However, export value was up 3% to $790.1 million, bolstered by year-over-year increases in Japan, Taiwan, the Association of Southeast Asian Nations (ASEAN) region, Central America, South Korea, Hong Kong, the Caribbean and Africa.

For the first half of this year, beef export volume was 9% lower than a year ago at 545,649 mt, while value fell 4% to $4.74 billion. Much of this decline was due to the continued absence from China, where beef exports were strong in the first

	Last year $/cwt.	This year $/cwt.	Change $/cwt.
Regional Calf-feeder Steer Prices[1]			
North Central			
Steers	362.72	365.84	3.12 (+0.9%)
Heifers	342.95	327.83	-15.12 (-4.4%)
South Central			
Steers	371.85	347.64	-24.21 (-6.5%)
Heifers	360.55	341.59	-18.96 (-5.3%)
Southeast			
Steers	372.80	346.81	-25.99 (-7.0%)
Heifers	355.51	344.81	-10.70 (-3.0%)
CME Feeder Cattle Index[2]			
	359.17	334.27	-24.90 (-6.9%)
Average Five-area Direct[3]			
Live steer (FOB)	244.25	225.01	-19.24 (-7.9%)
Dressed steer (Del)	386.17	355.54	-30.63 (-7.9%)
Live heifer (FOB)	243.16	225.14	-18.02 (-7.4%)
Dressed heifer (Del)	386.34	355.50	-30.84 (-8.0%)
Wholesale Beef Prices[4]			
Choice cutout value	406.61	388.27	-18.34 (-4.5%)
Select cutout value	381.46	363.96	-17.50 (-4.6%)
Byproduct value[5]	11.86	14.94	3.08 (+26.0%)
Average weekly slaughter premiums and discounts[6]			
Prime over Choice	17.34	15.00	-2.34 (-13.5%)
Premium Choice over Choice	4.84	4.65	-0.19 (-3.9%)
Select under Choice	-24.87	-21.38	3.49 (+14.0%)
Retail beef prices[7]	¢/lb.	¢/lb.	¢/lb.
Choice beef Retail value	969.0	1,048.7	79.7 (+8.2%)
All fresh beef Retail value	890.3	975.3	85 (+9.5%)
U.S. beef exports[8]			
Value (million $)	769.0	790.1	21.1 (+2.7%)
Futures prices[9]			
Feeder Cattle Spot Oct	360.750	313.325	-47.425 (-13.1%)
Live Cattle Near Oct	232.050	210.950	-21.100 (-9.1%)
Corn Near Dec	4.122	5.234	1.112 (+27.0%)
Crude Oil[10] Near Oct	64.80	82.83	18.03 (+27.8%)

quarter of 2025 before China allowed U.S. facility registrations to expire. Although these registrations were renewed during President Trump's visit to China in May, exports to China remain minimal due to plant suspensions and uncertainty over China's residue testing — trade barriers that U.S. officials are working to resolve. When China is removed from the January-June results, beef export volume declined just 1% from the first half of last year while export value increased 6%.

"While we never want to see exports down year-over-year, global demand for U.S. beef continues to be very resilient," says USMEF President and CEO Dan Halstrom. "The economic situation throughout Asia remains challenging, with lost purchasing power in U.S. dollar terms, yet customers continue to purchase a wide range of U.S. beef cuts, at record prices. This gives us an optimistic outlook for the second half." **BA**

Estimated Year-to-date cattle slaughter[11]		
2025 million head	**2026** million head	**Change** million head
18.91	**17.40**	-1.51 (-8.0%)

Estimated Year-to-date beef production[11]		
2025 billion lbs.	**2026** billion lbs.	**Change** billion lbs.
16.44	**15.54**	-0.95 (-5.5%)

[1]AMS National Feeder & Stocker Dashboard, 08/16/26 and 08/17/25, comprehensive

[2]CME Feeder Cattle Index year over year 08/25/2026

[3]USDA Five-area weekly weighted average direct slaughter cattle, year over year, week ending 08/23/26

[4]National Weekly Boxed Beef Cutout and Boxed Beef Cuts (negotiated, weekly cutout value summary), weekly average for weeks ending 08/22/25 and 08/21/26

[5]USDA steer byproduct drop value (FOB central U.S.), year over year 08/26/26

[6]National Weekly five area direct slaughter cattle premiums and discounts, weighted average week of 08/25/25 and 08/24/26

[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 (July 2026 year over year)

[8]U.S. Meat Export Federation data — June 2025 and 2026

[9]CME futures, nearby contracts year over year, 08/25/26

[10]WTI-CME, nearby contact, year over year, 08/25/26

[11]Estimated weekly meat production under federal inspection, year to date 08/22/26 year over year