



# IN THE CATTLE MARKETS



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**COLORADO STATE UNIVERSITY  
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**Stephen R. Koontz, Ph.D.**

Professor

Department of Agricultural & Resource Economics  
Colorado State University

## Record High Cattle Prices

The cattle markets start the summer moving into record-high price territory. The 5-market weighted average cash fed cattle price pushed past \$225/cwt while prices in the southern plains were around \$220. Live cattle futures contract prices are at a discount to cash and have struggled to break \$215.

By region, depending on whether the cash market in question is in a deficit or surplus of supply, cash feeder cattle prices for 7-8 weight cattle are above \$300/cwt, 6-7 weight cattle are above \$350, and 5-6 weight animals are pressing \$400. Record highs. Feeder cattle futures contract prices have only briefly pressed above \$300/cwt.

I am running across discussions and getting questions as to whether or not cattle prices have cyclically peaked. I doubt it. Supplies of beef will remain tight for the foreseeable future. Current tightness is due to long-term drought, years of herd liquidation, and the

resulting reduced animal numbers. Supplies will only tighten further when herd building occurs.

How about based on shorter-term seasonal pressures? Typically beef production increases through the summer supported by heavier weights. This will likely be the case this year. But a detailed examination of placements across different weight groups suggests very tight supplies. These marketings-based-on-placements can be calculated using the Cattle on Feed report information from placements in the different weight groups. Assumptions are needed about average daily gain and days on feed to make grade. But once done, these prospective marketings are very tight compared to prior years' calculations. Another two series of inventories calculated from the report that I watch are cattle on feed over 120 days and over 150 days. Both are large and reinforce that the inventory of cattle on feed numbers are weighted to the end of the feeding period. Supplies will be tight for much of the remainder of the year.

The supply side is clear so the story of cattle prices will be written by demand and communicated through the boxed beef composite cutout value. While not record high, the composite value is very strong. Only not as strong as supply limited COVID period. While the composite beef values are excellent, the fed cattle prices are aggressive relative to packer margins not good. And we are in the time of the year when packer margins are typically the best for the year. This is not the case. Therefore, up-moves for cattle will be reasonably limited and focus for cattle outlook should be any beef market weakness.

Where the protein markets currently sit, beef prices are very strong whereas pork and poultry are much weaker and the prospects are for continuing weakness with likely expanded production. I've said this repeatedly – and perhaps if I continue at some point I'll be correct. But in forecasting cattle prices for the last five years the price of substitute meats did not matter much. Perhaps this will be important later in the current year.

## **The Markets**

What does the technical picture say? Strong uptrends across the board for live cattle and feeder cattle. There is little communication of any price weakness. There are brief selloffs and somewhat of a return to the trend. But such moves are rapid and stronger prices reappear. There is a large key reversal top on pretty much all contracts May 14. But remember these can be signals of very short-term weakness. There is little on the supply side to suggest weakness. And again, like my last recommendation, watch the weekly slaughter volumes and the boxed beef composite value. These series should be leading indicators for the coming weeks.

		Week of 5/30/25	Week of 5/23/25	Week of 5/31/24
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$229.94	\$226.97	\$188.91
	all grades, dressed weight, \$/cwt	\$368.06	\$361.74	\$300.81
<b>Boxed Beef</b>	Choice Value, 600-900 lb., \$/cwt	\$364.93	\$359.13	\$313.25
	Choice-Select Spread, \$/cwt	\$11.71	\$11.61	\$10.71
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$315.48	--	\$273.96
	Nebraska 7-market, \$/cwt	\$338.10	\$328.01	\$282.34
	Oklahoma 8-market, \$/cwt	\$316.82	\$308.99	\$256.00
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$415.07	\$408.89	\$343.43
	Nebraska 7-market, \$/cwt	\$427.85	\$392.18	\$359.90
	Oklahoma 8-market, \$/cwt	\$377.79	\$383.21	\$319.73
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$4.47	\$4.62	\$4.57
	DDGS, Nebraska, \$/ton	\$151.88	\$152.50	\$172.00

**Data Source:** USDA-AMS Market News as compiled by LMIC

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