



IN THE CATTLE MARKETS



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Additional Cattle Contract Months and Weekly Options

On June 9, 2025, the CME Group began listing additional futures and options contract months for live cattle and feeder cattle. Adding a contract month to live cattle means that it would be more feasible to hedge out an additional two months than before the change. For feeder cattle, adding another contract month would make it more feasible to hedge out an additional one to three months than before the change. Trading volume and open interest tend to be highest in nearby contract months, with both indicators trailing off further into the future one looks. At this time, April 2027 live cattle futures and September 2026 feeder cattle futures have volume and open interest levels like those of the most deferred contracts listed a year ago.

For hedgers, having more contracts listed makes it easier to consider bids and potentially lock in profitable prices without having to use a closer month and then roll

positions ahead. Conceptually, the same benefit exists with options. There are positive open interest levels in the most-deferred option months for live cattle and feeder cattle. However, with longer durations, the time value of option premiums increases and often hurts the cost-effectiveness compared to using futures. Options would now be listed much further out than Livestock Risk Protection (LRP), which is currently limited to 52 weeks of coverage. A hedger could start with deferred futures or options and offset trades before switching to, distinct from rolling to, LRP.

An additional serial or odd-month option month is now also listed for live cattle. Thus, the nearby October futures contract has an option that expires this Friday, the first Friday of the contract month. The November and January options are also listed. The November option is tied to the December futures contract. The January option is tied to the February futures contract. For hedgers who prefer to use options, having more months may make it easier to line up expiration dates closer to when the cattle will be marketed. Until now, buying options for longer durations than needed would cost more initially and use funds until the options were sold with less time value remaining.

On September 22, 2025, the CME Group began listing weekly options on live cattle futures. Weekly options have been popular on corn, soybeans, and many financial futures contracts. For live cattle, the weekly option is designed to trade for a few weeks before expiring on Monday mornings to the nearby futures contract that still has a normal option trading against it. The Monday settlement is designed to align with the release of *Cattle on Feed* reports, which occurs on the third or fourth Friday of the month after the futures market has stopped trading for the day. Some weekly options have traded a little already. However, the fourth October weekly option, the first with an expiration after a *Cattle on Feed* report, will not be listed for trading until Tuesday, October 7. Note that it will settle against the December futures contract.

The Markets

The cash market was sharply lower for fed cattle and for boxed beef last week. The futures for live cattle were lower for the week and for feeder cattle were higher for the week. Cash prices for feeders were sharply higher across locations and weight classes. Cash corn was steady for the week while distillers were slightly higher. Volatility has fallen in live and feeder cattle options from higher levels observed earlier in September.

		Week of 9/26/25	Week of 9/19/25	Week of 9/27/24
5-Area Fed Steer	all grades, live weight, \$/cwt	\$232.65	\$237.51	\$186.15
	all grades, dressed weight, \$/cwt	\$364.97	\$370.88	\$293.53
Boxed Beef	Choice Value, 600-900 lb., \$/cwt	\$376.60	\$389.44	\$298.99
	Choice-Select Spread, \$/cwt	\$19.74	\$21.52	\$14.51
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$396.00	\$390.12	\$269.70
	Nebraska 7-market, \$/cwt	\$397.43	\$380.41	\$261.58
	Oklahoma 8-market, \$/cwt	\$380.74	\$375.08	\$250.35
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	\$429.55	--
	Nebraska 7-market, \$/cwt	\$474.32	\$464.00	\$309.43
	Oklahoma 8-market, \$/cwt	\$439.26	\$423.04	\$279.96
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.96	\$3.94	\$3.93
	DDGS, Nebraska, \$/ton	\$147.00	\$144.00	\$156.43

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

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