



IN THE CATTLE MARKETS



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Tight Supplies and Strong Demand

Cattle and beef market prices slowed and, in some cases, reversed moves from those into record highs. The weighted average 5-market fed cattle price retreated into the \$230s while prices in the southern plains held onto uncharacteristic strength – with southern cattle priced at a premium to those in the north. But it is that time of year when northern cattle are more abundant and tend to be rather long-fed.

The USDA boxed beef composite value has retreated from the highs of better than \$410/cwt seen before Labor Day to values just below \$370. The Choice-Select premium is a solid close to \$25/cwt. At the same time, cow-beef composite values are an excellent \$335/cwt. Cow slaughter has fallen off in the second half of the year, and strength is expected to persist in the non-fed beef market. Fed steer and heifer slaughter have also weakened some with heifers reduced the most. These combined numbers suggest some level of herd building to be revealed or confirmed in the January

USDA Cattle report. But the market impact of this is higher prices in the short term before any supplies expand.

However, when I work the numbers, I find DEC live cattle futures to be much stronger than that implied by supply and demand fundamentals. The tight placements through much of the summer are much smaller than the increases in slaughter weights. Therefore, higher cattle and beef prices are to be expected. Substitute meat prices do not offer a clear signal yet. Higher pork prices are largely offset by lower chicken prices. Income and disposable income remain strong but are also substantially offset by 3% inflation. My back-of-the-envelope forecasts suggest a fed cattle price closer to \$220 in December rather than the current \$235. Imports and exports only reinforce this perspective. Exports will be nothing but challenged by record-high-priced beef regardless of the weakening dollar. And import volumes themselves will likely set records with non-fed beef supplies tight and tightening. What is the cause stronger than can be explained by prices? It is clearly the very strong domestic beef demand. Consumers and food service providers are willing to pay the good 10% more than fundamentals suggest. I will be keeping an eye on the composite value and values of the main primals.

The Markets

What does the technical picture say? There are still strong uptrends in place in every live cattle and feeder cattle contract. The longest-term trend remains and will remain in place the longest. (And would have been interesting a couple of years ago.) Short-term or intermediate-term trends are rather steep and will be broken first. All markets were on a tear through July and August, and some resting is to be expected – that happened through September, and resistance held after being tested in the middle of last month. Watch the trend lines and resistance. Again, some retreat in prices would not be unexpected. There is also not a lot of clear support between the September levels and those from June. And watch the boxed market and slaughter volumes.

| | | Week of 10/3/25 | Week of 9/26/25 | Week of 10/4/24 |
|-------------------------------------|------------------------------------|----------------------------|----------------------------|----------------------------|
| 5-Area Fed Steer | all grades, live weight, \$/cwt | \$230.76 | \$232.65 | \$186.89 |
| | all grades, dressed weight, \$/cwt | \$359.64 | \$364.97 | \$296.00 |
| Boxed Beef | Choice Value, 600-900 lb., \$/cwt | \$367.13 | \$376.60 | \$300.09 |
| | Choice-Select Spread, \$/cwt | \$20.77 | \$19.74 | \$15.16 |
| 700-800 lb. Feeder Steer | Montana 3-market, \$/cwt | \$382.50 | \$396.00 | \$258.14 |
| | Nebraska 7-market, \$/cwt | \$398.09 | \$397.43 | \$270.44 |
| | Oklahoma 8-market, \$/cwt | \$374.47 | \$380.74 | \$253.31 |
| 500-600 lb. Feeder Steer | Montana 3-market, \$/cwt | \$422.50 | -- | \$291.00 |
| | Nebraska 7-market, \$/cwt | \$482.68 | \$474.32 | \$312.95 |
| | Oklahoma 8-market, \$/cwt | \$432.55 | \$439.26 | \$278.24 |
| Feed Grains | Corn, Omaha, NE, \$/bu (Thursday) | \$3.92 | \$3.96 | \$4.06 |
| | DDGS, Nebraska, \$/ton | \$146.00 | \$147.00 | \$161.67 |

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

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