



IN THE CATTLE MARKETS



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Last Fall Highlighted the Cost of Price Risk and 2026 Could Be No Different

In late August 2025, a producer in Arkansas looking to sell 550-pound steers in November could have purchased Livestock Risk Protection (LRP) coverage with a coverage price of \$394 per cwt (100% coverage level). The policy would have cost the producer \$12 per cwt in LRP premiums. Over the 13-week coverage period ending November 24, 2025, the actual ending value for the LRP policy was \$365 per cwt. That triggered an indemnity of \$29 per cwt. After accounting for the premium, the net return from the policy was \$17 per cwt. On a 550-pound steer, that translates into \$94 per head or \$8,500 per load. In Arkansas, the cash price for a 550-pound steer without LRP was \$378 per cwt for the week ending November 21. With LRP, the realized price is $\$378 + \$17 = \$395$ per cwt.

Fall 2025 was a reminder of how sensitive the cattle market is to news and surprises. A look at the November 2025 Feeder Cattle futures contract and weekly cash prices in Arkansas highlight just how quickly prices can move. The scenario that played out last

fall occurred in a historically high price environment. LRP and option premiums are not cheap because cattle prices are high. This reality has led some to question whether price risk management is “worth it” at today’s price levels. A \$20-\$30 per cwt decline is the same dollar loss per head regardless of the price level. But when cattle are worth more per head, there are simply more total dollars at risk in the operation.

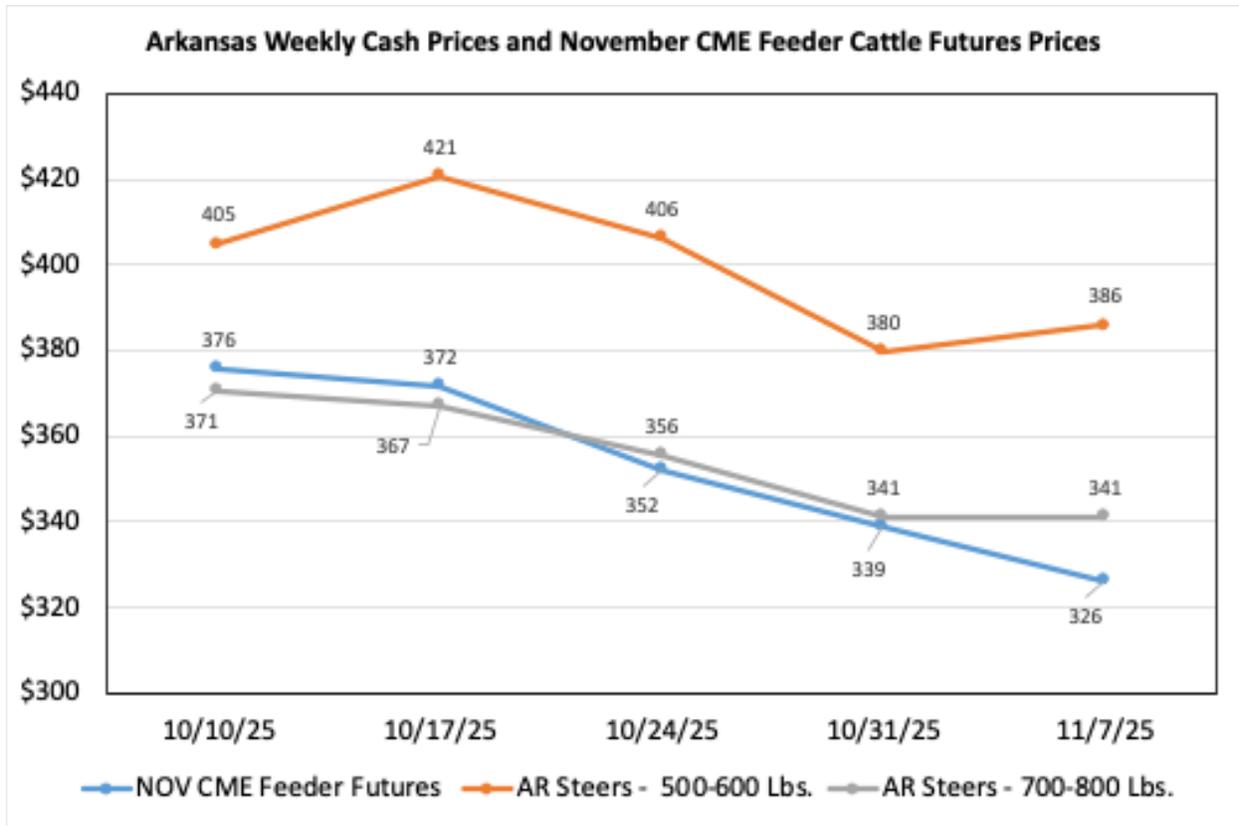
Given that the cattle inventory cycle is now positioned for a slow rebuilding phase, there is a reasonable expectation that the market will remain supported for the next few years. But as fall 2025 showed us, cattle markets are not immune to volatility. While some producers may be able to absorb a \$20-\$30 per cwt swing in price without much consequence, many do not have that flexibility due to debt obligations, recent herd expansion, or tighter operating margins. For both producers, the cost of LRP is better framed as an operating expense, budgeted on a per cow basis.

LRP is not about increasing the odds of an indemnity payment or maximizing profit. It establishes a price floor and reducing downside risk. Admittedly, the example in this article perfectly times the purchase of LRP with the fall 2025 downturn in cattle prices. Buying LRP earlier last year would not have triggered an indemnity because of the market rallied leading up to the fall. A common complaint today is that it can feel like spending money unnecessarily when the market continues to rise. In general, price risk management may make you feel like you are paying for protection you don’t need when there’s upside in the market. However, using LRP to establish a price floor that covers breakeven or provides a desired return on costs is a more reliable approach than trying to time the market.

County	Endorsement Length	Commodity	Type	Practice	Crop Year	Exp. End Value	Coverage Price	Coverage Level	Rate	Cost Per CWT	Producer Premium Per CWT	End Date
998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	211 Endorsement Ending in November Yr1	2026	394.033	\$394.030	1.000000	0.046908	18.483	12.01	11/24/2025
998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	211 Endorsement Ending in November Yr1	2026	394.033	\$390.090	0.990000	0.041886	16.339	10.62	11/24/2025
998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	211 Endorsement Ending in November Yr1	2026	394.033	\$386.150	0.980000	0.037200	14.365	9.34	11/24/2025
998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	211 Endorsement Ending in November Yr1	2026	394.033	\$382.210	0.970000	0.032984	12.607	8.19	11/24/2025
998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	211 Endorsement Ending in November Yr1	2026	394.033	\$378.270	0.960000	0.028844	10.911	7.09	11/24/2025

LRP Coverage Prices, Rates, and Actual Ending Values.

Available at: <https://public.rma.usda.gov/livestockreports/LRPReport>



The Markets

		Week of 2/20/26	Week of 2/13/26	Week of 2/21/25
5-Area Fed Steer	all grades, live weight, \$/cwt	\$246.91	\$245.62	\$199.64
	all grades, dressed weight, \$/cwt	\$387.95	\$381.13	\$315.12
Boxed Beef	Choice Value, 600-900 lb., \$/cwt	\$365.64	\$366.11	\$313.75
	Choice-Select Spread, \$/cwt	\$5.12	\$2.65	\$9.86
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$391.94	\$391.51	\$299.24
	Nebraska 7-market, \$/cwt	\$408.16	\$403.75	\$293.50
	Oklahoma 8-market, \$/cwt	\$387.54	\$385.59	\$276.03
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$502.35	\$507.31	\$363.83
	Nebraska 7-market, \$/cwt	\$523.72	\$512.19	\$370.93
	Oklahoma 8-market, \$/cwt	\$506.94	\$502.09	\$329.74
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.12	\$4.19	\$4.88
	DDGS, Nebraska, \$/ton	\$165.43	\$164.57	\$166.43

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

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