



# IN THE CATTLE MARKETS



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**Charley Martinez, Ph.D.**

Assistant Professor and Director

Department of Agricultural & Resource Economics

University of Tennessee

## Check in on the Choice-Select Spread

Over the last few weeks, the choice-select spread has become a topic of discussion in my market outlooks. The Choice–Select spread directly reflects the market value of quality, signaling how much buyers are willing to pay for cattle that grade USDA Choice versus Select. When the spread is wide, cattle that grade choice capture higher carcass prices and grid premiums, making quality-focused production more profitable.

Conversely, a narrow or negative spread reduces incentives for higher-quality graded carcasses. If the spread remains narrow or inverts for extended periods, it can pose financial risk by prolonging cattle feeding or incurring higher costs without a clear payoff. Because the spread responds to consumer demand, beef supplies, and economic

conditions, it also serves as a decision-making indicator for marketing timing, feeding strategies, and risk management. In short, in the short-term, the Choice–Select spread links consumer preferences back to the feedlot, shaping both profitability and production decisions.

Below is the daily choice-select spread for 2025 and 2026 through the first of May. This figure shows clear differences in both the level and volatility of the daily Choice–Select spread between 2025 and 2026. In 2025, the spread began near the upper \$20 range, before declining through the early part of the year (end of February) and then recovering to consistently higher values in the mid-to-upper teens and low \$20s in March and April, indicating a generally strong premium for Choice beef. In contrast, the 2026 spread began the year much lower and more variable, hovering mostly between zero and \$10 and even turning negative at several points, which signals periods when Choice carcasses commanded little to no premium over Select.

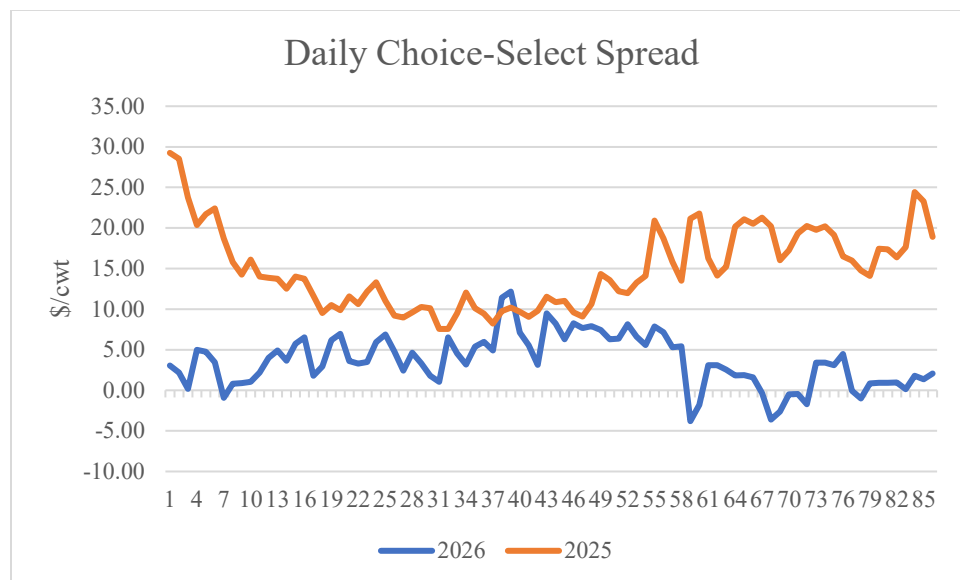


Figure 1. Daily (January 1- May 1) Choice-Select Spread for 2025 and 2026 (Source: USDA AMS daily report LM\_XB403)

The persistently low and occasionally negative Choice–Select spread shown in Figure 2026 leaves important questions. Is this due in part to softening beef demand or other market forces at play? Given the recent rise in fuel costs, income for other items, and weekly spending at stores has likely taken a hit, which tends to push consumers toward more price-sensitive food choices and away from higher-priced beef items that rely on Choice-level marbling. As a result, downstream buyers have placed less emphasis on quality premiums, compressing the spread even when supply conditions might otherwise support it. At the same time, higher fuel costs raise transportation and operating expenses throughout the beef supply chain, limiting packers’ and retailers’ willingness to pay up for higher grades. Together, possibly weaker consumer demand for premium beef and rising fuel-related costs help explain why the 2026 spread remains subdued, signaling diminished incentives for quality premiums relative to periods like 2025 when consumer demand conditions were stronger.

## The Markets

		Week of 5/1/26	Week of 4/24/26	Week of 5/2/25
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$255.02	\$246.18	\$220.97
	all grades, dressed weight, \$/cwt	\$399.08	\$386.00	\$349.37
<b>Boxed Beef</b>	Choice Value, 600-900 lb., \$/cwt	\$389.03	\$384.89	\$344.48
	Choice-Select Spread, \$/cwt	\$1.26	\$0.33	\$20.36
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$406.49	\$401.91	\$310.11
	Nebraska 7-market, \$/cwt	\$404.04	\$405.11	\$320.29
	Oklahoma 8-market, \$/cwt	\$388.16	\$389.56	\$310.22
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$532.54	--	\$402.93
	Nebraska 7-market, \$/cwt	\$505.47	\$511.97	\$397.49
	Oklahoma 8-market, \$/cwt	\$494.68	\$492.65	\$387.52
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$4.55	\$4.45	\$4.64
	DDGS, Nebraska, \$/ton	\$189.57	\$192.00	\$155.56

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

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