



# IN THE CATTLE MARKETS



May 11 2026

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**UNIVERSITY OF GEORGIA**  
**EXTENSION**

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## **Drought Lingers in South and West**

Five months into 2026, and unfortunately, drought is not a new topic. The current U.S. Drought Monitor shows abnormally dry or drought conditions covering much of the southern and western portions of the U.S. Around 60 percent of cattle inventory are in drought conditions.

Drought impacts two important areas: herd management and feed decisions. Drought impacts herd management through marketing decisions – timing, weight, retention, and more. In the short-run, drought may increase the number of calves and feeder cattle hitting sale barns earlier and at lighter weights. This effect may put some downward pressure on lighter-weight calves this fall when spring calves are weaned. Additionally,

cull cow price may face headwinds as more cows are culled to save pasture and range resources. Long-term, drought conditions slows and/or delays the cattle inventory rebuild.

Feed decisions will be important to watch this year. Hay production in many southern and western states struggled in 2025 (e.g., Texas's other hay production was 20 percent lower year-over-year), and many southeastern states had lower hay stocks on December 1 compared to last year. Hay prices may move higher this year on tighter supplies. This may have knock-on effects for other commodity prices (e.g., corn) as producers seek out alternative feed components.

This feed topic is interesting as it relates to decisions within the cattle supply chain. The incentive many feedlots have been facing over the last several months is to feed cattle longer with relatively cheap feed to capitalize on high feed cattle prices. If drought impacts the feed-cost part of this situation, it could have two impacts. First, it could put downward pressure on feeder cattle prices. The breakeven price that feedlots could pay would drop as the cost of gain increases. Second, it could crimp the interest feedlots have to feed cattle longer. This may reduce beef supplies later this year, putting additional upward pressure on beef prices.

NOAA drought outlooks project some improvement in the South in the coming months, but drought is expected to remain for most areas that are currently in drought. Both short-term and long-term impacts will start to be felt later this year from decisions producers are starting to make today.

## **The Markets**

Cattle markets remained largely steady last week. Futures markets were volatile but ended the week slightly below where the previous week ended. 5-Area cash-fed cattle markets moved slightly higher compared to last week. The early-summer rally in the beef cutout value appears to be off to a slow start (up less than one percent compared to last week). Feeder cattle prices were variable with limited price changes across the U.S. Prices across the cattle complex remain much higher compared to year-ago levels.

		Week of 5/8/26	Week of 5/1/26	Week of 5/9/25
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$258.52	\$255.02	\$224.80
	all grades, dressed weight, \$/cwt	\$402.50	\$399.08	\$356.06
<b>Boxed Beef</b>	Choice Value, 600-900 lb., \$/cwt	\$389.77	\$389.03	\$345.65
	Choice-Select Spread, \$/cwt	\$1.39	\$1.26	\$13.77
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$398.49	\$406.49	\$317.44
	Nebraska 7-market, \$/cwt	\$420.18	\$404.04	\$323.49
	Oklahoma 8-market, \$/cwt	\$391.27	\$388.16	\$314.71
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	\$532.54	\$371.52
	Nebraska 7-market, \$/cwt	\$521.06	\$505.47	\$390.10
	Oklahoma 8-market, \$/cwt	\$493.29	\$494.68	\$389.13
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$4.50	\$4.55	\$4.43
	DDGS, Nebraska, \$/ton	\$185.83	\$189.57	\$154.38

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

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