



IN THE CATTLE MARKETS



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[Stephen R. Koontz, Ph.D.](#)

Professor

[Dept. of Agricultural & Resource Economics](#)

[Colorado State University](#)



**COLORADO STATE UNIVERSITY
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Cattle on Feed Report Implications

Last Friday's USDA Cattle on Feed Report continues to communicate rather bullish implications for fed cattle markets in early 2027. Placement of feeder cattle into feedlots during September was down 12% as compared to the same month the prior year. This is after the same measure was down 9% in August, down 11% in July, down 3% in June, and almost 10% in May. This is important news as placements in September and October are usually by far the largest monthly numbers for the year. Fed cattle marketings from now into early 2027 will be constrained. Tighter numbers will be offset by heavier weights, but it is unlikely that weight increases can continue with the prior observed amounts – and weight increases will likely be less than half of the decreases in marketings. Early 2027 will see very tight fed cattle supplies.

As a percent of the prior year, on-feed inventories are down the most in Idaho, Iowa, Colorado, and Texas. And in terms of animal numbers, the decrease is greatest in Texas. Placements since the summer are a strong portion of the current on-feed inventories. More reasonable – but still not much profitable – margins have recently

returned to the meatpacking industry. Margins have been closer to breakeven in August and somewhat profitable across September and October. The sell-off in fed cattle prices beginning in June and persistent strength in beef prices since late August made this happen. But the rally in live cattle futures prices since September for contracts in the coming months suggests this strength may be fleeting.

The strength of beef prices will be important to watch for the rest of 2026 and into 2027. Cattle and beef supplies will be persistently tight for this time. So, will beef and beef byproduct prices be high enough to support a packing margin with fed cattle prices as suggested by live cattle prices? Further, pork and poultry outlook suggest potential increases in substitute meat availability, especially well into 2027. Regardless, the lack of beef animal numbers increases the probability of continued supply chain restructuring. And what longer-term ramifications?

The supply and demand story with respect to beef and cattle is clear – tight and strong. In this situation, there is considerable downside risk from substitute meats, the strength of the economy, and structural adjustments.

The Markets

What does the technical picture say? The perspective is rather clear. Live cattle and feeder cattle contracts topped in April-May and again in June. Downtrends followed through July and August. These downtrends were broken in early or mid-September – depending on the commodity and contract. And since mid-September, uptrends have been established, and they remain in place. The signal is bullish and has been since mid-September. Moving forward, the uptrends now and resistance planes formed back in early summer intersect towards the end of the year. And one of the two must break. Resistance must break for the market to move higher, and the trend has to break if the market cannot push into new high prices. Technicals are rarely this transparent. The key will be the strength of the boxed beef composite value.

		Week of 10/23/26	Week of 10/16/26	Week of 10/24/25
5-Area Fed Steer	all grades, live weight, \$/cwt	\$227.06	\$224.19	\$237.89
	all grades, dressed weight, \$/cwt	\$360.79	\$352.52	\$369.30
Boxed Beef	Choice Value, 600-900 lb., \$/cwt	\$370.55	\$374.70	\$372.13
	Choice-Select Spread, \$/cwt	\$14.57	\$20.31	\$17.66
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$347.49	--	\$379.98
	Nebraska 7-market, \$/cwt	\$378.13	\$374.63	\$392.65
	Oklahoma 8-market, \$/cwt	\$358.89	\$353.27	\$380.32
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$426.00	\$436.00	--
	Nebraska 7-market, \$/cwt	\$464.86	\$456.21	\$479.04
	Oklahoma 8-market, \$/cwt	\$430.65	\$402.29	\$460.52
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.40	\$4.52	\$4.03
	DDGS, Nebraska, \$/ton	\$203.75	\$205.00	\$149.29

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

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