KANSAS STATE UNIVERSITY

Department of Agricultural Economics

CATTLE MARKET OUTLOOK

Demand-Driven Prosperity • Record Dollars at Risk • External Shocks Growing

What Lenders Should Watch

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2026 K-State Agricultural Lenders Conference • September 22, Garden City • September 23, Manhattan

Bottom Line Up Front

1

Record prices are a DEMAND story

Beef demand index hit a record 138 in 2025 (2000 = 100); ~87% of the 2024→25 retail price rise traces to demand more than # of cows.

2

Fewer cows ≠ less beef

Jan. 2026 beef cows 27.6M (-1%) — but heavier carcasses and +47 days on feed mute the herd headline.
USDA sees the next cow peak in 2033 @ 29.8M.

3

Record margins AND record dollars at risk

Cow-calf ~$990/cow projected for 2026
Cattle feeding: KSU projects losses of $220–$380/head on Sep-26 → Mar-27 closeouts

4

Lender watch list

Consumer finances (K-shaped economy), trade/policy shocks, rebuild reality, excess feedlot & plant capacity, buy/sell margin risk… oh my pencil breakevens

Quarterly Forecasts (LMIC: Sept. 10, 2026)

Year Quarter	Comm'l Slaughter	% Chg. from Year Ago	Average Dressed Weight	% Chg. from Year Ago	Comm'l Beef Production	% Chg. from Year Ago
2026						
I	6,885	-8.5	892.9	2.7	6,148	-6.1
II	6,906	-7.3	891.1	2.8	6,154	-4.6
III	6,905	-5.9	889.7	2.6	6,143	-3.4
IV	6,995	-6.6	912.4	2.8	6,383	-4.0
Year	27,692	-7.1	896.6	2.7	24,828	-4.5
2027						
I	6,562	-4.7	913.9	2.4	5,996	-2.5
II	6,589	-4.6	912.0	2.3	6,009	-2.4
III	6,593	-4.5	910.1	2.3	6,001	-2.3
IV	6,671	-4.6	933.6	2.3	6,228	-2.4
Year	26,414	-4.6	917.5	2.3	24,234	-2.4
2028						
I	6,316	-3.7	932.6	2.0	5,891	-1.8
II	6,339	-3.8	930.7	2.0	5,899	-1.8
III	6,358	-3.6	928.8	2.0	5,905	-1.6
IV	6,403	-4.0	952.8	2.1	6,101	-2.0
Year	25,416	-3.8	936.2	2.0	23,795	-1.8

Data Source: Livestock Marketing Information Center

Quarterly Forecasts: Cattle (LMIC: Sept. 10, 2026)

Year Quarter	Live Sltr. Steer Price 5-Mkt Avg	% Chg. from Year Ago	Feeder Steer Price Southern Plains 7-800#	Feeder Steer Price Southern Plains 5-600#
2026				
I	238.65	16.4	381.49	492.41
II	255.76	13.6	382.86	481.38
III	226-229	26.6	361-363	429-431
IV	228-232	20.0	351-354	418-421
Year	233-243	6.1	368-372	453-458
2027				
I	235-240	-0.5	355-360	446-450
II	240-246	-5.0	366-373	452-457
III	242-249	7.9	379-387	453-460
IV	237-245	4.8	377-386	452-460
Year	234-249	1.5	368-378	449-459
2028				
I	237-246	1.7	358-368	450-460
II	241-251	1.2	370-382	454-465
III	243-254	1.2	376-390	457-470
IV	238-250	1.2	372-387	455-470
Year	235-255	1.4	367-382	452-467

Data Source: Livestock Marketing Information Center

Where We Are:
Record Prices, Long-Term Herd Decline, & Record Beef Demand

"All prosperity in the cattle and beef industry comes from consumers."
— Schroeder & Tonsor, AAEA 2026

2020–2025: The Beef-Cattle Market Summarized in One Table

Year	Fed Steer $/cwt	Feeder $/cwt	Calf $/cwt	Slaughter (1,000 hd)	Dressed lbs	Prod. (mil lbs)	Per-Cap Cons. lbs	Retail $/lb	Demand Index (2000=100)
2020	$108.51	$137.10	$157.74	32,786	829	27,174	58.2	$6.38	118.7
2021	$122.40	$148.32	$168.36	33,850	826	27,948	58.9	$6.95	125.7
2022	$144.40	$168.84	$191.09	34,325	824	28,291	59.0	$7.30	122.8
2023	$175.53	$221.67	$259.36	32,844	821	26,967	57.8	$7.60	119.8
2024	$187.12	$256.42	$309.38	31,830	848	26,984	59.1	$8.01	127.5
2025	**$224.37**	**$329.76**	**$401.47**	**29,795**	**873**	**26,003**	**59.3**	**$8.84**	**137.6**

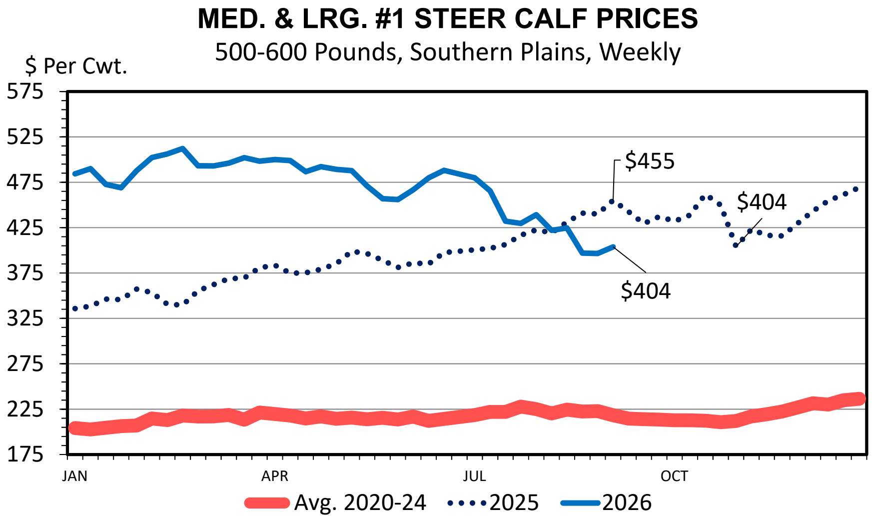
Fed steers +107%, feeders +141%, calves +155% vs. 2020

— while per-capita consumption GREW (Demand Index +16%).

~25% general inflation over the same span. **Consumers bought more beef at higher real prices: that is demand growth**

Data: USDA-AMS, USDA-NASS, BEA; compiled by LMIC / KSU.

2026 Calf Prices: Above 2025 All Year — Until the September Break



$372 / cwt

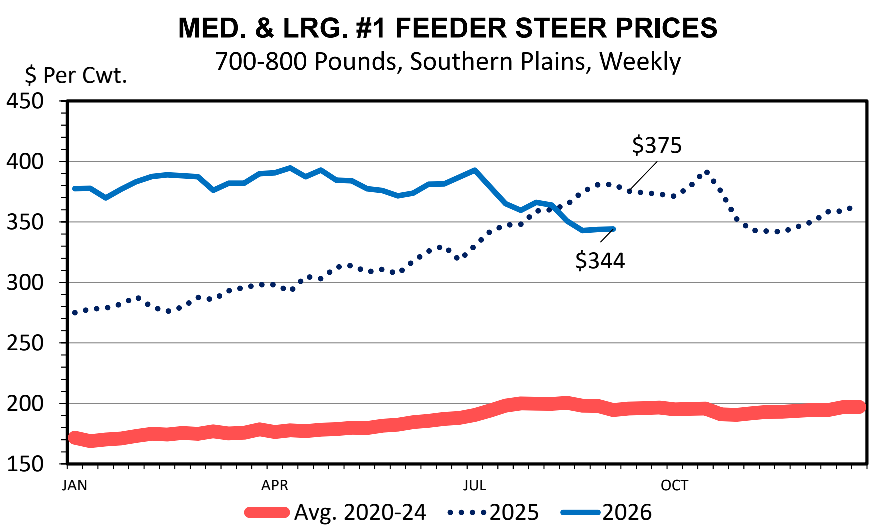
BeefBasis.com Salina fall-calf projection

600-lb steer calves sold at weaning 10/14/2026 (as of 9/17/26) ≈ $2,232/head

The recent break is a reminder that elevated market levels come with record-sized swings

Chart: LMIC (USDA-AMS data), Med. & Lrg. #1 steer calves 500-600 lbs, Southern Plains, weekly (native, editable chart object).

2026 Feeder Steer Prices: Well Above 2025 Through Summer



Feeders led the 2025-26 rally…

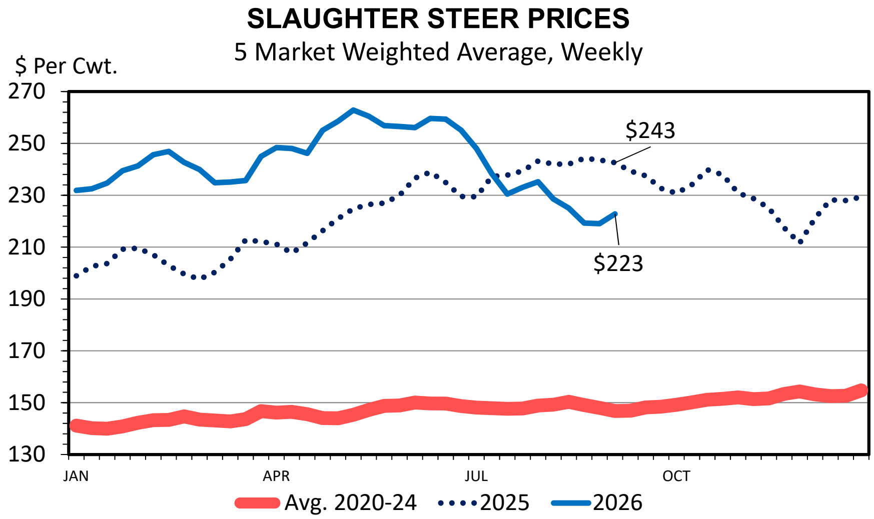
Tight calf crops (2025: smallest since 1941) plus prospects of heifer retention squeeze the feeder pool

…and feeders carry the risk.

A ~$360+/cwt feeder placed against ~$225 fed futures is key source of projected 2026-27' feeding losses

Chart: LMIC (USDA-AMS data), Med. & Lrg. #1 feeder steers 700-800 lbs, Southern Plains, weekly (native, editable chart object).

Fed Cattle: 2026 Peaked Mid-Year



Record highs in early summer 2026…

Demand strength carried fed cattle well above the 2025 path for 1st 6 months

Chart: LMIC (USDA-AMS data), slaughter steers, 5-market weighted average, weekly (native, editable chart object).

2026 Timeline: Federal Announcements & Fed-Cattle Plant Closures

Federal government announcements (numbered markers on the futures charts)

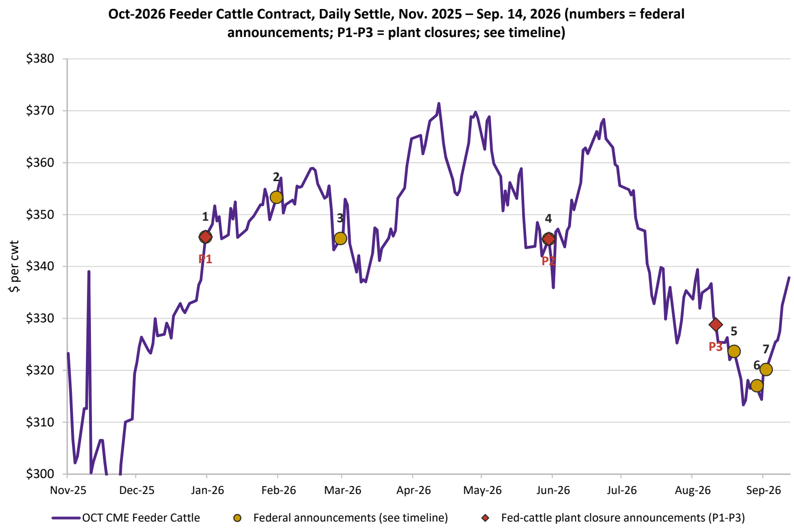
1. **Jan 2026** — USDA "Product of the USA" label requirement takes effect (born, raised, harvested & processed in U.S.)
2. **Feb 2026** — Presidential proclamation temporarily increases beef imports to reduce consumer costs
3. **Mar 2026** — USDA: $20 million in reduced overtime & holiday inspection fees for small meat processors
4. **Jun 2026** — Small Processors Action Plan; $60M 4th round of Meat & Poultry Processing Expansion Program; ag-innovation order
5. **Aug 21, 2026** — 300,000 MT of ground beef allowed in without out-of-quota tariffs for 90 days (target: -25% retail price); cattle groups object; futures fall
6. **Aug 31, 2026** — USDA Sec. Rollins announces "Ranchers First" initiative: rebuild the domestic herd, expand regional processing
7. **Sep 4, 2026** — Two Executive Orders: cut grazing red tape, review gray wolf delisting, stricter Packers & Stockyards enforcement, explore restoring COOL

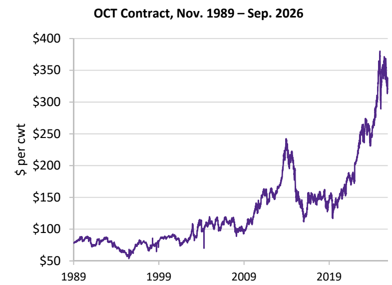
Fed-cattle plant closure announcements (red diamonds P1-P3 on the futures charts)

- **P1 — Jan 2026** — Tyson completes permanent shutdown of Lexington, NE beef plant (~5,000 hd/day)
- **P2 — Jun 2026** — JBS ends live cattle slaughter at Souderton, PA (~2,000 hd/day); converts to case-ready
- **P3 — Aug 13-15, 2026** — Tyson to close Joslin, IL beef plant (~3,000 hd/day) & Eagle Mountain, UT case-ready plant; seeks sale of Pasco, WA plant

Closures remove ~10,000 hd/day of fed-cattle harvest capacity in 2026.
Sources: USDA/White House releases; Reuters; Drovers; Capital Press; compiled 9/16/2026.

CME October Feeder Cattle Futures: Record Run, a $65 Break, & 2026 "Key Dates"



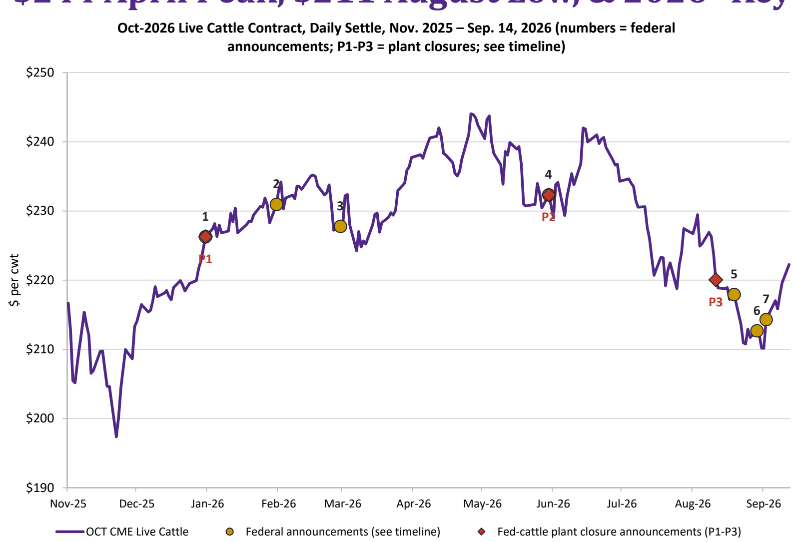


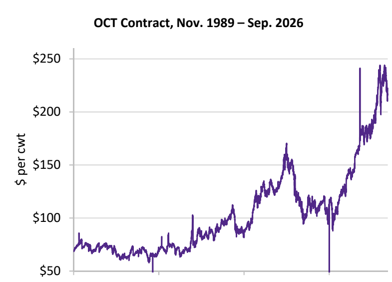
Oct-26: ~$363 in April → $313 low on 8/25/26, after the 8/21 ground-beef import announcement
→ $338 on 9/14/26.

A $50-65/cwt swing on a 750-lb feeder = $375-490/head — the size of the projected 2026-27 feeding loss.

Source: CME Group feeder cattle futures, October contract daily settlements (feederfutures.xlsx, tab A col. I, pulled 9/15/2026). Jan/Feb/Mar/Jun events plotted at first trading day of the month.

CME October Live Cattle Futures: $244 April Peak, $211 August Low, & 2026 "Key Dates"





Oct-26 contract: $197 low (11/24/25) → $244.05 record (4/28/26) → $211 on 8/25/26, after the 8/21 ground-beef import announcement
→ $222 on 9/14/26.

A $33/cwt drop from the April peak on a 1,450-lb fed steer ≈ $480/head. KSU fed breakevens ($245-252) sit ABOVE the board

Source: CME Group live cattle futures, October contract daily settlements (fatfutures.xlsx, tab A col. K, pulled 9/15/2026). Jan/Feb/Mar/Jun events plotted at first trading day of the month.

Ongoing Development: AMS Can't Report KS Negotiated Fed Cattle Trade

USDA **Kansas Daily Direct Slaughter Cattle - Negotiated Purchases - Summary**

Agricultural Marketing Service
Livestock, Poultry, and Grain Market News

September 16, 2026
LM_CT121

Email us with accessibility issues regarding this report.

Roundup for: Tuesday, 09/15/2026

Domestic source only. Live sales based on net weights FOB the feedlot after a 3-4% shrink. Dressed sales based on hot carcass weights delivered to the plant.

Negotiated Cash:				
Confirmed:	**Confidential**	Week ago:	**Confidential**	Year ago:
Week to Date:	**Confidential**	Week ago:	**Confidential**	Year ago:
Negotiated Grid Base:				
Confirmed:	**Confidential**	Week ago:	**Confidential**	Year ago:
Week to Date:	**Confidential**	Week ago:	**Confidential**	Year ago:

Negotiated Cash Sales

Information not reported due to confidentiality

USDA-AMS LM_CT121, 9/16/2026 roundup:

Too few buyers / too concentrated a share of Kansas negotiated volume to clear USDA's 3/70/20 confidentiality guideline.

Why lenders should care

- Negotiated cash is ~18% of fed sales nationally & anchors formula & grid $
- Missing KS quotes since mid-Aug
- KSU feedlot-return projections now fill Kansas gaps with the prior-year NE–KS relationship (9/15/26 report)

Source: USDA-AMS Livestock, Poultry & Grain Market News, report 2666 (LM_CT121), Kansas Daily Direct Slaughter Cattle – Negotiated Purchases, roundup for 9/15/2026, published 9/16/2026.

So Why Are Beef Prices Really This High?

Attribution of the 2024 → 2025 retail beef price increase:

DEMAND GROWTH 87%

SUPPLY-SIDE 13%

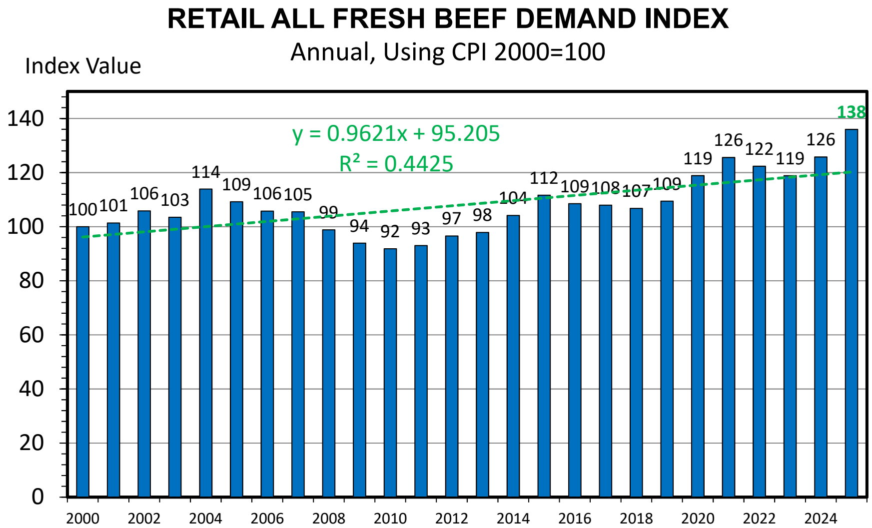
"...and now you know the rest of the story."

The herd headline explains a small share of record prices; the consumer explains most of it.

Lender implication: collateral values rest more on consumer willingness-to-pay than on cattle counts — watch the consumer, not just the cow herd

Source: Coffey & Tonsor (Dec 2025), A Microeconomic Assessment of the US Retail Beef Market: Beef Demand Matters (agmanager.info).

Retail All-Fresh Beef Demand Index: Record High



2025 demand index

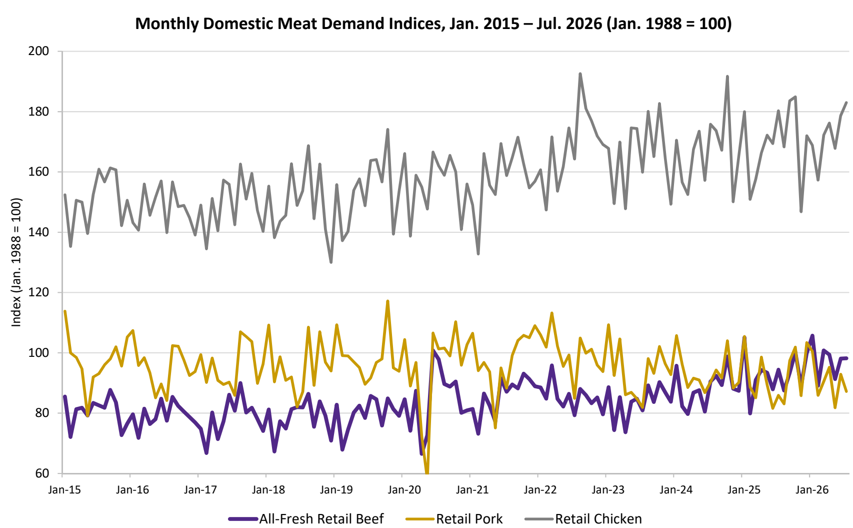
Strongest consumer beef demand in the modern record; +16% since 2020

2010→2025

Long-term demand growth

Data: BLS & USDA-ERS, compiled & analysis by LMIC. Annual, deflated using CPI.

Tonsor-KSU Monthly Domestic Meat Demand Indices: Beef Leads



98.2

All-Fresh Beef index, Jul-2026

+4.1% vs. Jul-2025; 2026 YTD avg. 97.5 vs. 92.3 (+5.7%)

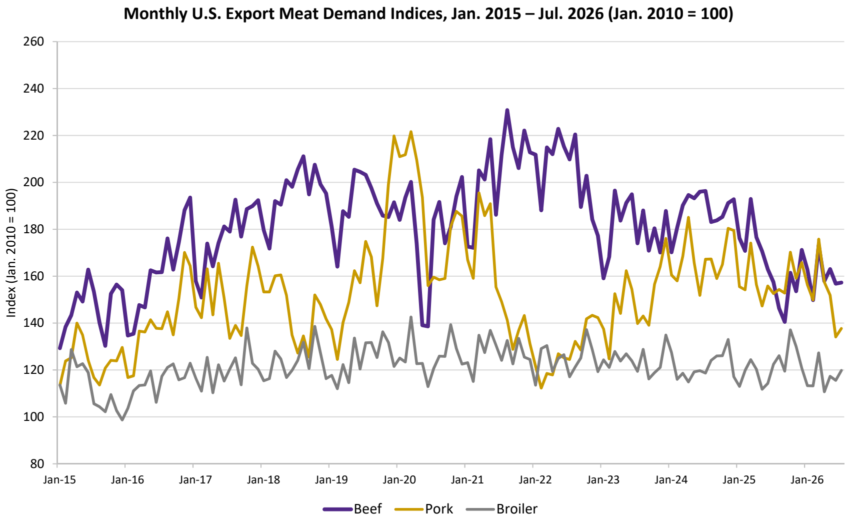
Beef demand keeps outrunning pork & chicken

Pork 87.2 (+1.4% YoY; YTD -0.1%) • Chicken 183.0 (+1.5% YoY; YTD +2.3%)

Quantity-based (disappearance) indices: rising = consumers took more volume than expected at the observed retail price.

Source: Tonsor, KSU — Monthly Domestic Meat Demand Indices (USDA/BLS data; Brester, Bekkerman & Tonsor 2019 approach; updated 9/16/26), agmanager.info.

Export Demand Is Soft Spot: Tonsor-KSU Export Meat Demand Indices



157.3

Beef export demand, Jul-2026

-0.1% vs. Jul-2025;
2026 YTD avg. 160.1 vs. 172.5 (-7.2%)

Source: Tonsor, KSU — Monthly U.S. Export Meat Demand Indices (USDA-FAS/ERS data; updated 9/16/26), agmanager.info.

How Consumer Demand Reaches the Farm Gate

+1% demand

lifts fed cattle prices +1.52% & feeder cattle +2.48%

McKendree, Tonsor, Schroeder & Hendricks (AJAE)

2025 lesson

+8% demand = fed +12% & feeders +20%

Every demand tailwind is leveraged: feeder prices respond more than fed prices, and calf prices more still

Demand is NOT per-capita consumption.

Per-capita disappearance = supply ÷ people; by itself it says little about eagerness to buy.

Demand = the quantity consumers take at each offer price.

More pounds moving at HIGHER inflation-adjusted prices = demand growth — exactly what 2024, 2025, and 2026-to-date delivered for beef.

The leverage works both ways: 1% demand setback would hit calf values hardest.

Sources: McKendree et al. (AJAE); beefboard.org "What's Demand Got To Do With It?" (July 2025); KSU Meat Demand Monitor.

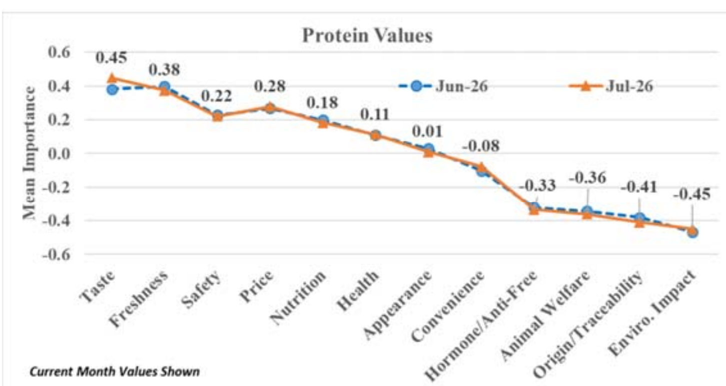
The “High Steaks” Quality Story (2010 → 2025)

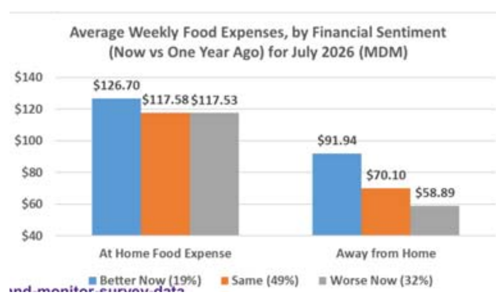
	2010/2011	2025	Change
Choice + Prime grading (national)	65%	84%	+19 pts
Prime alone	4%	12%	3x
Select	31%	13%	-18 pts
Negotiated cash sales	34%	18%	-16 pts
Formula sales	48%	64%	+16 pts

Simple story: beef grew demand through substantial headwinds by producing what people wanted most.
Value-based marketing sent the signal, producers answered, consumers rewarded.
Market signals → industry change → better product → better demand → better price. **#LetMarketsWork**

Source: Schroeder & Tonsor, AAEA Meetings, Kansas City 2026 (USDA-AMS / LMIC data).

Consumer Signals: Taste & Freshness Lead; Finances Are K-Shaped





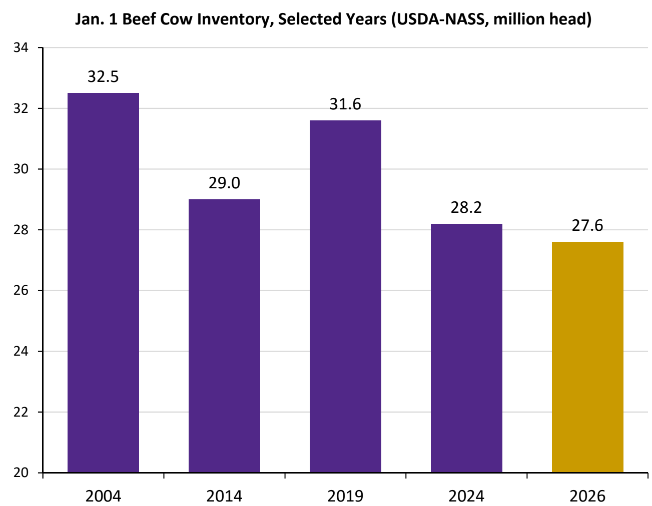
KSU Meat Demand Monitor (monthly, ~2,000+ respondents): Taste & Freshness anchor purchases.
Only ~19% report improving finances vs. 32% worse — the “worse now” group spends ~$59/week away from home vs. ~$92 for the “better now” group.

Source: KSU Meat Demand Monitor, July 2026 — agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data

Supply: Fewer Cows ≠ Less Beef

"Wait Glynn, I thought we were short on beef cows…"

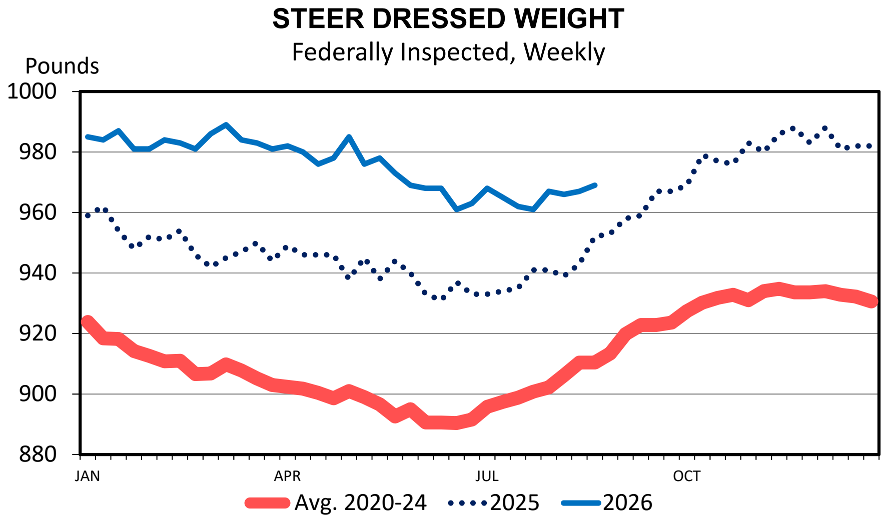
Beef Cow Herd: Smallest Since… Ever — But Not a New Pattern



- **Jan. 2026: 86.2M all cattle; 27.6M beef cows (-1%) — liquidation slowed**
- 2025 calf crop: 32.9M head — smallest since 1941
- Shrinking herd is NOT new: -167k cows/yr since 1965; -198k/yr since 1996
- July 2026 inventory shows early signs of stabilization
- **USDA long-term (Feb. 2026): next cow peak 2033 at 29.8M head — but MORE beef**

Data: USDA-NASS Cattle reports; USDA Agricultural Projections to 2035 (OCE-2026-1).

Pounds vs. Hooves: Beef Volume Is the Supply Metric That Matters Most



+52 lbs

Dressed weights, 2024–25

2025: slaughter -6.4%, beef production only -3.6%

935 lbs

Beef per cow by 2033 (USDA)

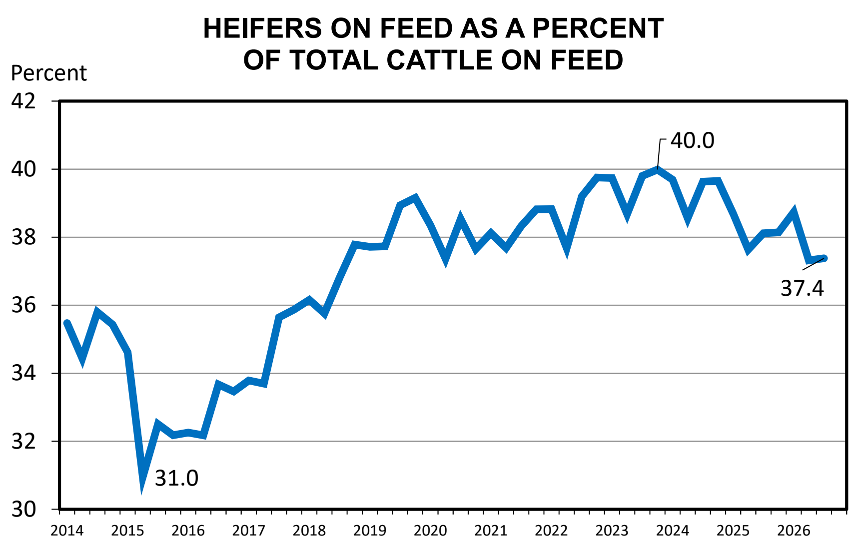
Efficiency & weights keep raising output per animal

Beef volume, not head count, is key supply metric.

Every added pound is produced with feed, time, and $.

Chart: LMIC (USDA-AMS & NASS), federally inspected steer dressed weight, weekly. Stats: USDA-NASS; USDA OCE-2026-1.

Rebuild Monitoring: Heifers as a Share of Cattle on Feed



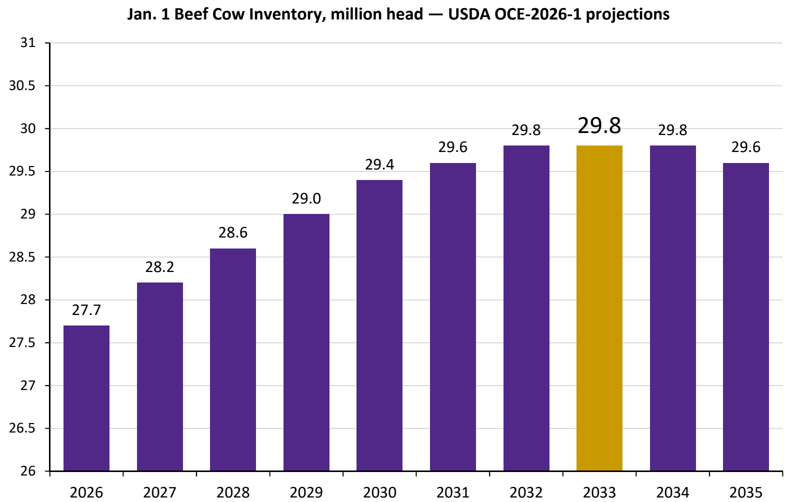
~38%

Heifers on feed, 2026

Down from ~40% peaks; well above low 30s…

Data: USDA-NASS Cattle on Feed, compiled by LMIC. Beginning of quarter.

Herd Rebuild Ahead: USDA Projects Beef Cows Growing Into 2033



+2.1M

beef cows by the 2033 peak

27.7M (2026) → 29.8M (2033)

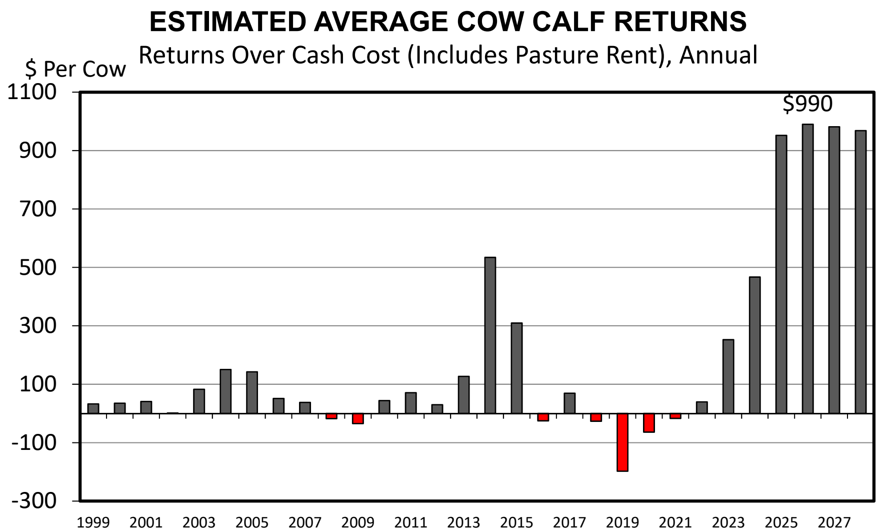
a LOWER peak than 2019 (31.6M)

Source: USDA Agricultural Projections to 2035 (OCE-2026-1, Feb. 2026), Tables 19-21; projections completed Nov. 2025.

Margins:
Record Returns, Record Dollars at Risk

Cow-calf, stocker/backgrounder, and cattle feeding — segment by segment

Cow-Calf: Record Return Period



> $950 / cow

LMIC est. returns 2025-2028

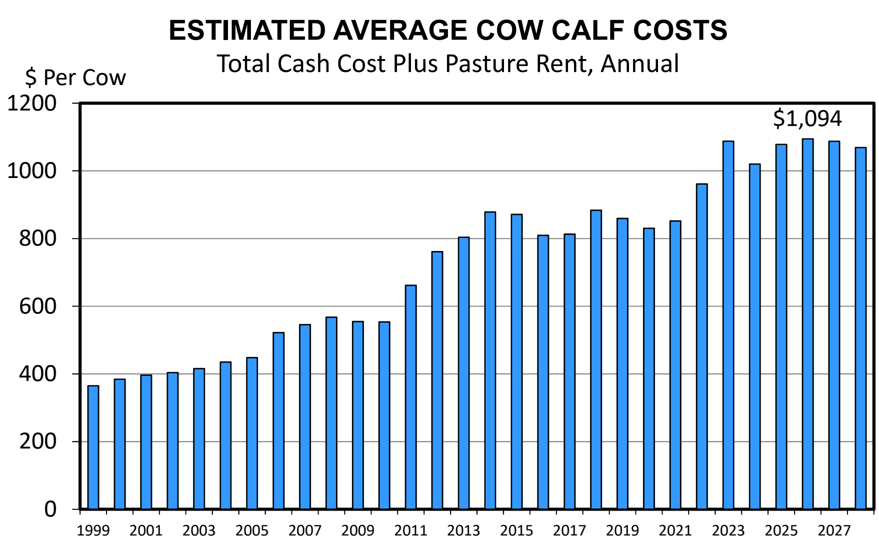
$756 / cow

KFMA top 1/3 vs. bottom 1/3

returns over variable costs **range**— know YOUR borrower's numbers as costs vary WIDELY

Chart: LMIC (USDA & LMIC data), returns over cash cost incl. pasture rent, annual. KFMA: agmanager.info/kfma/kfma-enterprise-reports

Cow-Calf: Costs Are Also at Records



KFMA $/cow	2020-24	2025
Gross income	$1,096	$2,140
Total expense	$1,266	$1,804
Feed cost	$591	$742
Feed % var. cost	67%	61%
Net Return above Var. Cost	**$221**	**$919**

"Push the pencil" on replacement females:

KSU Beef Replacement Tool (agmanager.info).

Chart: LMIC estimated average cow-calf costs (total cash cost + pasture rent), annual. Table: KFMA 2025 enterprise summary.

Want Feeder Cattle Price, Basis, & VOG Projections?
Use BeefBasis.com

Salina BACKGROUND Market, as of 9/16/26

10/14/2026 Buy/Retain @ 600 lbs.
1/13/2027 Sell @ 725 lbs
ADG=1.4

- ***Expected Buy/Retain Price: $372/cwt***
- ***Expected Sell Price: $326/cwt***
  - ***VOG: $102/cwt ($128/head)***

Want Feeder Cattle Price, Basis, & VOG Projections?
Use BeefBasis.com

Salina SUMMER GRASS Market, as of 9/16/26

4/7/2027 Buy/Retain @ 725 lbs
8/18/2027 Sell @ 925 lbs
DOF=133 & ADG=1.5

- ***Expected Buy/Retain Price: $324/cwt***
- ***Expected Sell Price: $290/cwt***
  - ***VOG: $166/cwt ($332/head)***

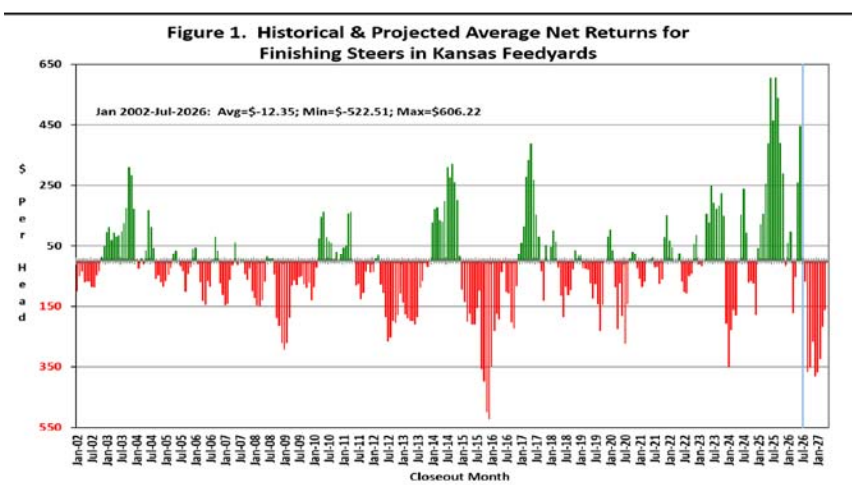
Cattle Feeding, Projected Margins

Table 1. Projected Values for Finishing Steers in Kansas Feedyards*

Closeout Mo-Yr	Net Return	FCOG**	Fed Price	Fed Futures	Fed Basis	Feeder Price	Breakeven FCOG**	Breakeven Fed Price	Breakeven Feeder Price
Aug-26	$ (69.11)	94.14	226.61	225.85	0.76	345.26	84.90	231.07	336.63
Sep-26	$ (366.51)	94.35	223.81	222.25	1.56	368.92	44.91	247.06	325.02
Oct-26	$ (352.96)	101.08	226.11	225.15	0.96	360.41	53.15	248.20	319.43
Nov-26	$ (267.61)	104.10	228.41	225.15	3.26	363.24	68.93	245.36	330.49
Dec-26	$ (382.17)	109.34	227.82	226.30	1.52	363.12	58.64	251.50	318.69
Jan-27	$ (368.10)	111.14	226.81	226.30	0.51	361.62	62.70	249.78	317.90
Feb-27	$ (324.16)	116.72	228.58	227.55	1.03	361.21	74.46	249.20	320.92
Mar-27	$ (218.61)	115.32	229.74	227.55	2.19	348.64	86.32	243.67	321.82
Apr-27	$ (163.29)	113.87	223.55	221.68	1.88	330.26	92.02	233.95	310.41
May-27	$ (5.51)	112.90	227.39	221.68	5.72	325.57	112.18	227.75	324.87

Source: KSU Dept. of Ag Economics, Historical & Projected Kansas Feedlot Net Returns (agmanager.info), projections as of 9/14/2026 — cash market, no risk management.

Cattle Feeding: 24 Years of Volatile Closeouts



$606 / hd

Record 2025 closeout
Jul-26 +$45

-$523 / hd

(2015)

Long-run average ≈ -$12/hd.
Projected 2026-27 red ink is not unusual— but dollars per head at risk are ~2x prior cycles because placement costs are.

Source: KSU Historical & Projected Kansas Feedlot Net Returns, Figure 1 (9/15/2026); Kansas feedyards, monthly steer closeouts.

Kansas Feedlot Reality: More Pounds, More Days, More Capital per Head

KSU Focus on Feedlots steer closeouts — annual averages, 2010 vs. 2026 year-to-date (Jan–Jun)

+180 lbs

Added weight per steer

539 → 719 lbs (+33%); final weights up ~190 lbs while placement weights held roughly flat

+47 days

Days on feed

149 → 196 days; ADG unchanged (~3.6) — extra pounds come from feeding LONGER, not faster

+44%

Feed used per steer

3,180 → 4,584 lbs dry matter per head as longer feeding meets poorer conversion (6.0 → 6.5 F/G)

Each steer ties up more feed, more bunk space, more time — roughly 2x loan balance of decade ago.

Fewer turns per yard, longer exposure between placement and closeout, and larger per-head lines of credit.

Sources: Focus on Feedlots, Kansas State University (Jan 2010 – Jun 2026); KSU cattle finishing projections (8/14/26); LMIC Omaha corn.

Outlook & What Could Change the Story

High, flat, volatile — and leveraged to the consumer

What Could Change the Story — Lender Watch List

Consumer finances

K-shaped economy; only ~19% of MDM respondents report improving finances and consumer sentiment sits near record lows.
Meat demand strength rests on employment & incomes.

Trade & policy

Beef exports -6% on tight supplies while imports grow; tariff "uncertainty", border adjustments (NW screwworm), and dietary-guideline and personal health/fitness shifts matter.

Rebuild timing & magnitude

Heifer retention squeezes feeder supplies first (fewer feedlot head, tighter occupancy) before expanding them later.
Likely a lower cycle-peak, again.

Margin & collateral risk

Record $ at risk per head; projected red ink in cattle-feeding closeouts into 2027.
Watch cull-cow and replacement-female values as collateral marks.

Take-Home Messages for Ag Lenders

1. Demand, more than supply, is carrying record prices — and demand is leveraged
2. Fewer cows ≠ less beef: weights, days on feed, and efficiency mute herd headlines; the rebuild is coming but slow
3. Cow-calf: record margins, record capital per cow. KFMA, 756/cow gap between top and bottom thirds is a management gap.
4. Cattle feeding & backgrounding: record 2025 closeouts are giving way to projected losses.
5. Record prices = record $ at risk: pencil breakevens

6. Leverage comparative advantage, Let markets work, "GROW THE PIE"
— quality-driven demand growth built this prosperity =

protect the mechanisms that reward it.

More Information Available At:

agmanager.info/contributors/tonsor

Meat Demand Monitor: agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data
Cattle finishing returns • KFMA enterprise reports • Beef replacement & feeder-cattle risk tools • BeefBasis.com

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This presentation will be available in PDF format at the AgManager link above.

Host of additional industry resources are cross-linked at AgManager.info as well.