KANSAS STATE UNIVERSITY
Department of Agricultural Economics

BEEF-CATTLE MARKET OUTLOOK: DEMAND-DRIVEN PROSPERITY

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2020–2025: The Market Summarized in One Table

Year	Fed Steer $/cwt	Feeder $/cwt	Calf $/cwt	Slaughter 1,000 hd	Dressed lbs	Prod. mil lbs	Per Capita 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%)

Year-over-Year % Changes Tell the Demand Story

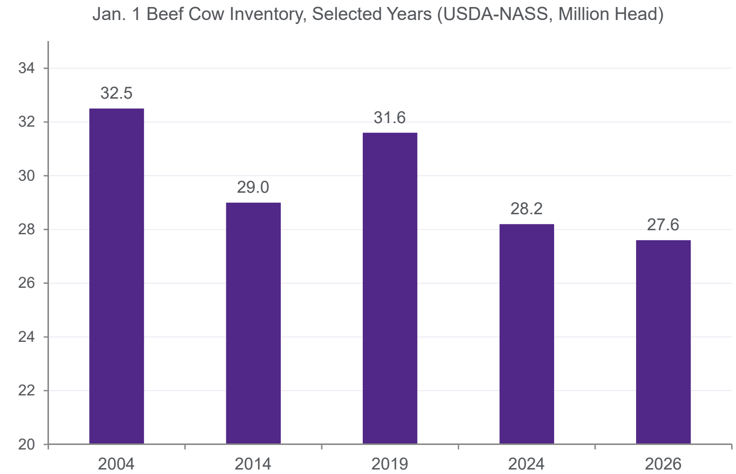
% Chg	Fed Steer $	Feeder $	Calf $	Slaughter Hd	Beef Prod. lbs	Per Capita Cons. lbs	Retail $	Demand Index
2021	+13%	+8%	+7%	+3%	+3%	+1%	+9%	+6%
2022	+18%	+14%	+14%	+1%	+1%	0%	+5%	-2%
2023	+22%	+31%	+36%	-4%	-5%	-2%	+4%	-2%
2024	+7%	+16%	+19%	-3%	0%	+2%	+5%	+6%
2025	**+20%**	**+29%**	**+30%**	**-6%**	**-4%**	**0%**	**+10%**	**+8%**

- ~25% overall inflation from 2020 to 2025
- **Per-capita consumption holding AND retail price rising beyond inflation = Consumer Beef DEMAND GROWTH**
  - Demand growth → higher cattle prices → improved on-ranch prosperity !!!

Supply: Fewer Cows ≠ Less Beef

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

Beef Cow Herd: Smallest Since… Ever



Not a New Pattern…

- Jan. 2026: 27.6 million head, -1% — liquidation slowed but not reversed

- Shrinking herd is NOT new:

-167k cows/yr since 1965

-198k/yr since 1996

- **USDA long-term (Feb. 2026): next peak 2033 at 29.8 million head (but more beef)**

Pounds vs Hooves: Efficiency Success Story

+52 lbs

increase in dressed weights across 2024-25

935 lbs

commercial beef per cow projected by USDA for 2033

#Cows matters, BUT **beef volume on the market is the MUCH more important overall supply metric**

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

So Why Are Prices Really This High?

Attribution of the 2024 → 2025 retail beef price increase:

"...and now you know the rest of the story."
The herd headline explains a small share; the consumer explains most of it.

Source: KSU Microeconomic Assessment of U.S. Retail Beef (with Brian Coffey) agmanager.info/livestock-meat/meat-demand/meat-demand-research-studies.

Demand Deep Dive

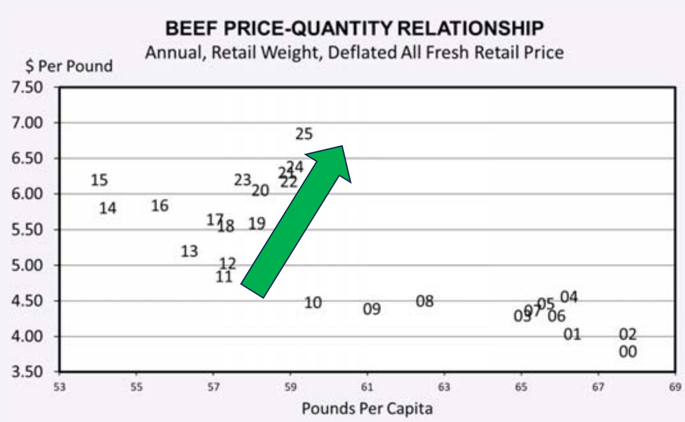
Demand is NOT Per-Capita Consumption

- Per-capita consumption (disappearance) = supply divided by people
  - It says little, by itself, about consumer eagerness to buy

- **Demand = the price consumers are pay for a given quantity**

- More lbs moving at HIGHER inflation-adjusted prices = demand growth (exactly what 2024 & 2025 delivered)

Beef Price-Quantity Relationship (Retail, Deflated)



Data Source: BEA & USDA-ERS, Compiled by LMIC

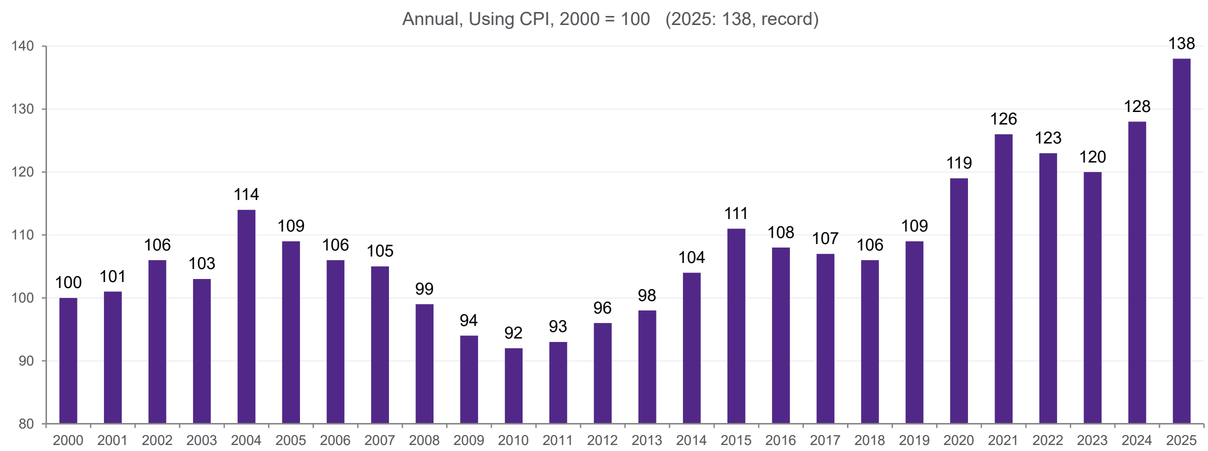
Year	Lbs/capita	Real $/lb	Consumer $
2011	57.2	$4.85	—
2023	58.1	$6.21	-1%
2024	59.7	$6.39	+6%
2025	**59.8**	**$6.86**	**+8%**

**2025 grade mix: 12% Prime / 75% Choice vs
2011 grade mix: 4% Prime / 65% Choice**

Market signals = industry change = better product = better consumer demand = better price

#LetMarketsWork

Retail All-Fresh Beef Demand Index: Record High



All prosperity in the cattle and beef industry comes from consumers.

— Schroeder & Tonsor, AAEA 2026

How Demand Reaches the Ranch Gate

+1% demand

lifts prices (fed cattle +1.52% & feeder cattle +2.48%)
McKendree et al., AJAE

2024 lesson

production flat (+0.1%) yet
fed +7% & feeders +16%
Demand did that!

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

Sources: McKendree, Tonsor, Schroeder & Hendricks (AJAE); beefboard.org "What's Demand Got To Do With It?" (July 2025).

How Demand Reaches the Ranch Gate

+1% demand

lifts prices (fed cattle +1.52% & feeder cattle +2.48%)
McKendree et al., AJAE

2025 lesson:
+8% Demand =

fed +12% & feeders +20%

Sources: McKendree, Tonsor, Schroeder & Hendricks (AJAE); beefboard.org "What's Demand Got To Do With It?" (July 2025).

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

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

Simple story:

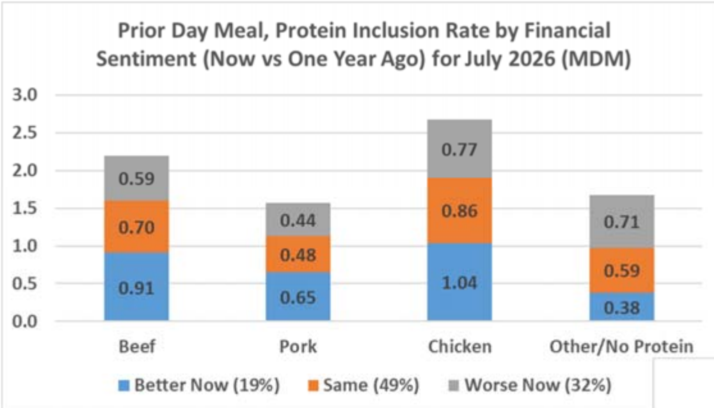
Beef grew demand through substantial headwinds by producing what people wanted most.

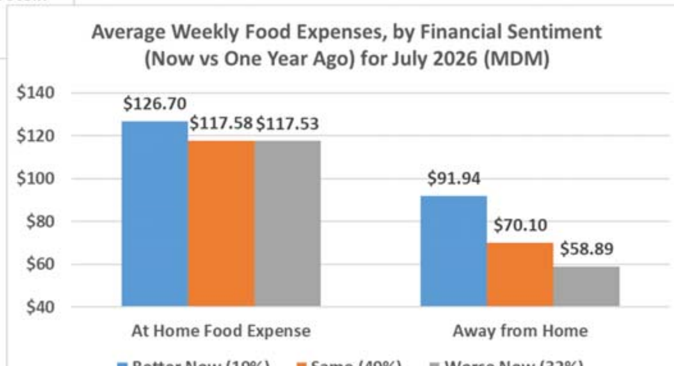
Value-based marketing sent the signal - producers answered & consumers rewarded…

Meat Demand Monitor: Protein Values

- Monthly nationally-representative survey since Feb. 2020
  - ~36k respondent in the last 12 months alone
- Taste, freshness, & safety consistently anchor purchase decisions
  - Price matters more when budgets tighten (K-shaped economy is real)
- Nutrition (essential nutrients incl. protein) & Health (long-term contribution) are distinct values consumers increasingly prioritize

agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data





agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data

Exhibit 5: Total card spending converged further across income groups in July

Total card spending per household by income terciles and the top 5% (three-month moving average, YoY%, SA)

Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

Exhibit 6: Discretionary spending also converged across income groups

Discretionary card spending per household by income tercile and the top 5% (three-month moving average, YoY%, SA)

Source: Bank of America internal data

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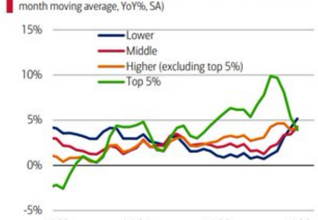
In our view, one factor behind the narrowing spending growth gap is stronger after-tax wage growth. For lower- and middle-income households, after-tax wage growth rose to 5.2% YoY and 4.2% YoY, respectively, in July (read more in The Institute Employment Report: July 2026) (Exhibit 7). These gains in wage growth have left lower- and middle-income households looking more "balanced," with a narrower gap between spending and wage growth. In fact, that gap has effectively disappeared for lower-income households (Exhibit 8).

Exhibit 7: In July, after-tax wage growth for lower-income households surpassed that of higher-income for the first time since December 2024

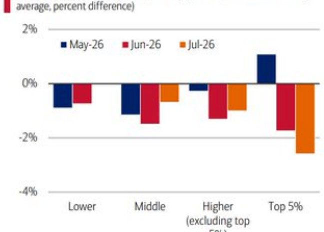
After-tax wage and salary growth by household income terciles (three-month moving average, YoY%, SA)



Source: Bank of America internal data

Exhibit 8: Spending growth for the top 5% of earners outpaced after-tax wage growth for the second month in a row

After-tax wage growth minus spending growth (three-month moving average, percent difference)



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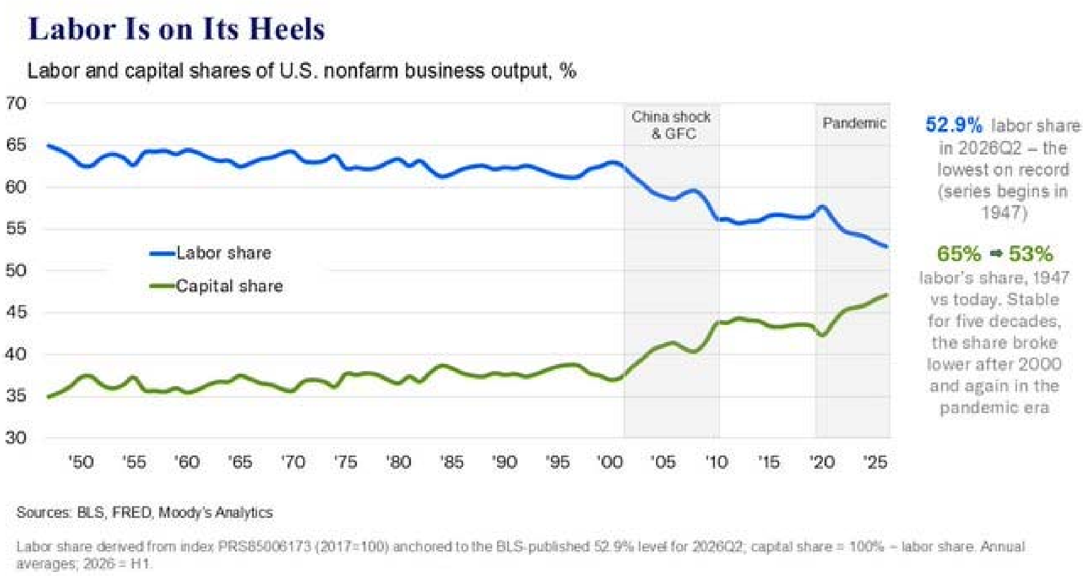
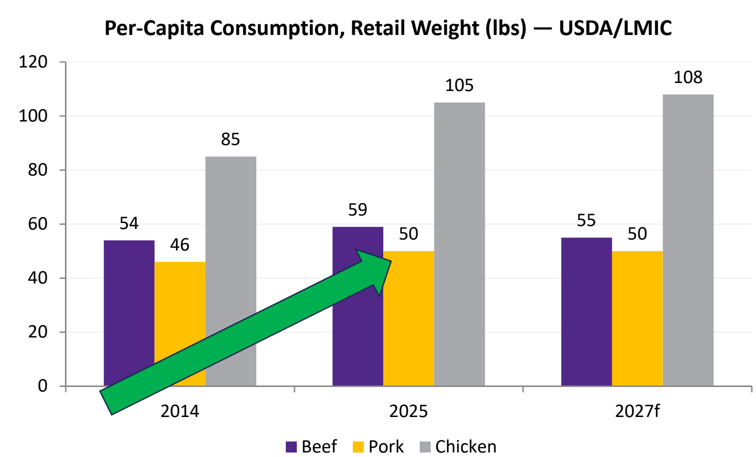


Americans Are NOT Walking Away From Meat



213 lbs

total red meat + poultry per capita in 2025 (+16% vs 2014); ~213 lbs forecast for 2026-27

$984

per-capita meat & poultry spending in 2024 (+47% vs 2014; CPI +33%)

Profitability …

Record margins, record $ at risk

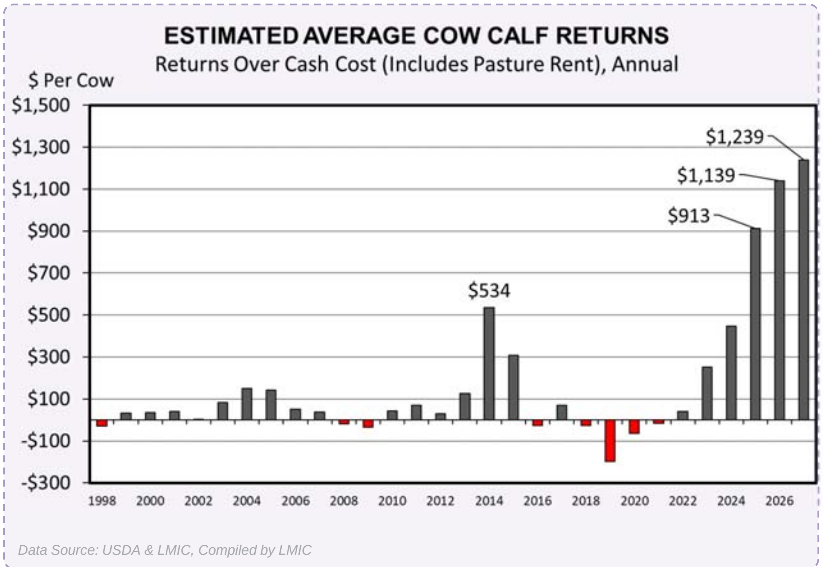
Want Feeder Cattle Price, Basis, & VOG Projections?
Use BeefBasis.com

Salina FALL CALF Market, as of 8/18/26

10/14/2026 Sell @ Weaning @ 600 lbs

- ***Expected Cash Price: $368/cwt***

Cow-Calf Economics: Record Returns



- >$600/cow/yr gap between KFMA top 1/3 & bottom 1/3

  know YOUR numbers

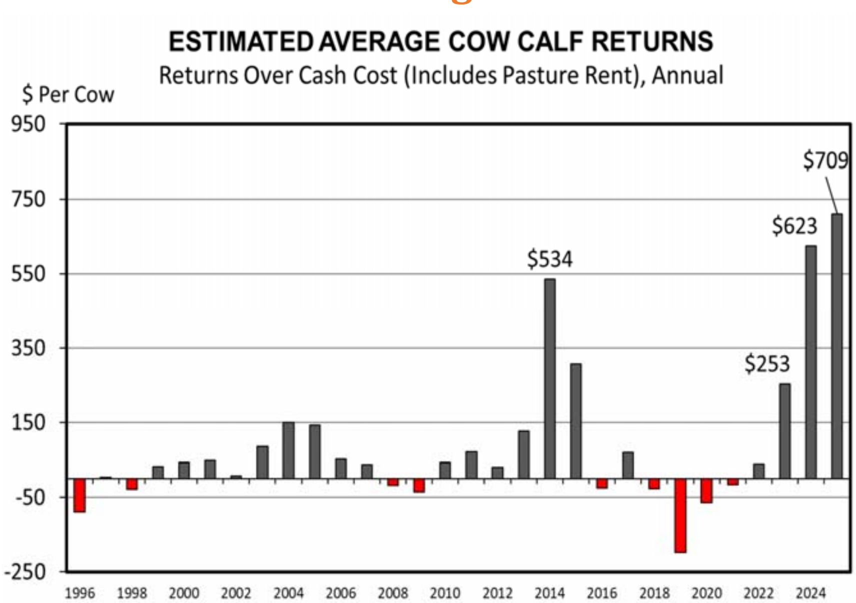
- Record calf prices vs elevated costs:

use fresh pencil on break-evens

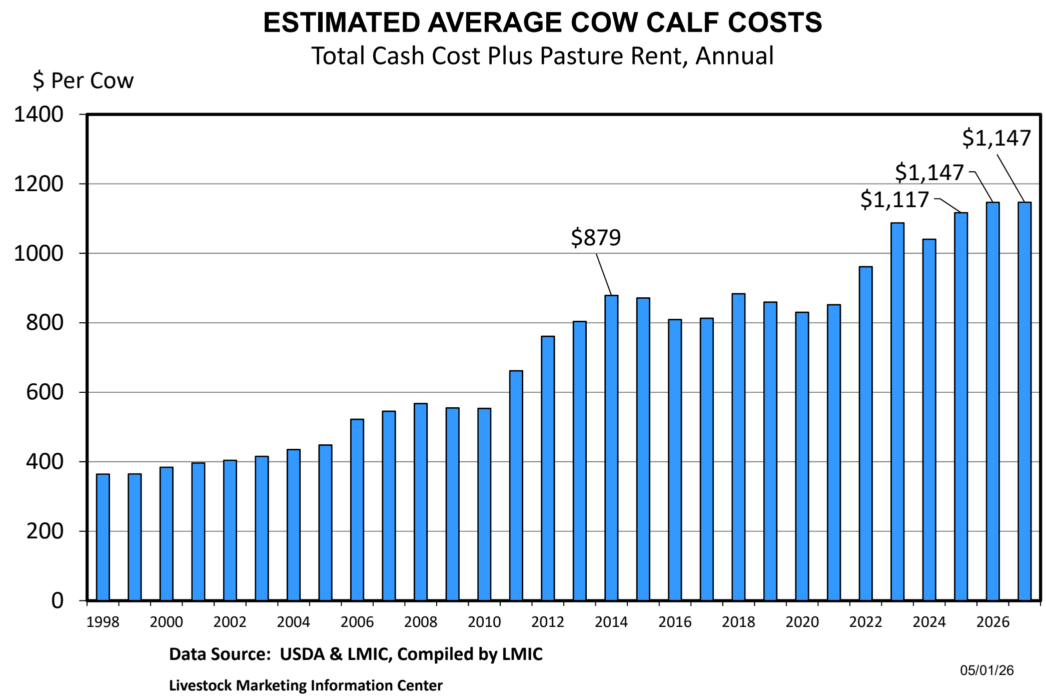
- *KSU-Beef Replacement Tool*:

push the pencil (agmanager.info)

What Was Shared Aug 2024 at Risk-and-Profit?



Historic demand strength made "aggressive projections" turn out as "too conservative"….

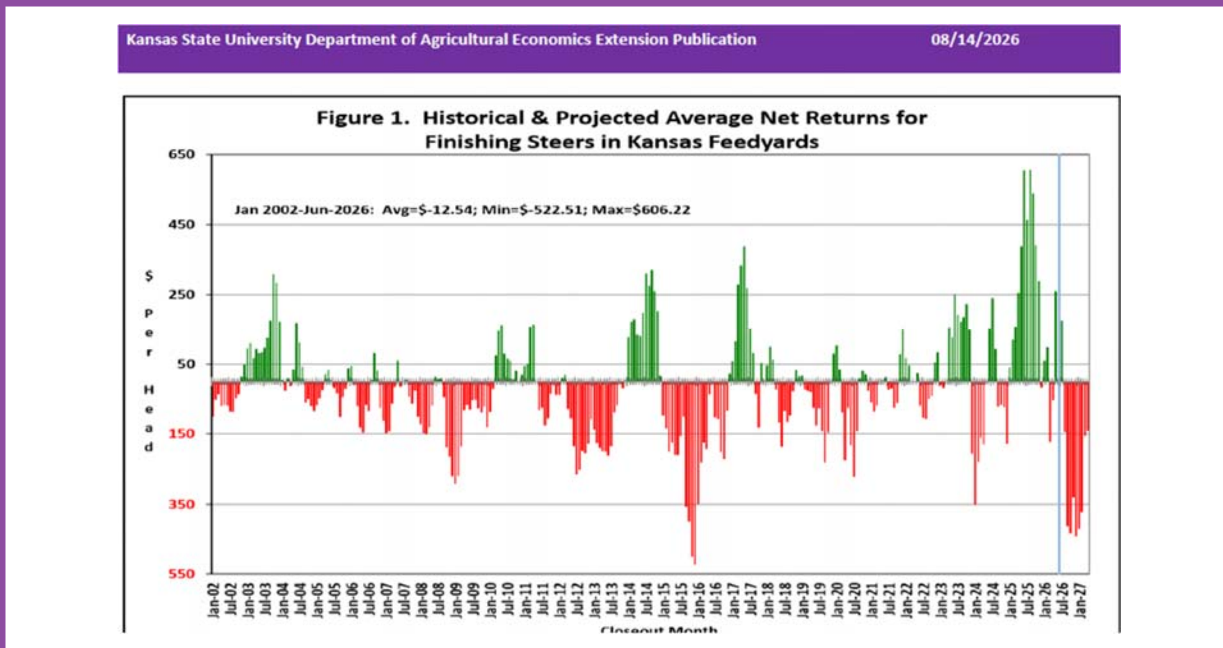


Cattle Feeding: Projected Margin & Buy/Sell Risk

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
Jul-26	$ 175.96	95.89	242.53	231.22	11.31	337.16	120.30	231.11	358.63
Aug-26	$ (144.37)	94.17	221.04	220.05	0.99	344.75	74.99	230.34	326.68
Sep-26	$ (413.07)	96.13	221.61	220.05	1.56	369.79	40.79	247.76	320.20
Oct-26	$ (432.22)	101.01	220.41	219.45	0.96	360.25	42.81	247.40	309.92
Nov-26	$ (329.90)	102.22	222.71	219.45	3.26	363.01	59.27	243.56	322.50
Dec-26	$ (442.50)	105.67	221.69	220.20	1.49	363.39	47.62	249.02	311.75
Jan-27	$ (420.22)	105.71	220.69	220.20	0.49	362.86	51.10	246.83	312.73
Feb-27	$ (372.09)	107.80	221.94	220.93	1.02	363.90	59.72	245.56	317.50
Mar-27	$ (156.60)	106.54	223.11	220.93	2.18	338.09	85.96	233.06	318.81
Apr-27	$ (141.54)	105.24	215.74	213.88	1.87	322.13	86.48	224.73	304.87

Data Source: USDA-AMS & USDA-NASS, LMIC; KSU (as of 8/14/26)



Take-Home Messages

1. Demand, more than supply, is carrying record prices
2. Fewer cows ≠ less beef: weights & efficiency mute herd headlines
3. Quality alignment built this demand
   - Keep producing what consumers value most
   - Protect & evolve market mechanisms
4. Record prices = record risk:
   - pencil breakevens, examine downside protection, & know your comparative advantage
5. Leverage Comparative Advantage / Let Markets Work / GROW THE PIE !

More Information Available At:

agmanager.info/contributors/tonsor

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