Current Livestock and Meat Issues

Brian Coffey

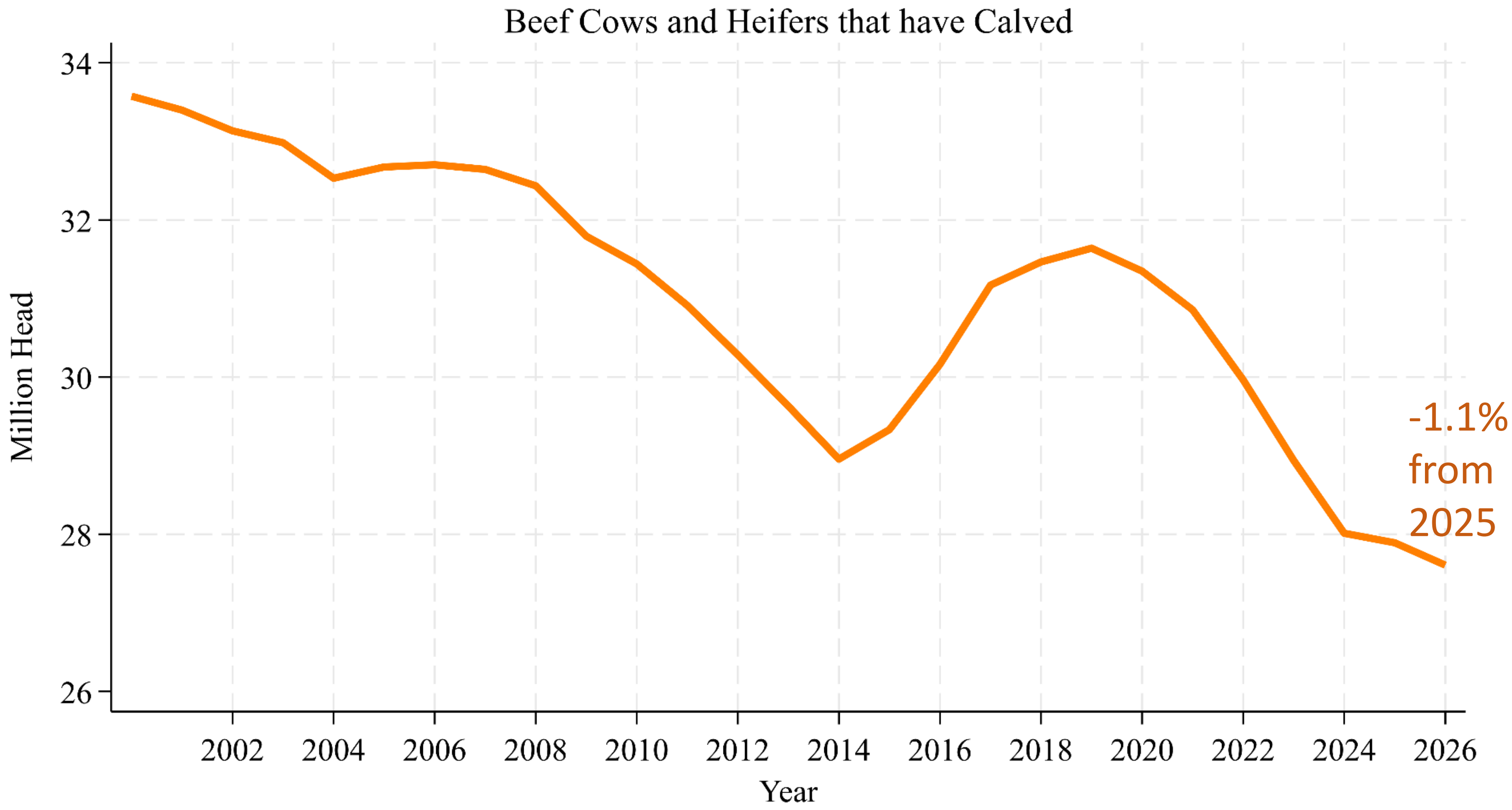
Mid America Farm Expo

Salina, KS

March 25-27, 2026

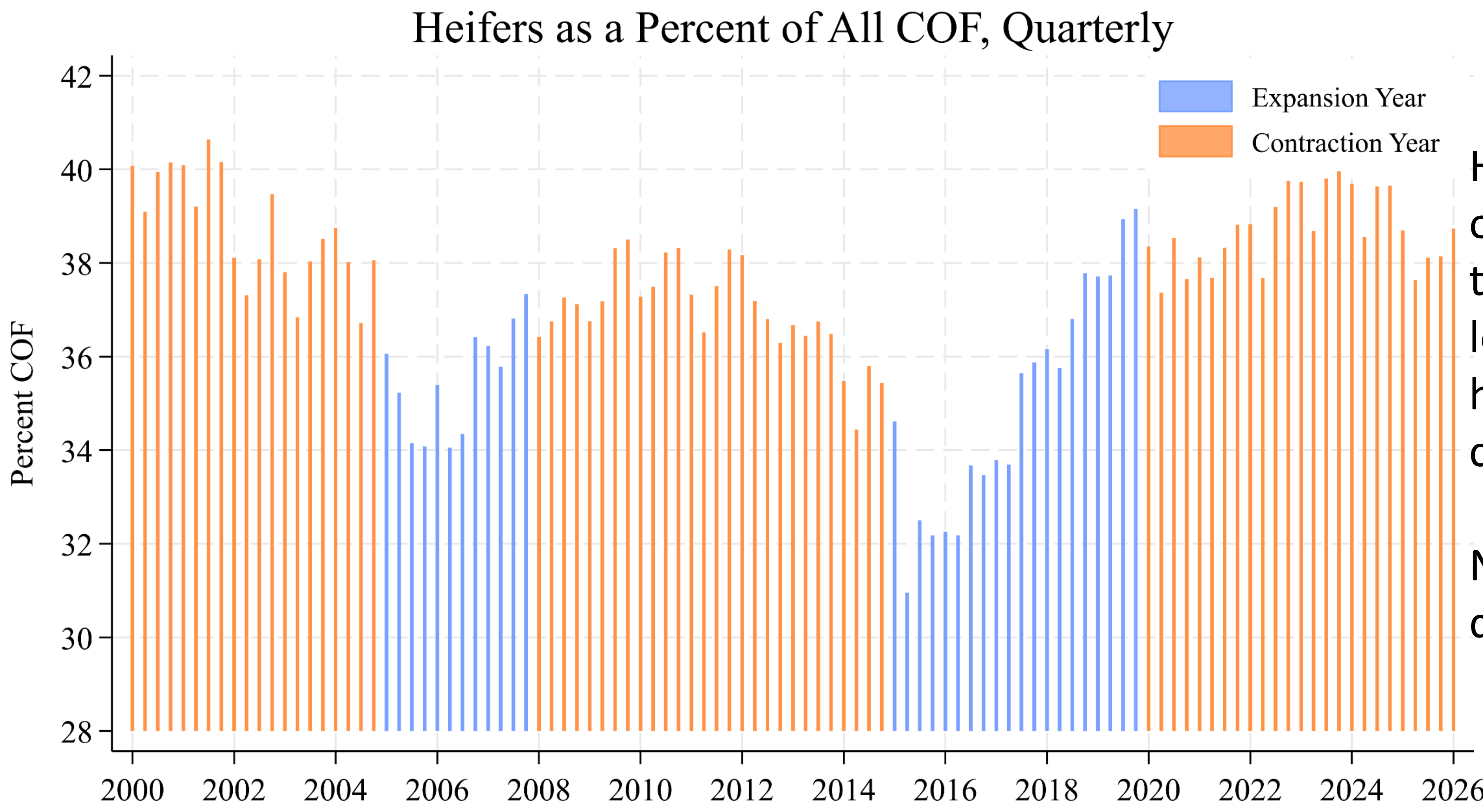
Kansas State University | Agricultural Economics

US Beef Cow Herd



Data Source: USDA NASS data compiled by LMIC

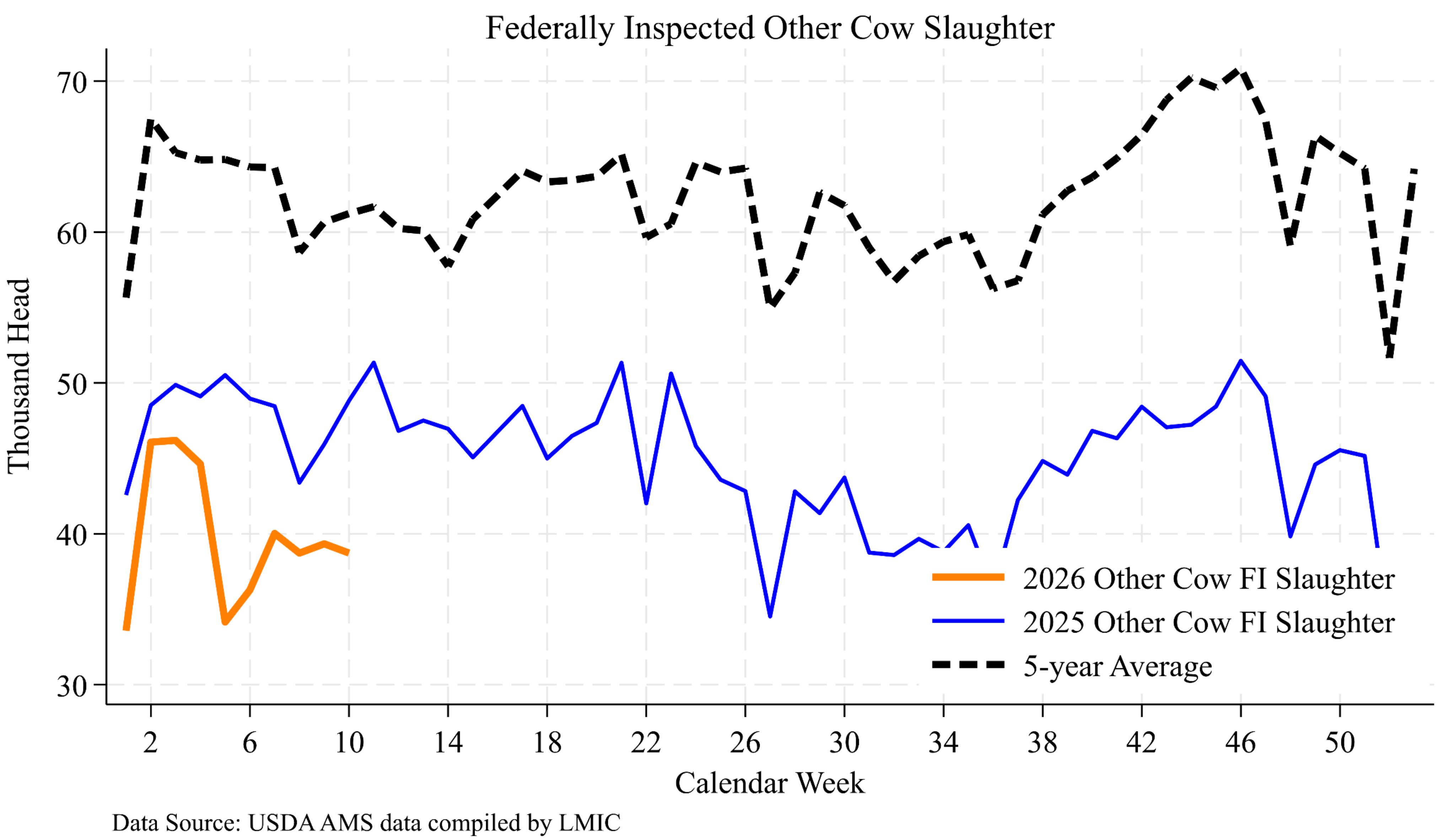
Year	Million Head	% of 2019
2019	31.7	100%
2020	31.3	98.9%
2021	30.8	97.3%
2022	30.0	94.6%
2023	28.9	91.3%
2024	28.2	89.2%
2025	27.9	88.0%
2026	27.6	87.1%



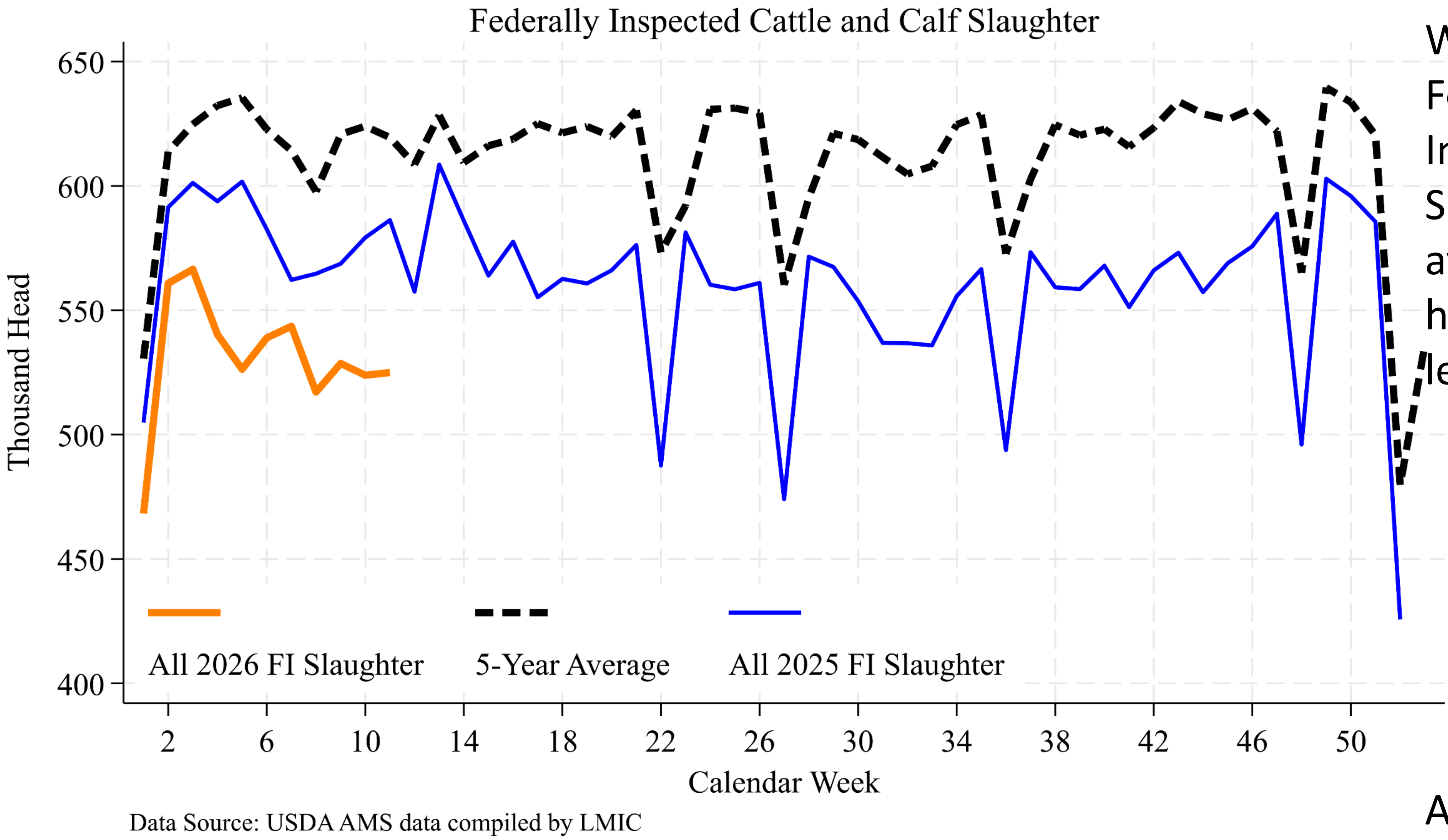
Data Source: NASS Cattle on Feed Report, as archived by LMIC

Heifers as a percent of cattle on feed tends to be a leading indicator of herd expansion and contraction

No strong downward trend

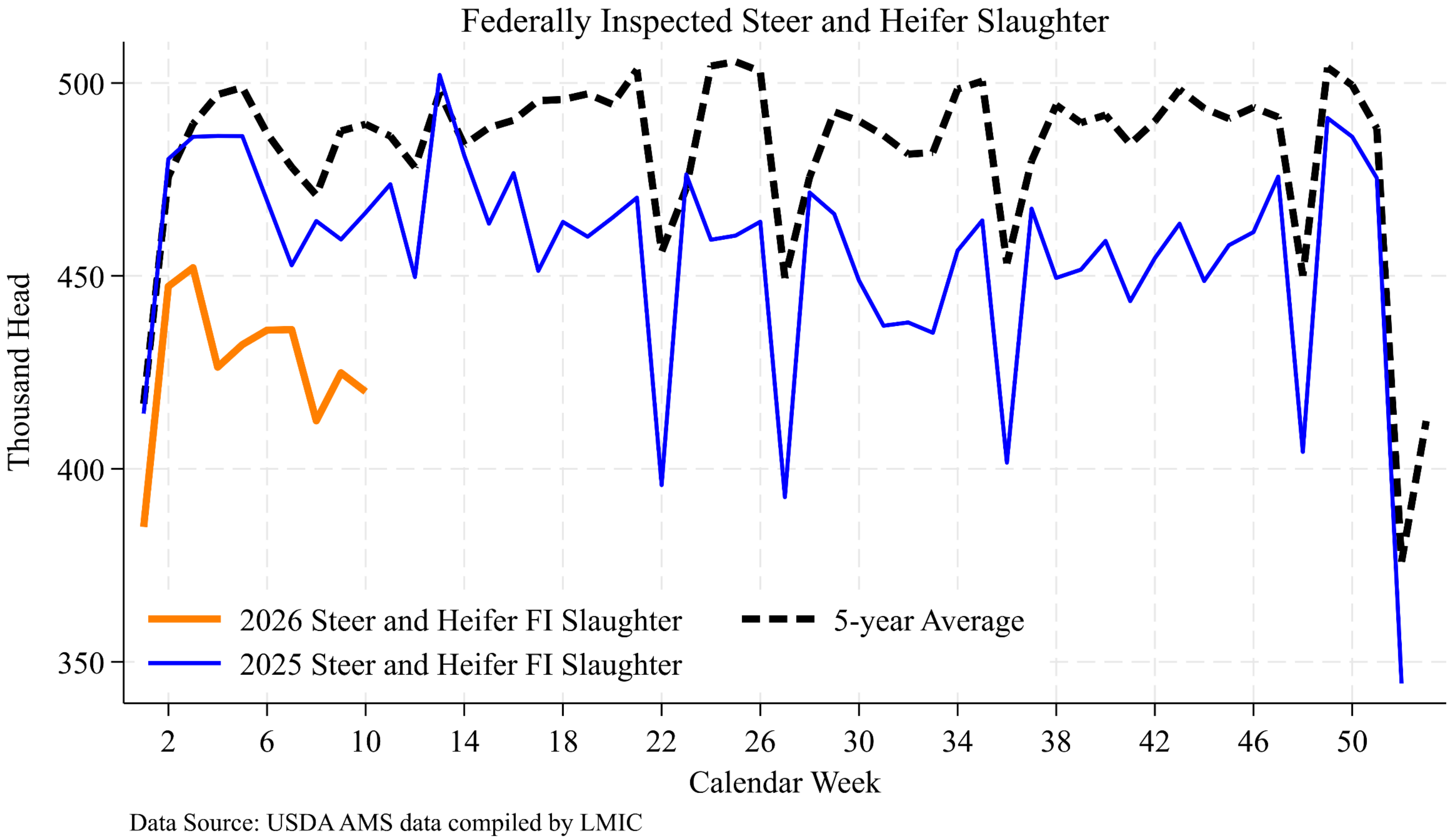


Beef cow slaughter substantially below the five-year average and ~8,000 hd per week below 2025 pace



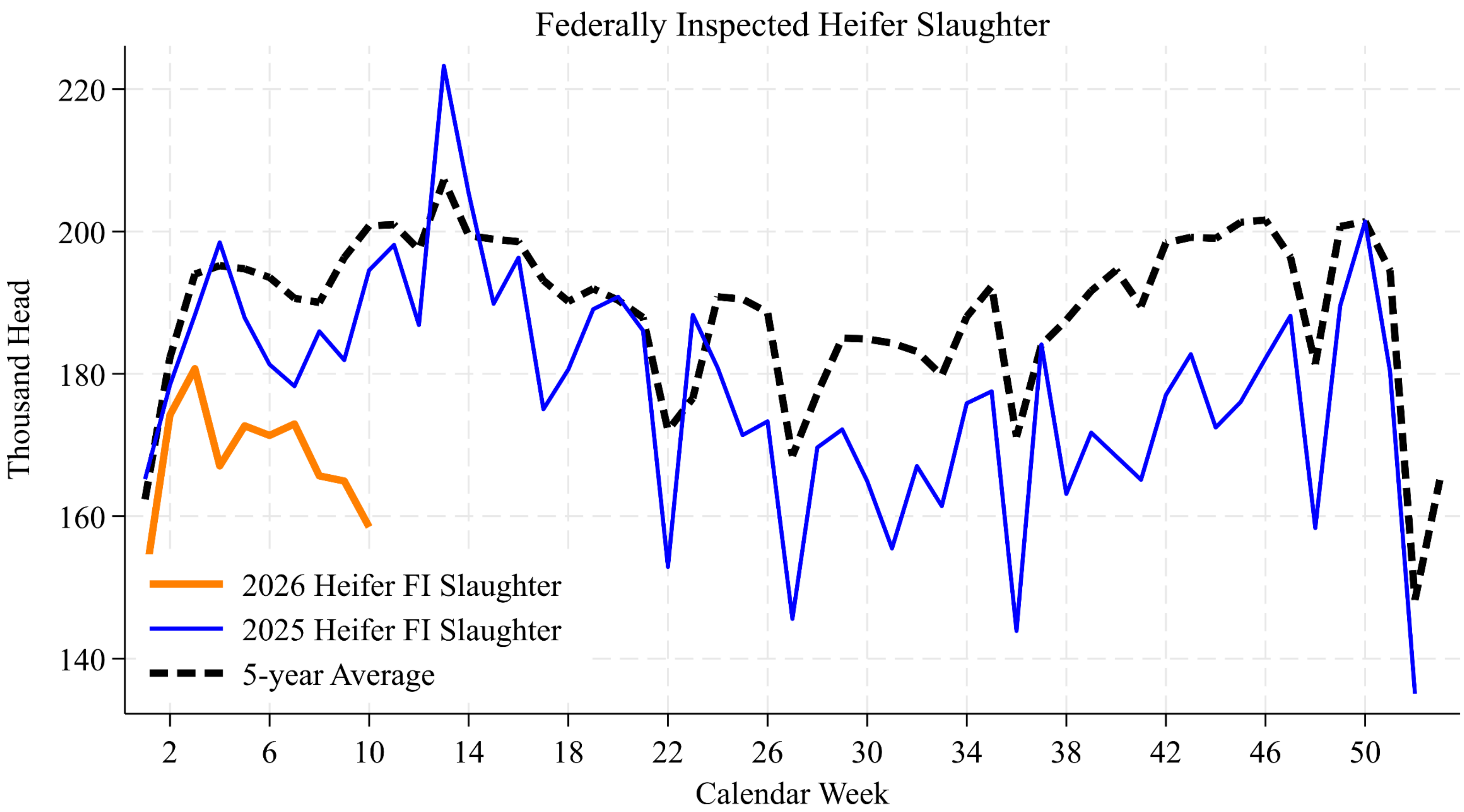
Weekly All Federally Inspected Slaughter is averaging 43,000 head below 2025 levels

All FI Slaughter includes cows, bulls, calves



Fed Steer and Heifer Slaughter is 39,000 head below 2025 levels, on average

Note this is on a head basis, not pounds



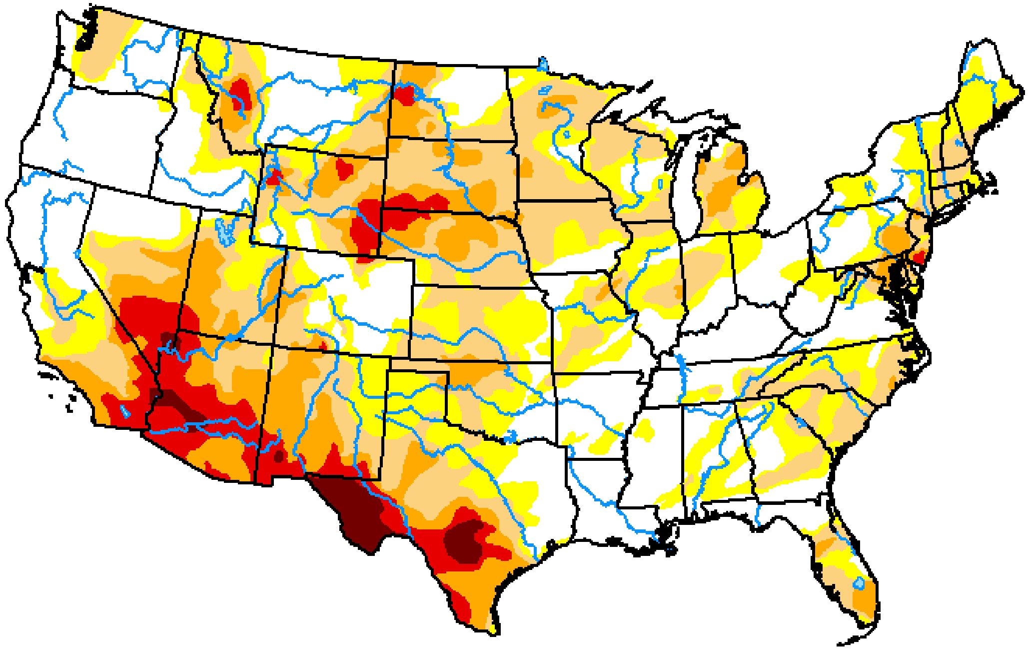
Data Source: USDA AMS data compiled by LMIC

Heifer Slaughter is declining and seems to be breaking away from seasonal trends

US Drought Conditions

U.S. Drought Monitor

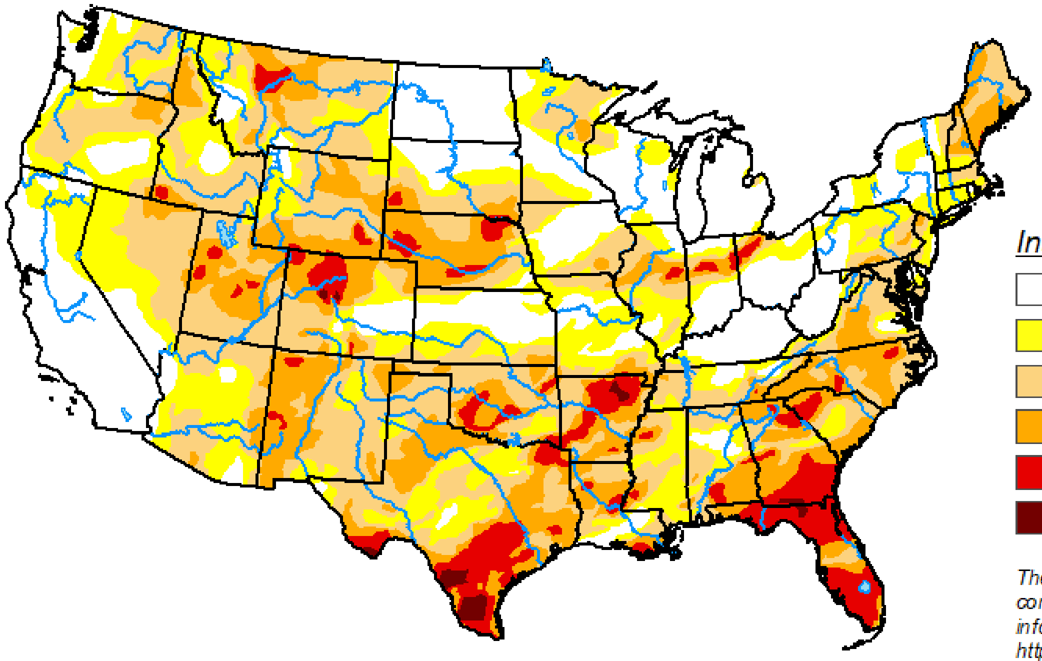
Contiguous U.S. (CONUS)



March 18, 2025

(Released Thursday, Mar. 20, 2025)

Valid 8 a.m. EDT



March 17, 2026

(Released Thursday, Mar. 19, 2026)

Valid 8 a.m. EDT

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to https://droughtmonitor.unl.edu/About.aspx

Author:
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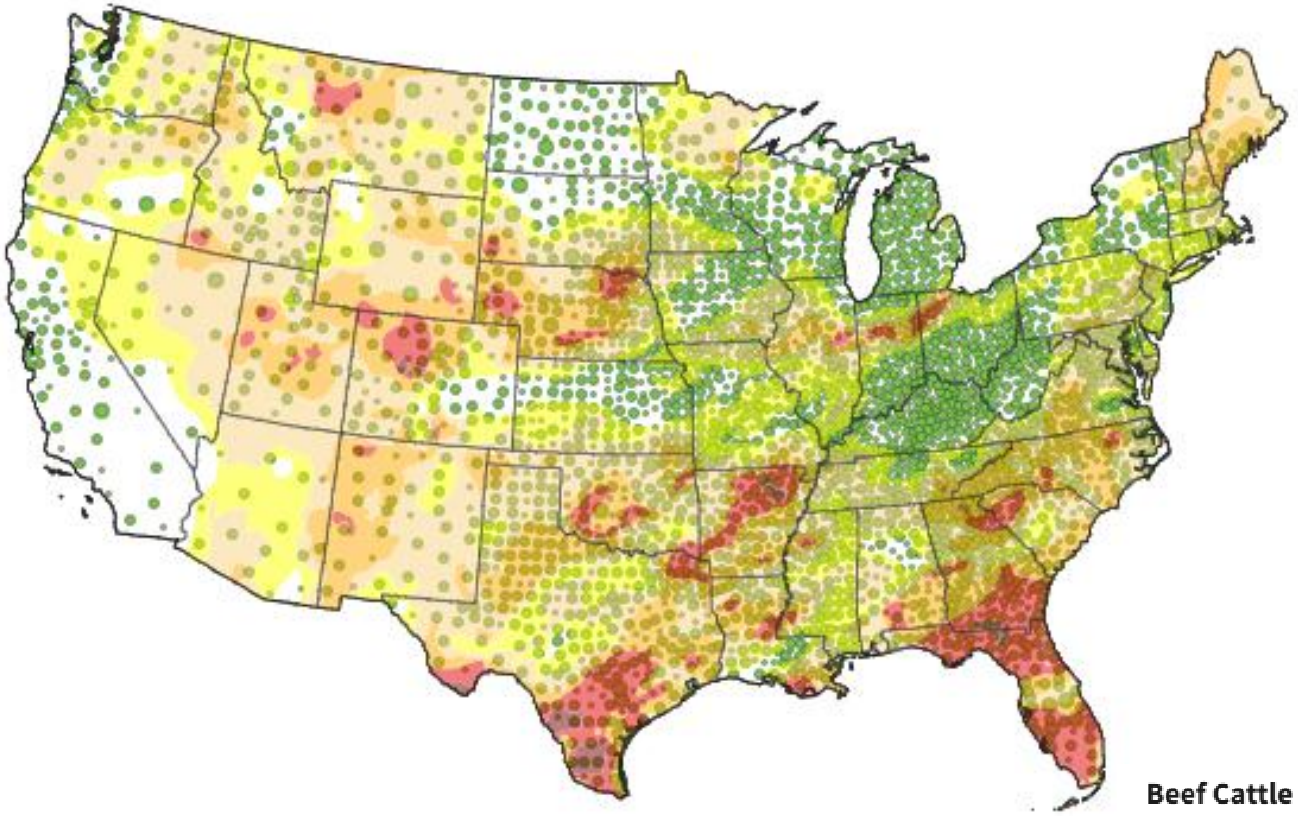
National Drought Mitigation Center

droughtmonitor.unl.edu

Cattle in Drought

Cattle in Drought Conditions



Beef Cattle Produced by County

Scales by Inventory

U.S. Drought Monitor

D0 D1 D2 D3 D4

Source(s): USDA NASS, U.S. Drought Monitor
USDM Updates Weekly: 03/17/26

Drought.gov

Reasons for a Slower than Expected Expansion

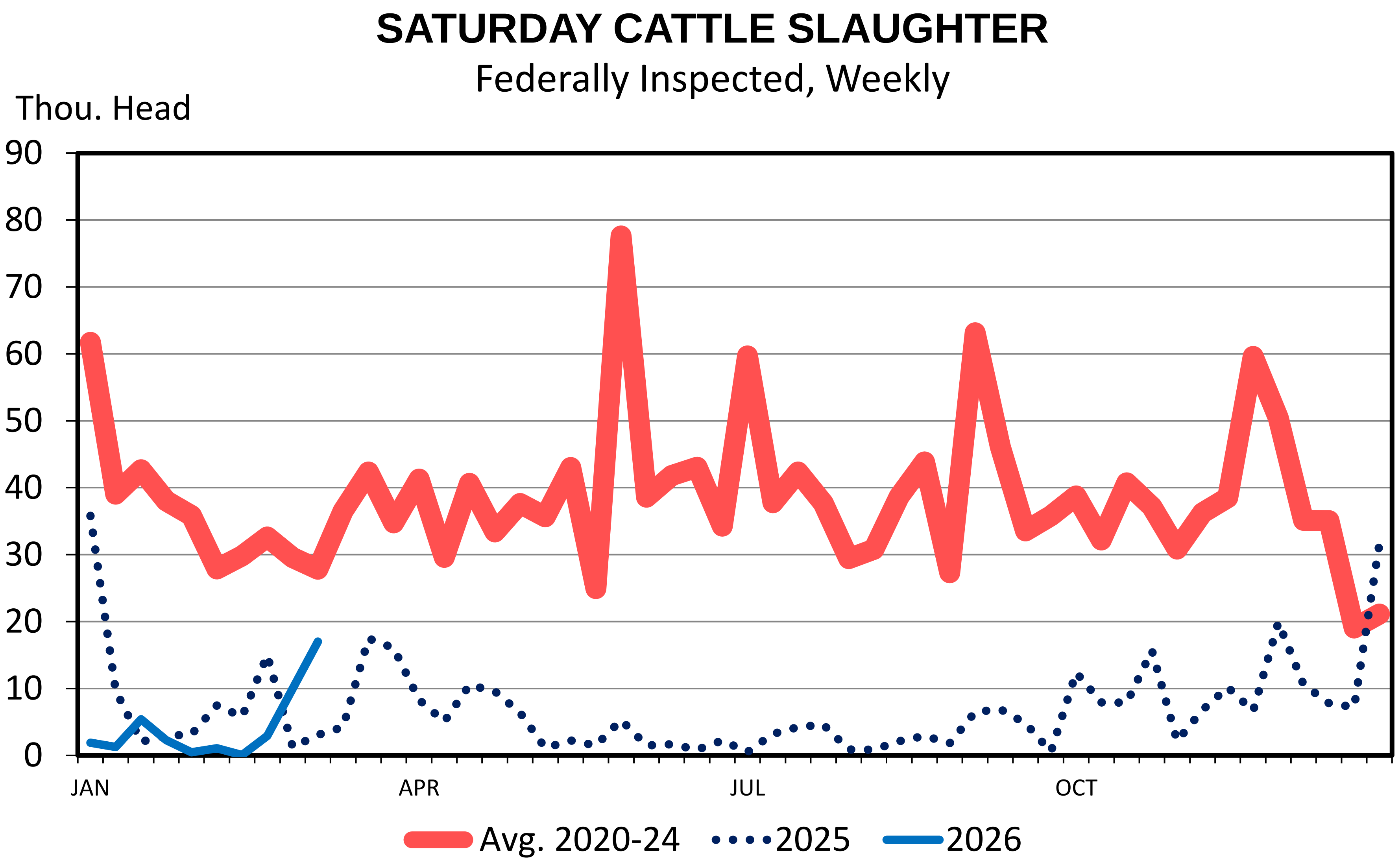
- Increased Productivity/Efficiency
  - Weekly Average Steer Carcass Weight for federally inspected slaughter this year has been over 980 pounds all of 2026 (LMIC)
  - US Commercial Beef Production
    - 26.00 billion pounds in 2025
    - 25.92 billion pounds forecast for 2026

- Uncertainty and risk compounded by producer age
  - Historically high prices
  - Political and economic uncertainty
  - 4 out of 10 beef farmers are over 65 years old (2022 Ag Census)

- Growing prevalence of Beef x Dairy cattle…small but an important trend
  - 15% of fed slaughter by 2026 (Cattlefax)

Supply and Capacity: Physical Capacity

- Beginning in 2015/2016 fed cattle supply was at or above capacity for several years (Peel, OSU)
- Herd liquidation, combined with new capacity has reversed the scenario and we are back in an excess capacity environment
  - Sterling Beef Profit Tracker estimated fed plant utilization at 78.1% for week ending 3/21/26 versus 77.1% a year ago
  - Keep in mind recent plant closures



Data Source: USDA-AMS & USDA-NASS

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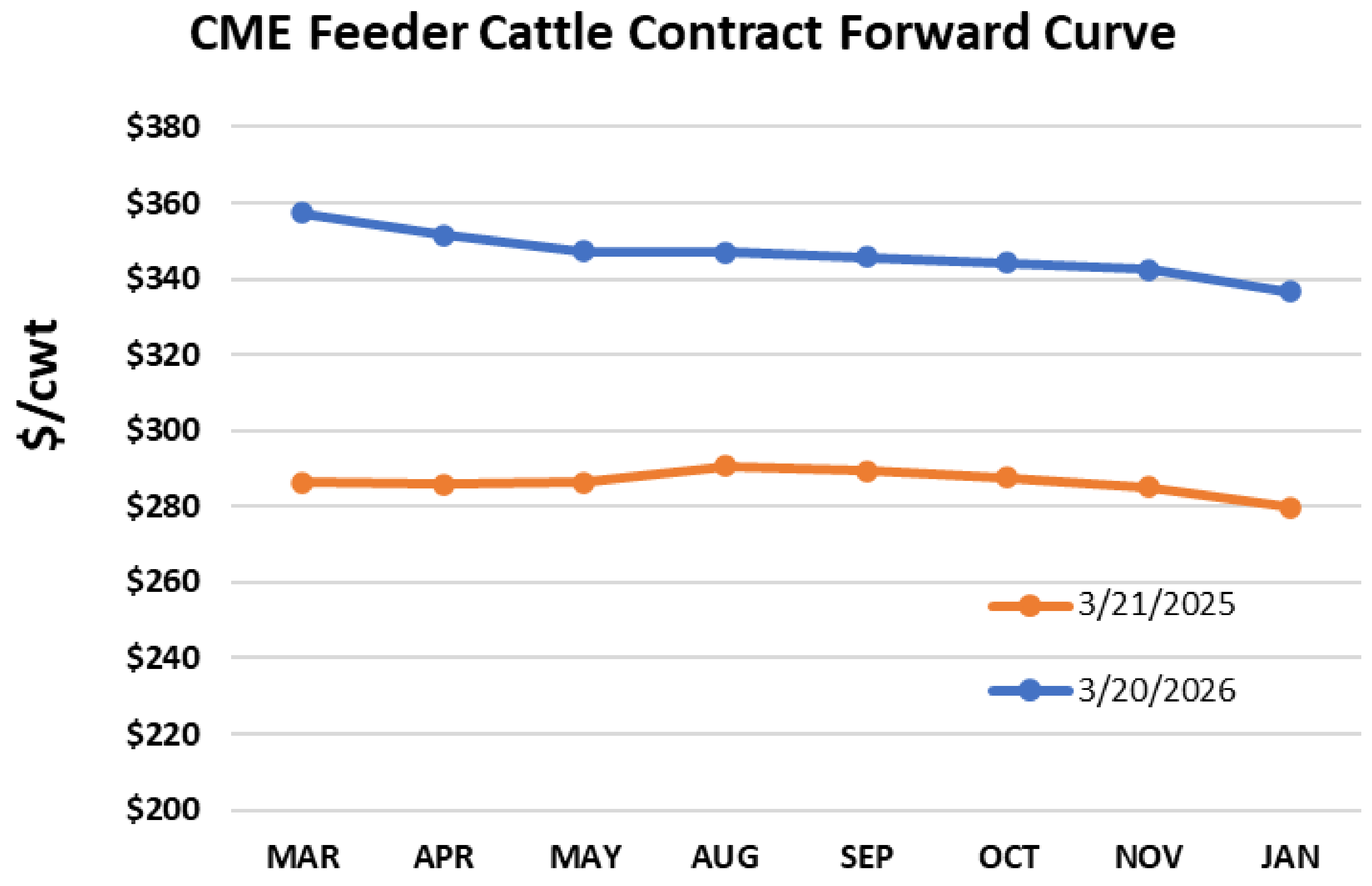
Supply and Capacity: Physical Capacity

- Expect excess capacity to continue to support cattle prices

- Additional plant closings in 2026-27 are possible, especially given labor challenges

Livestock Prices



Based on weekly averages of futures settlement prices as reported by LMIC
Updated 3/25/26

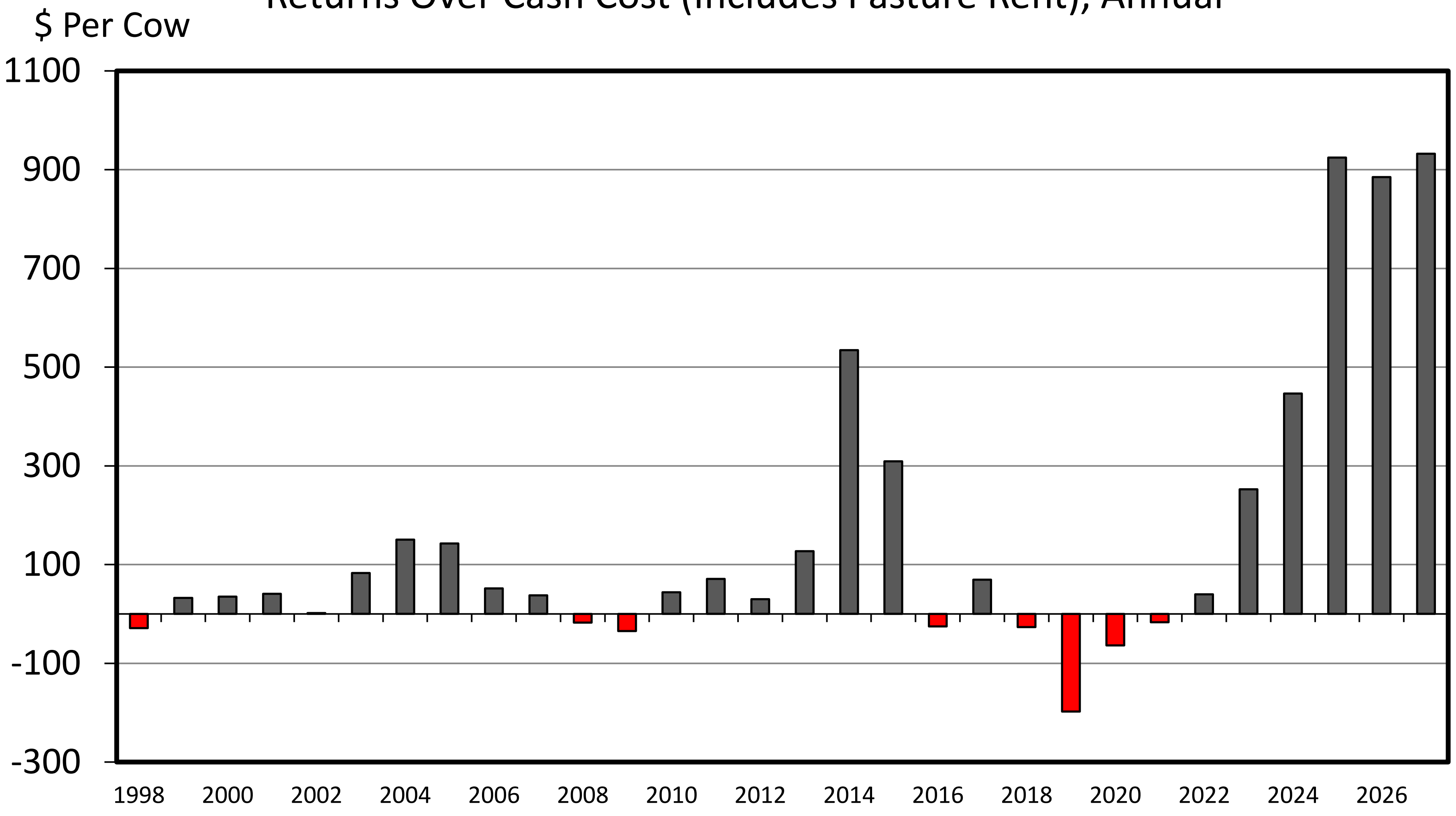
USDA ERS Mar 2026 projection OK City Med Frame 1 feeder steer prices:

Q1 2026	$366/cwt
Q2 2026	$367/cwt
Q3 2026	$367/cwt
Q4 2026	$369/cwt

All 2026 prices were revised up from Feb numbers

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual



Data Source: USDA & LMIC, Compiled by LMIC

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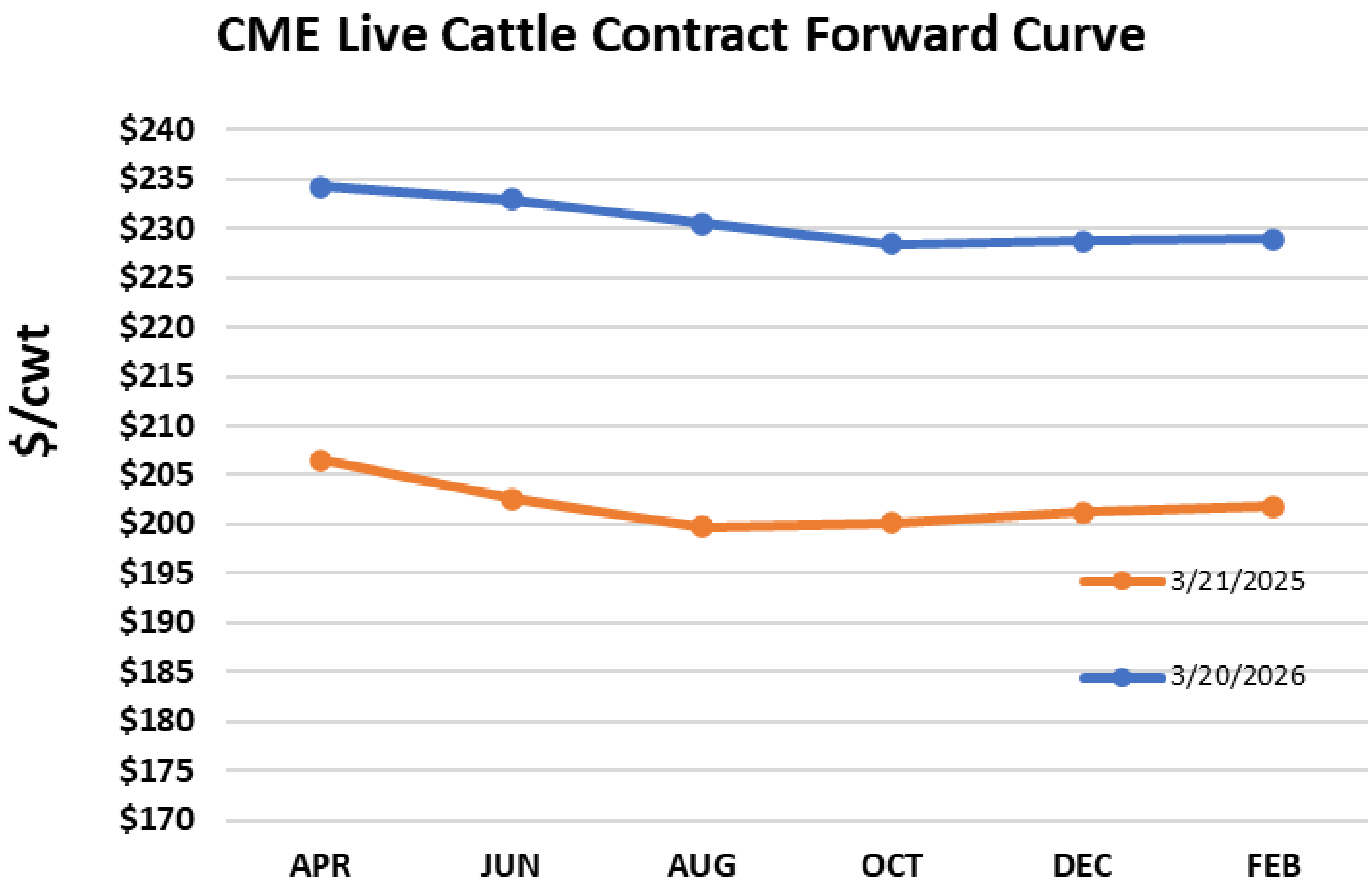
Livestock Prices

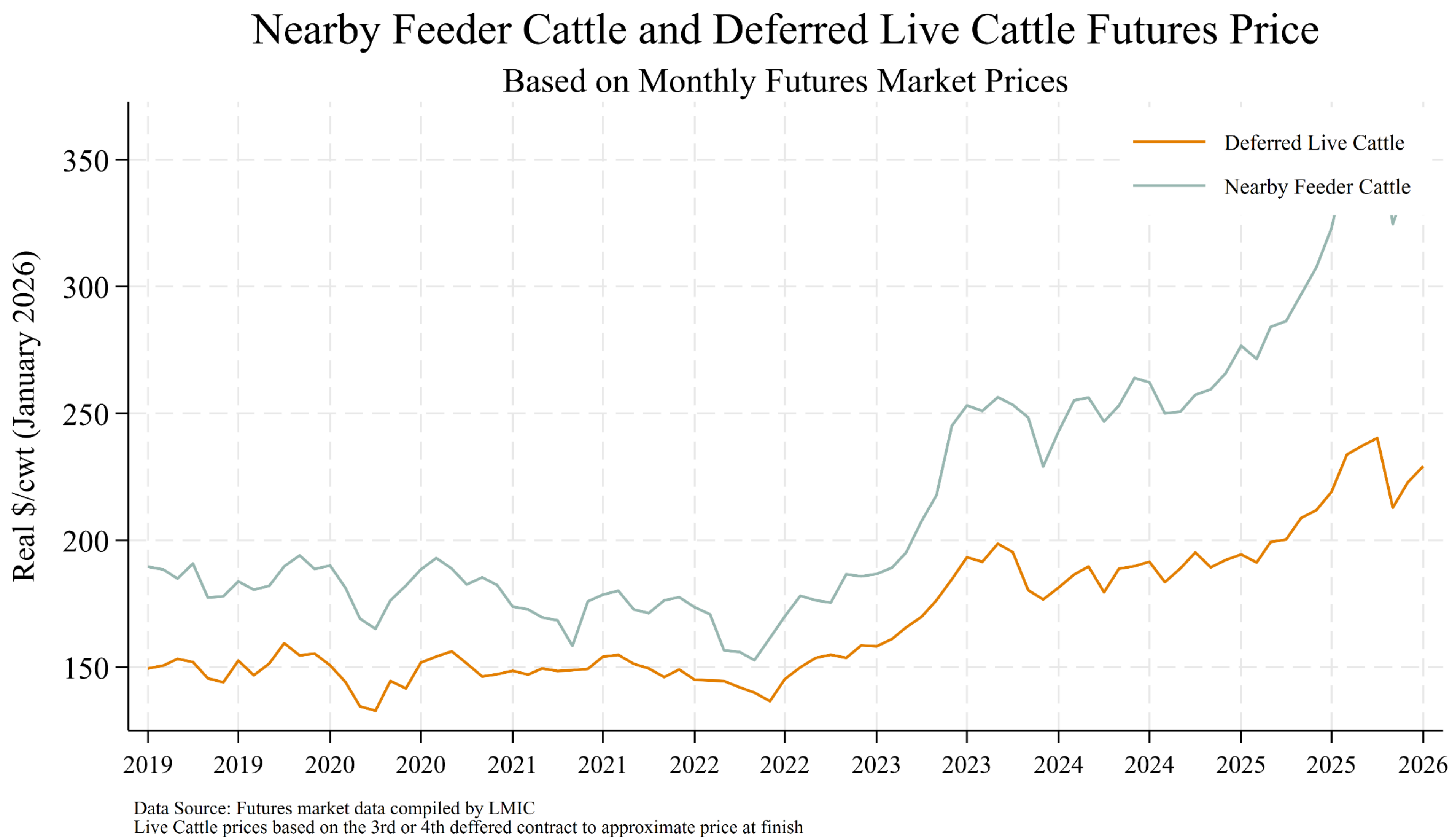


USDA ERS Mar 2026 projection for 5-area steer prices:

Q1 2026	$240/cwt
Q2 2026	$241/cwt
Q3 2026	$242/cwt
Q4 2026	$245/cwt

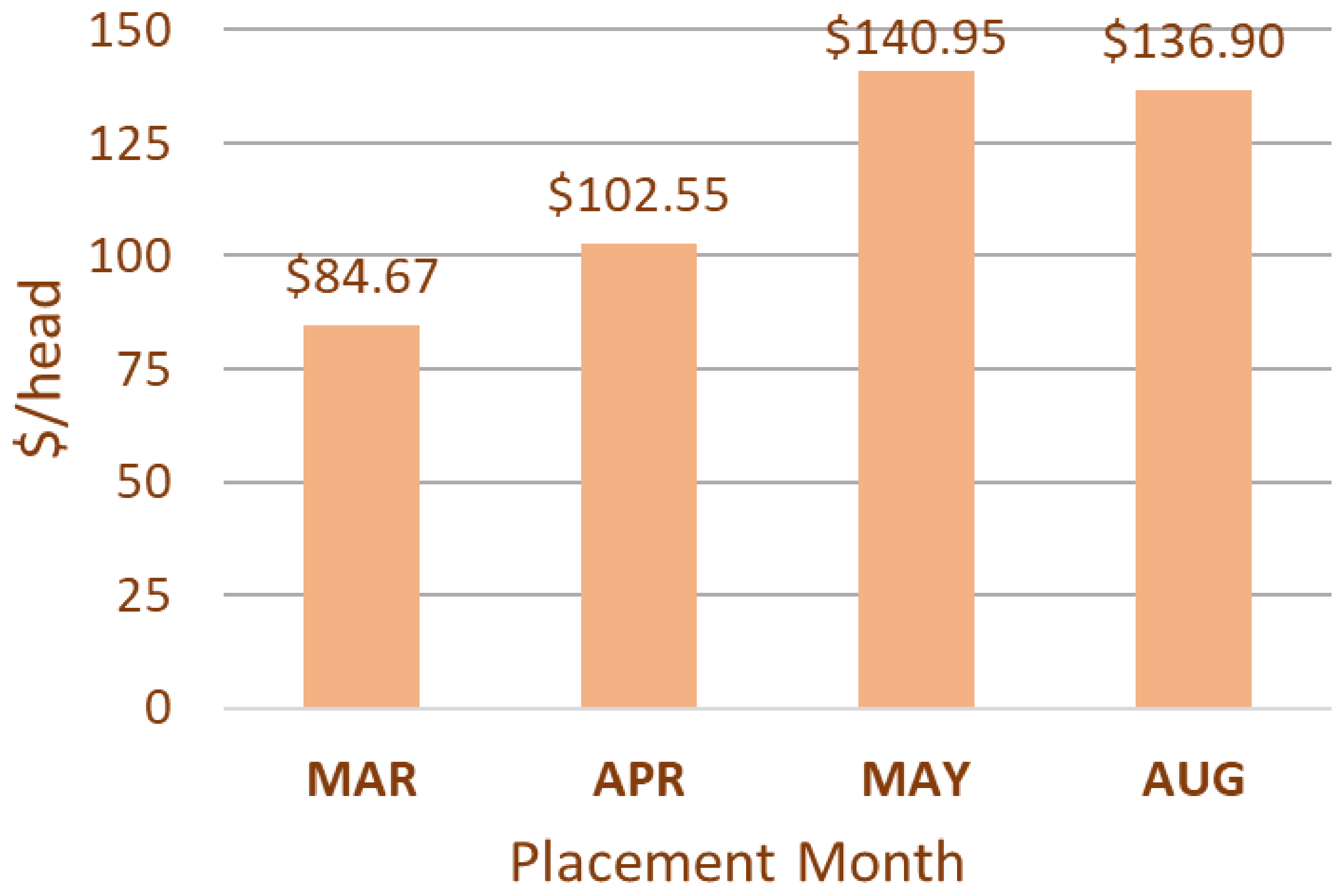
Q1 through Q3 up slightly from Feb 2026 numbers

Based on weekly averages of futures settlement prices as reported by LMIC
Updated 3/25/26



Feeder cattle price increases have outpaced fed prices, tightening feeding margins

Implied Gross Feeding Margins for 2026-27



Placing an 800-lb calf and finishing at 1,400 lbs.

Feeding 60 bushels of corn per head

Feeder Cattle Price: Futures contract price of placement month

Fed Cattle Price: 2nd or 3rd deferred from placement month

Corn Price: contract price during feeding period

Futures prices are weekly averages from 3/20/26

AgManager Decision Tools

- Several decision tools available
- Replacement heifer purchase evaluation
- Feeder cattle risk management strategies
- Cow-calf, backgrounding, stocker, and feedlot budgets

Thoughts for Navigating the Current Environment

- You cannot change price levels
- You can impact many costs
- You can make production practices more efficient
- Think about using the good years to pay down debt

- Make a plan to manage marketing risk…and stick to it

Managing Price Risk

- **Hedging with Futures Contracts**
  - Sets a target price
  - Requires a margin account
  - Avoid market highs and lows
  - Requires a good understanding of your local basis

- Basis is the difference between futures contract price and cash price at which you can sell/buy the commodity

Managing Price Risk

- **Hedging with Options on Futures**
  - Sets a price floor if you are selling
  - Requires paying a premium up front
  - Avoid market lows but benefit from upside movement
  - Requires a good understanding of your local basis

- Basis is the difference between futures contract price and cash price at which you can sell/buy the commodity

Managing Price Risk

- **Livestock Risk Protection (LRP) Insurance**
  - Sets a price floor
  - Requires paying a premium <u>but you can pay when livestock are sold</u>
  - Premiums are subsidized by the government
  - Number of head covered is flexible
  - Can use LRP even if you do not sell the livestock
  - Avoid market lows but benefit from upside movement
  - Requires a good understanding of your local basis

- Basis is the difference between futures contract price and cash price at which you can sell/buy the commodity

Thoughts for Navigating the Current Environment

- Understand what risk you are mitigating and what risk you are exposed to
- Match the plan to your personality
- Understand local basis
- Know your production costs
- Decide on an acceptable margin to hedge
- Follow your plan
- Don’t get greedy

Meat Prices

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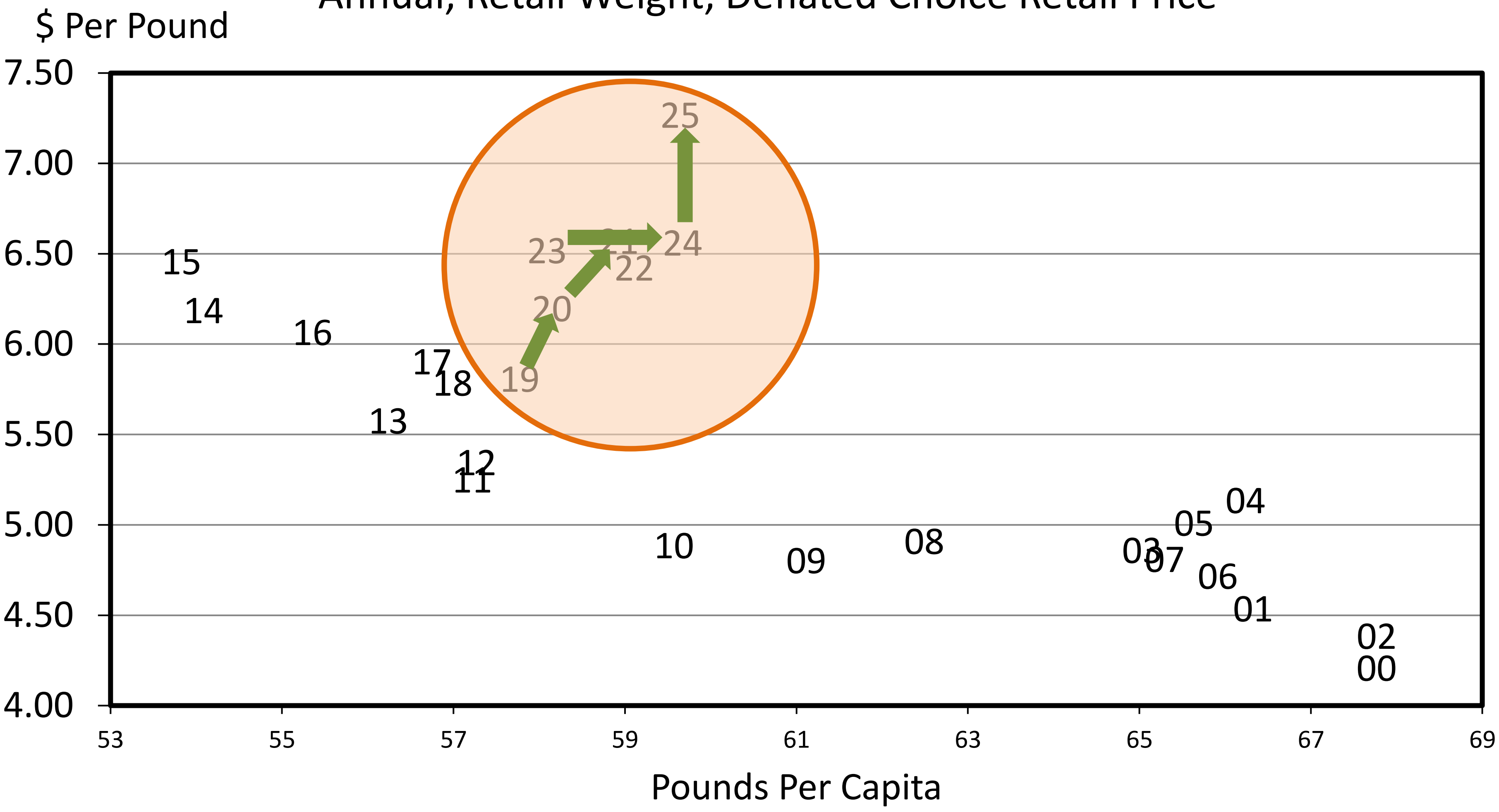
BEEF PRICE-QUANTITY RELATIONSHIP

Annual, Retail Weight, Deflated Choice Retail Price



Data Source: Bureau of Economic Analysis & USDA-ERS, Compiled by LMIC

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02/25/26

Livestock Marketing Information Center

Kansas State University Department Of Agricultural Economics Extension Publication 12/16/2025

A Microeconomic Assessment of the US Retail Beef Market: Beef Demand Matters

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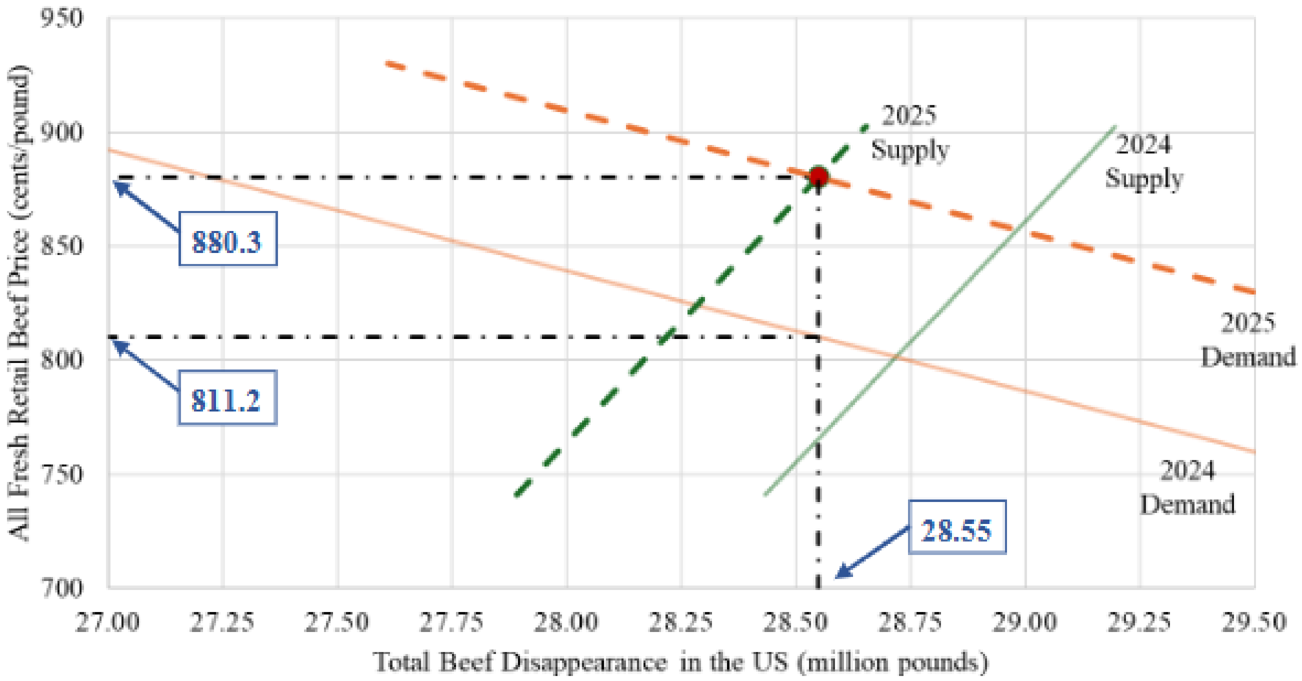
Glynn T. Tonsor (gtonsor@ksu.edu) – K-State Department of Agricultural Economics
December 2025



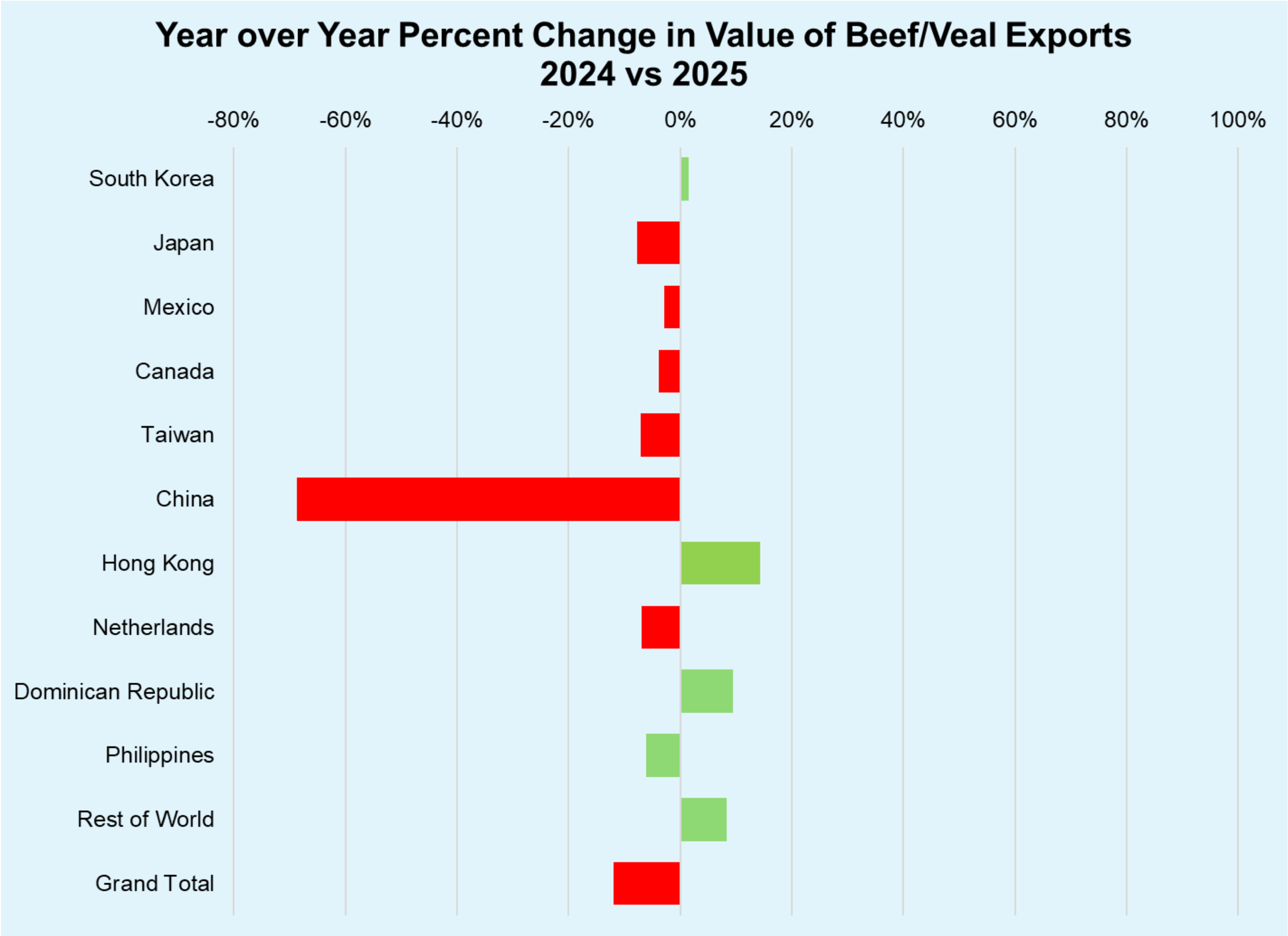
Strong Consumer Demand for Beef

- US beef price increases in over the past couple of years are primarily **demand driven**

- Recent analysis with Glynn Tonsor attributes **14%** of the 2024 to 2025 retail beef price increase to supply shocks and **86%** to increase in consumer demand

Strong consumer interest all proteins

- 79% of respondents declare as regular consumers of products derived from animal products (Meat Demand Monitor, Feb 2026)
- Power of Meat 2025
  - 90% of consumers believe it's important to consume protein daily
  - 74% consumers believe meat/poultry are nutritional powerhouse and overall healthy food choices
- **Taste, Freshness, Safety, and Price** are perennially the most important consumer concerns regarding meat purchases (Meat Demand Monitor, Feb 2026)
- Niche opportunities for source verified, process verified, and direct-to-consumer sales



Total beef export value in 2025 was 12% less than 2024

Total quantity exported as about 13% lower

Proportional losses with 6 of the top 10 trading partners

Data Source: USDA Foreign Ag Service GATS; no variety meats, offal, or hides

International Trade Conditions in 2026

- Uncertainty and headlines have large but short-lived impacts

- Exports have been key for strong demand and supporting prices

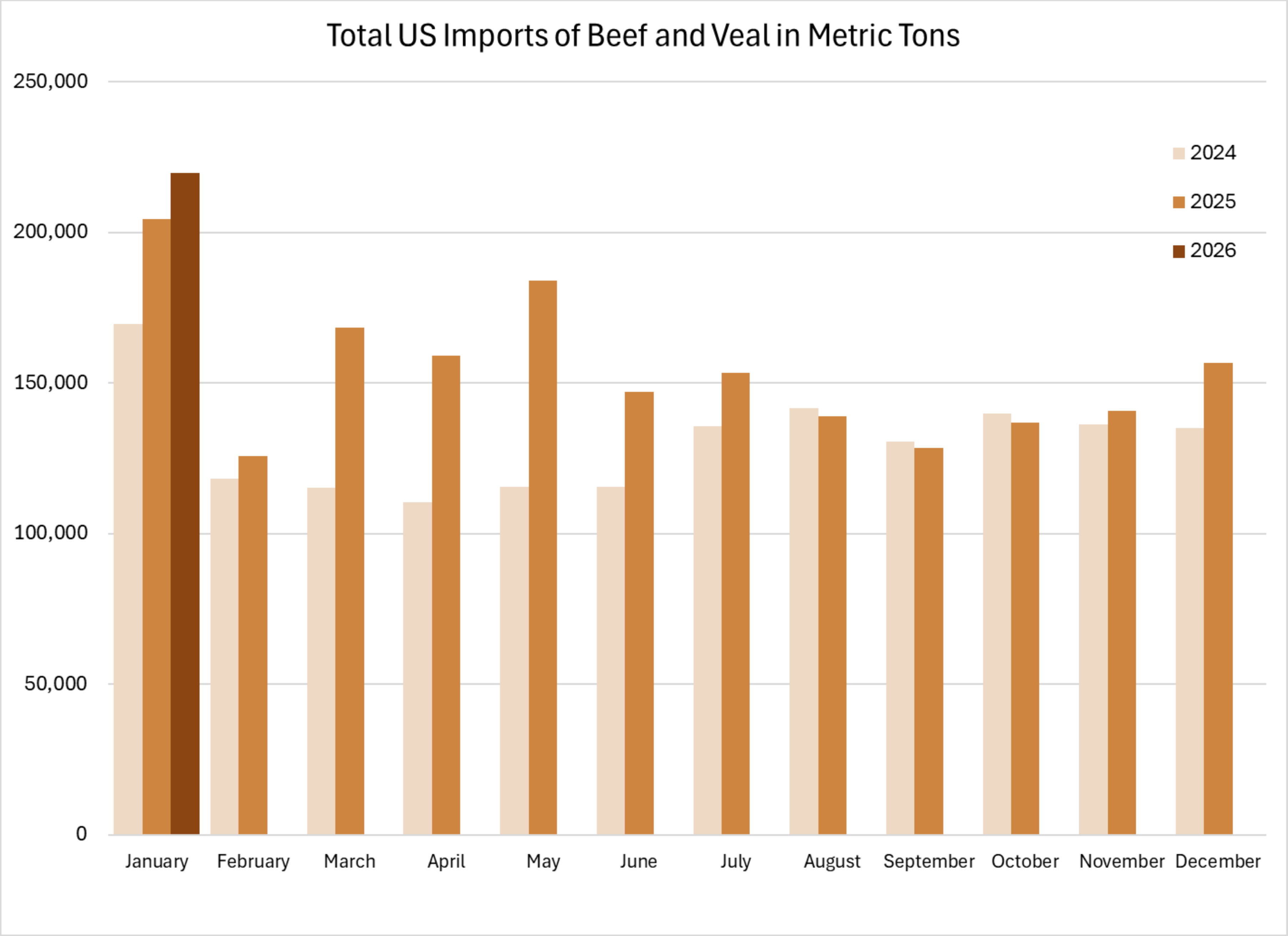
- USMEF statistics indicate:
  - Value of exported beef was $408.91 per head of harvested fed cattle (11/25)
  - Value of variety beef exports in Jan 26 was 45% above Jan 25
  - Value of beef muscle cut exports in Jan 26 was 8% below Jan 25

  - Value of exported pork was $70.26 per head of processed hog (11/25)
  - Value of all pork exports in Jan 26 was 4% above Jan 25 (driven by muscle cuts)

- Ability to selectively export meat products increases the value of live animals to meat packers

- Total tonnage of imports has increased
- Mostly to meet needs for lean grind
- These (and other) trade relationships will be important, given the US consumer fondness for ground beef

Beef Imports



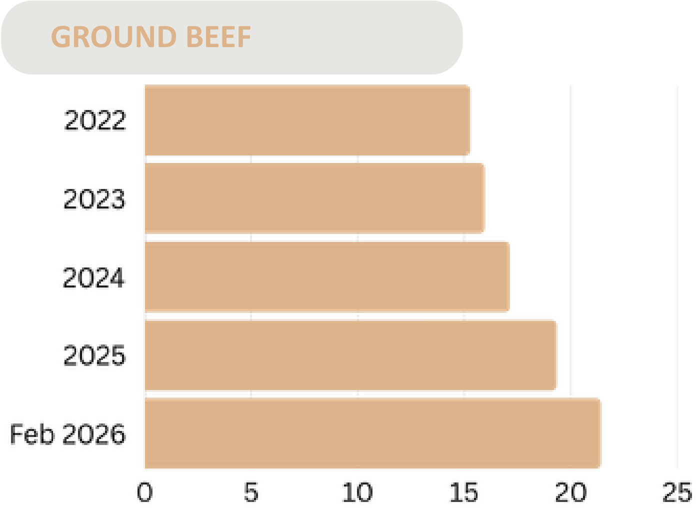
Prices for Food at Home

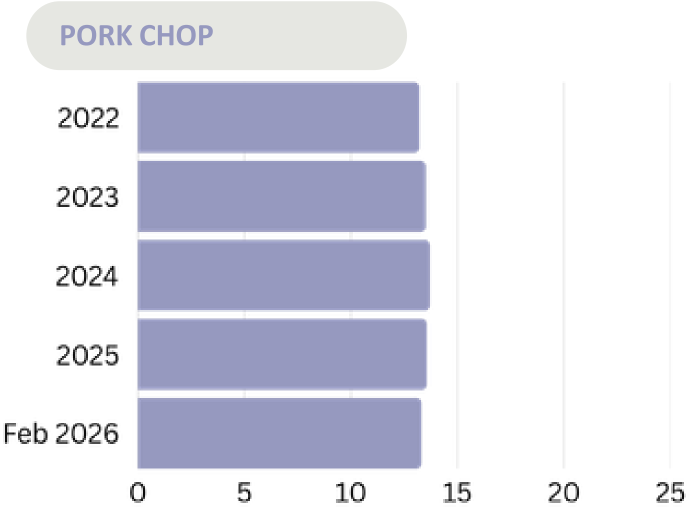
- Inflationary pressure is still substantial but varies over categories

Food Group	Change in CPI Feb 2026 vs Feb 2025	Change in CPI 2026 (ERS Forecast Midpoint)*
All Food	3.1%	3.6%
Food at Home	2.4%	3.1%
Beef and veal	14.4%	10.1%
Pork	2.4%	1.3%
Poultry	2.2%	0.3%

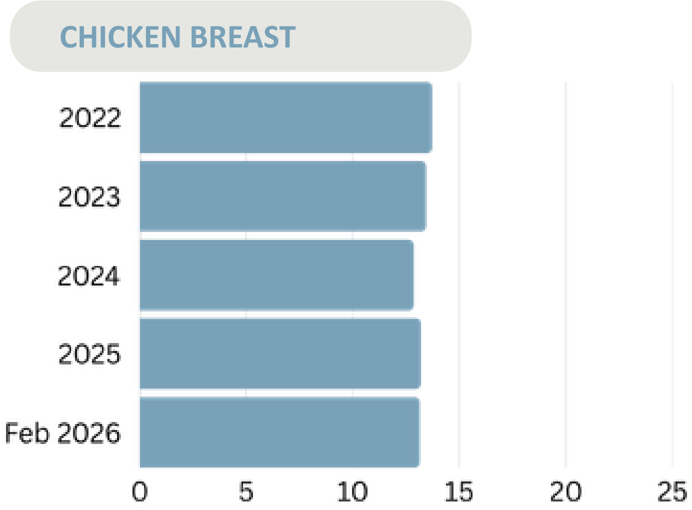
*The range around these forecasts are quite wide as we're several months out.

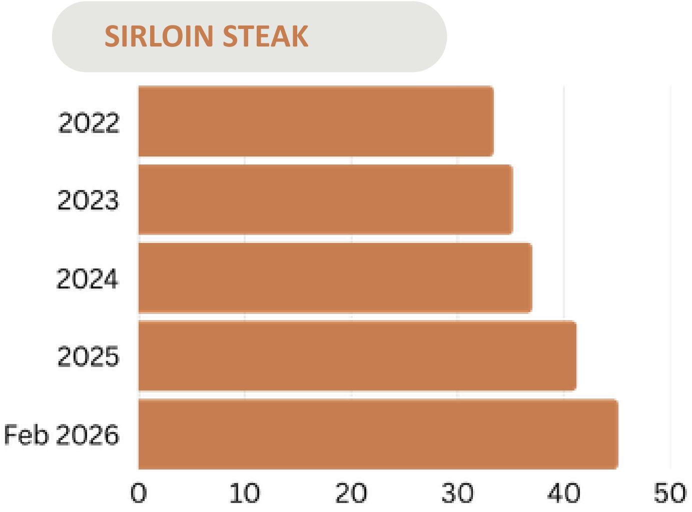
How many minutes do Americans work to purchase a pound of meat?





Increases in chicken breast and pork chop prices have been consistent with wage increases. Beef prices have outpaced wage growth in the past few years.





Data Collected from FRED, Federal Reserve Bank of St. Louis:
Wages: Average Hourly Earnings of Production and Nonsupervisory Employees, Total Private
Ground Beef Prices: Average Price: Ground Beef, 100% Beef (Cost per Pound/453.6 Grams) in U.S. City Average
Chicken Breast Prices: Average Price: Chicken Breast, Boneless (Cost per Pound/453.6 Grams) in U.S. City Average
Pork Chop Prices: Average Price: All Pork Chops (Cost per Pound/453.6 Grams) in U.S. City Average

Calculations and graphic by
Brian Coffey
(bcoffey@ksu.edu), ©2026

Food Away from Home

- From June 2024 to June 2025 Food Away From Home inflation increased 3.8%, compared to 2.4% for Food At Home
- Threat of economic uncertainty
- 2025 Power of Meat: 30% of consumers reported dining out less than the previous year
- Open Table: 12 % increase in seated diners seated for March 2026 vs. March 2025

Concluding Thoughts

- Large scale herd rebuilding is not yet obviously happening
- Expect herd rebuilding to happen more slowly than in past cycles and culminate in fewer total cows than 2019
- Excess plant capacity will help support prices in the short term and will likely be a topic of interest in the next couple of years
- Strong demand for beef domestically and abroad is key support for livestock and meat prices
- Profitability of the entire cattle and beef supply is driven by consumer demand for beef

Concluding Thoughts

- US consumer optimism regarding protein and red meat is a well-timed windfall for the beef sector

- Availability of high-quality beef is important
  - 9/24 to 9/25 federally inspected beef: **11.5 %** of graded Prime and **74.7%** graded choice

- Expect elevated meat prices at retail and restaurant to persist

- Food Away From Home spending has been resilient but will likely decline (as a percent of total food budget) this year

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