

Cattle & Beef Market Outlook & Risk Management Recommendations

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CLA Feeder Council

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Quarterly Cattle Price Forecasts

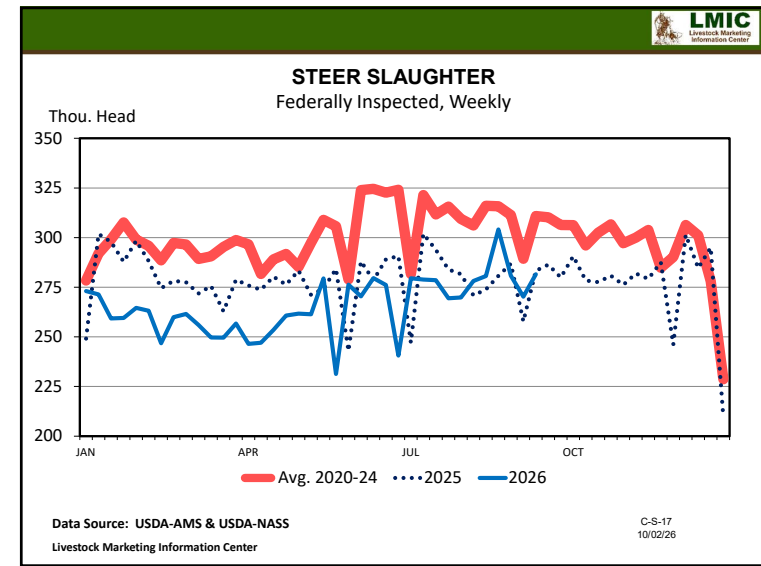
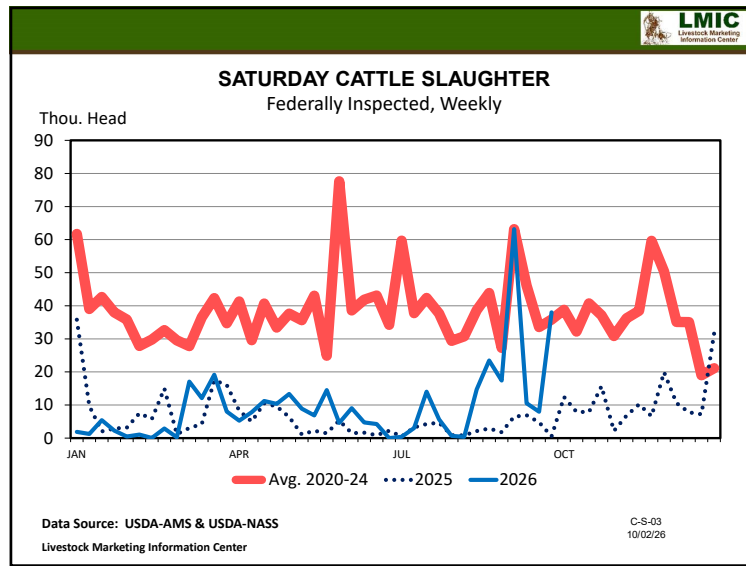
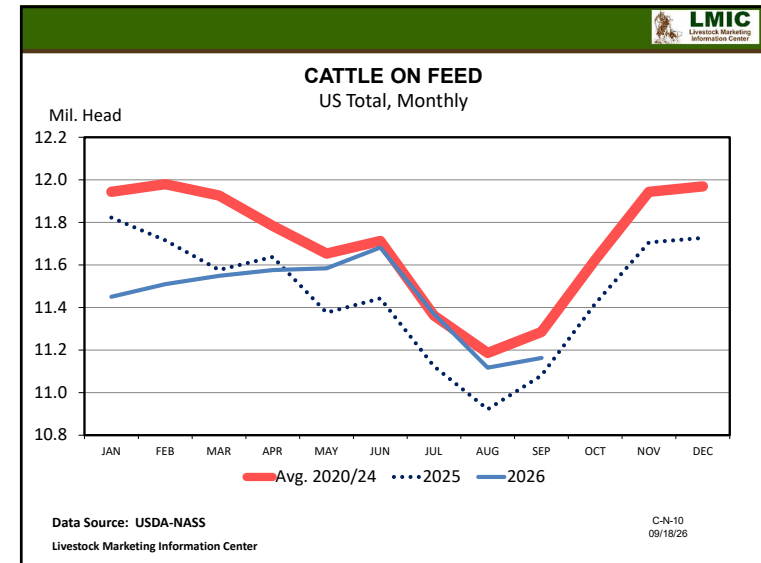
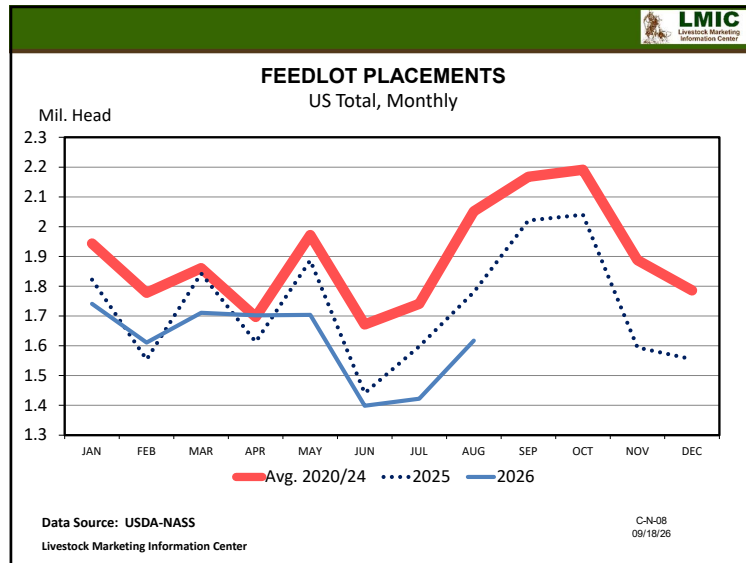
Date	Fed Cattle	7-800# Feeder	5-600# Calf
2026: IV	\$228-232	\$351-354	\$418-421
2027: I	\$235-240	\$355-360	\$446-450
2027: II	\$240-246	\$366-373	\$452-457
2027: III	\$242-249	\$379-387	\$453-460
2027: IV	\$237-245	\$377-386	\$452-460
2028: I	\$237-246	\$358-368	\$450-460
2028: II	\$241-251	\$370-382	\$454-465
2028: III	\$243-254	\$376-390	\$457-465
2028: IV	\$238-250	\$372-387	\$455-470

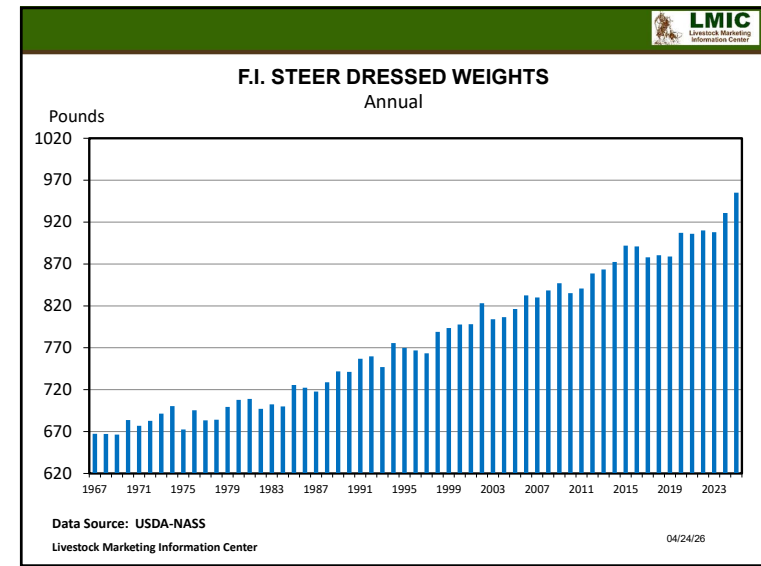
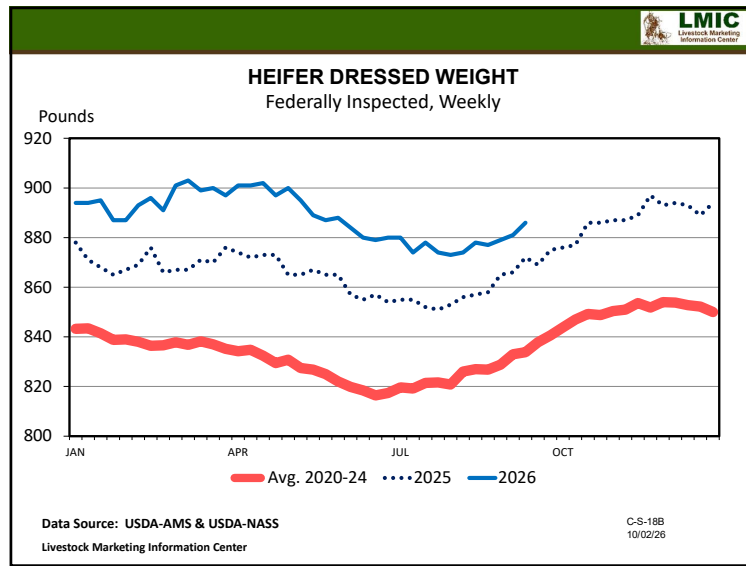
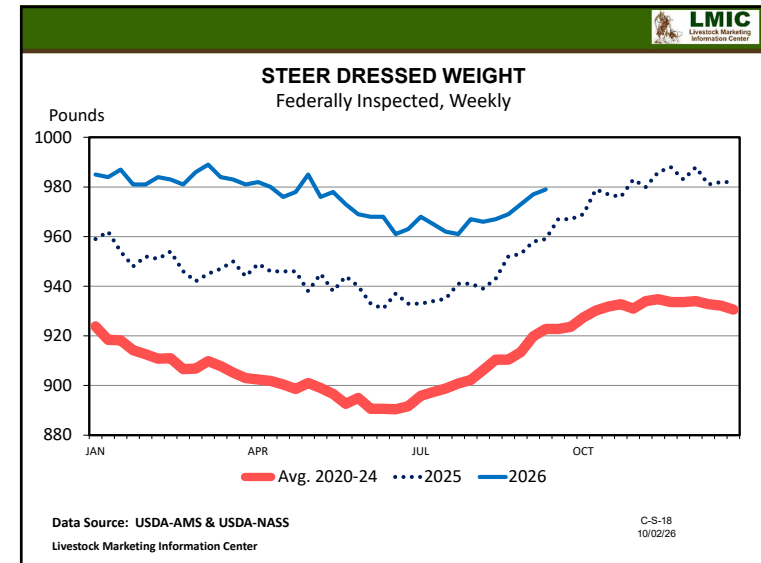
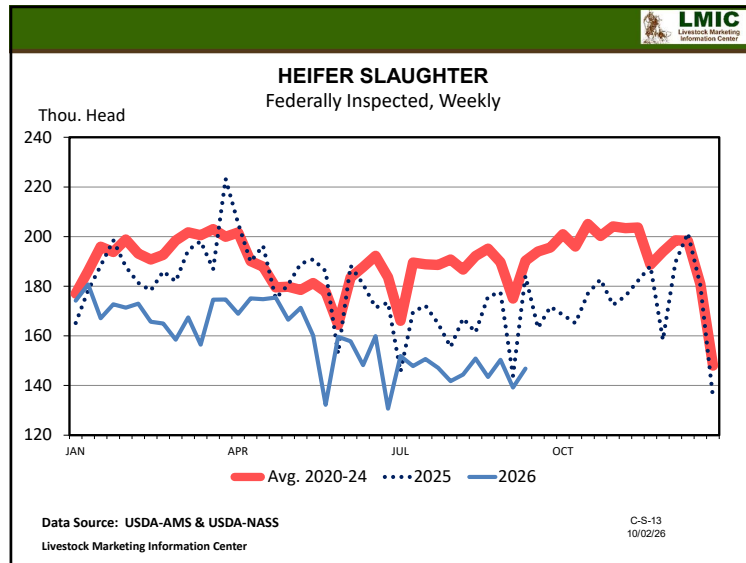
Beef Quantity Forecasts

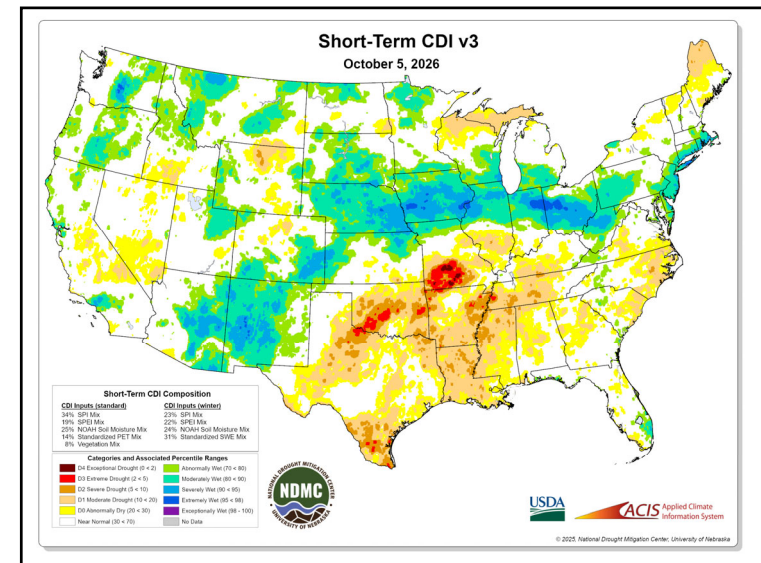
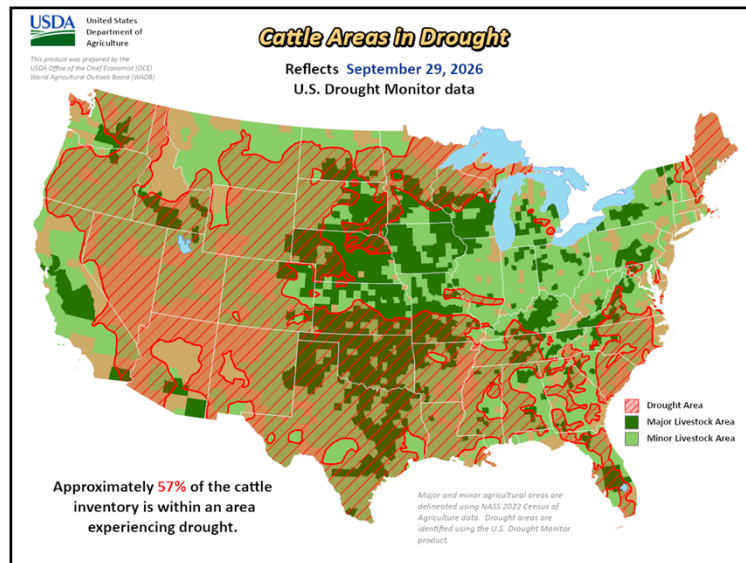
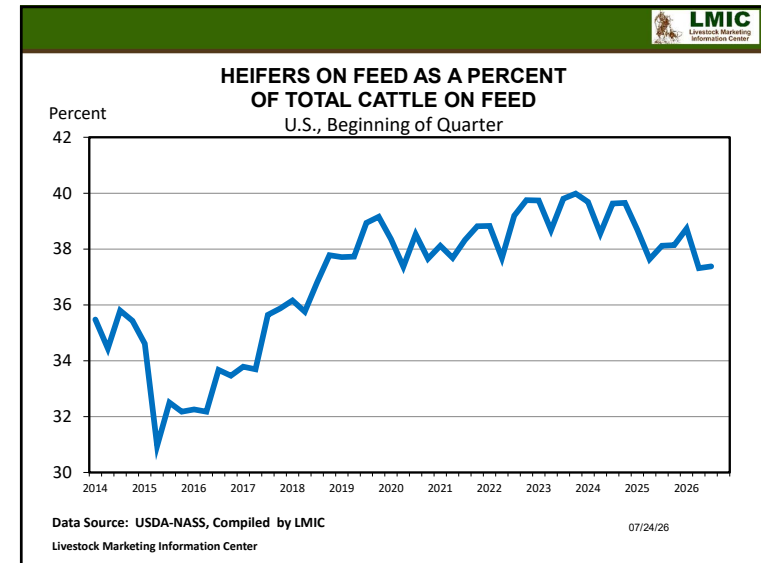
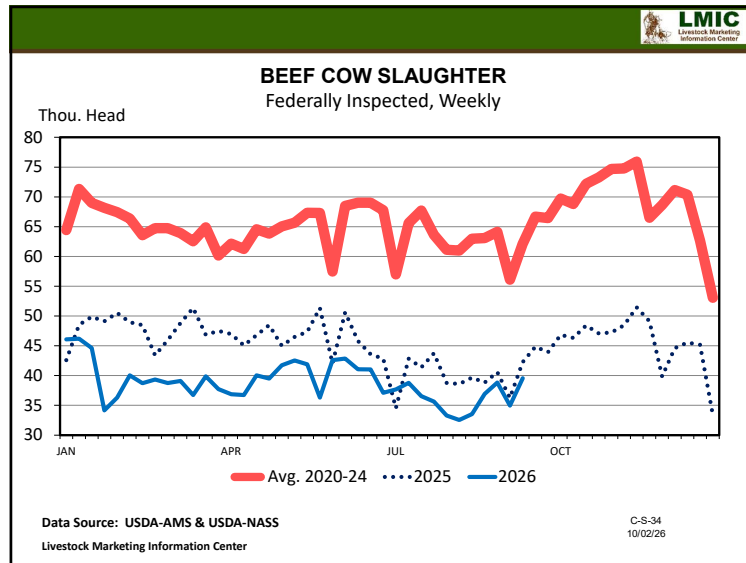
Date	Beef Slaughter	Beef Weight	Beef Production	Beef Consumption
2026: IV	-6.6%	+2.8%	-4.0%	-0.2%
2027: I	-4.7%	+2.4%	-2.5%	-4.0%
2027: II	-4.6%	+2.3%	-2.4%	-2.1%
2027: III	-4.5%	+2.3%	-2.3%	-2.5%
2027: IV	-4.6%	+2.3%	-2.4%	-2.5%
2028: I	-3.7%	+2.0%	-1.8%	-2.3%
2028: II	-3.8%	+2.0%	-1.8%	-1.8%
2028: III	-3.6%	+2.0%	-1.6%	-1.6%
2028: IV	-4.0%	+2.1%	-2.0%	-2.2%

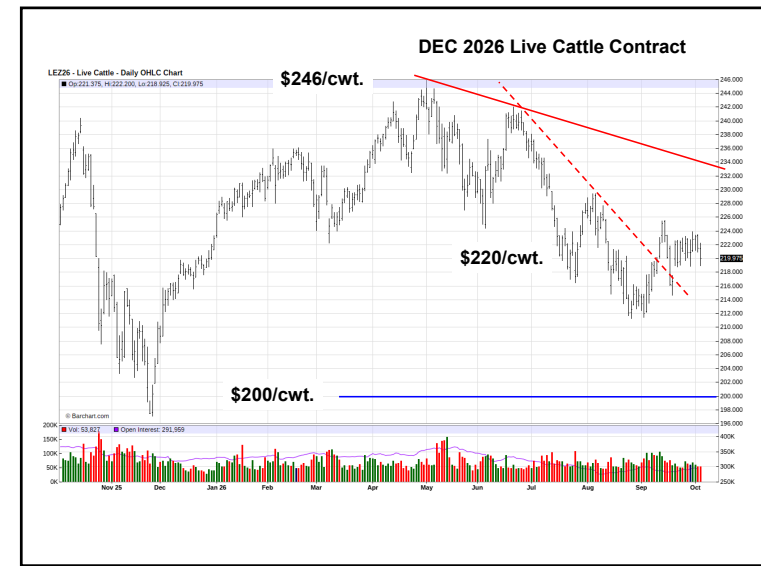
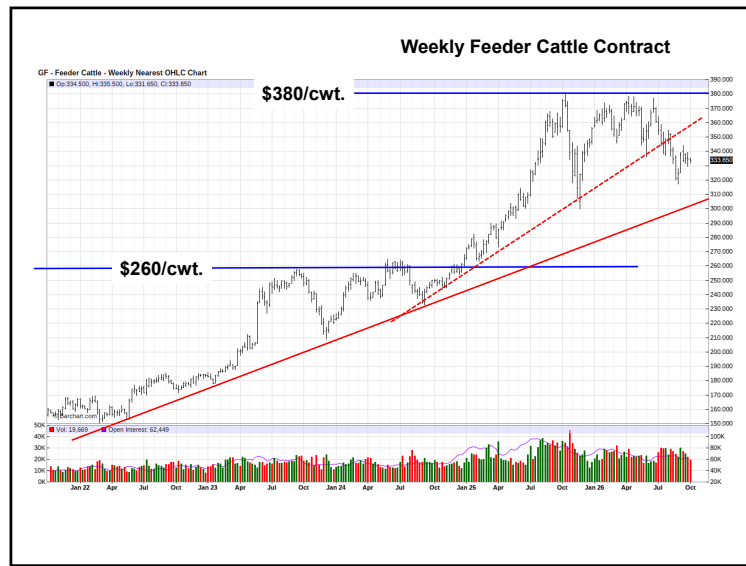
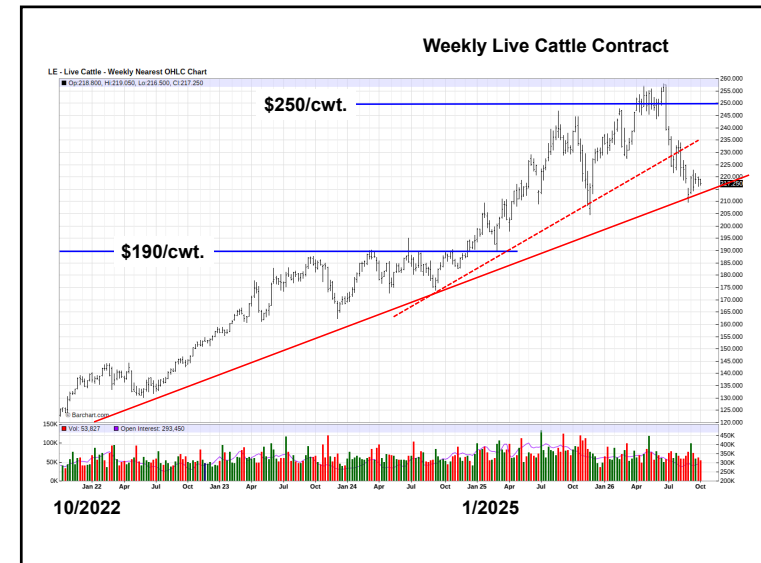
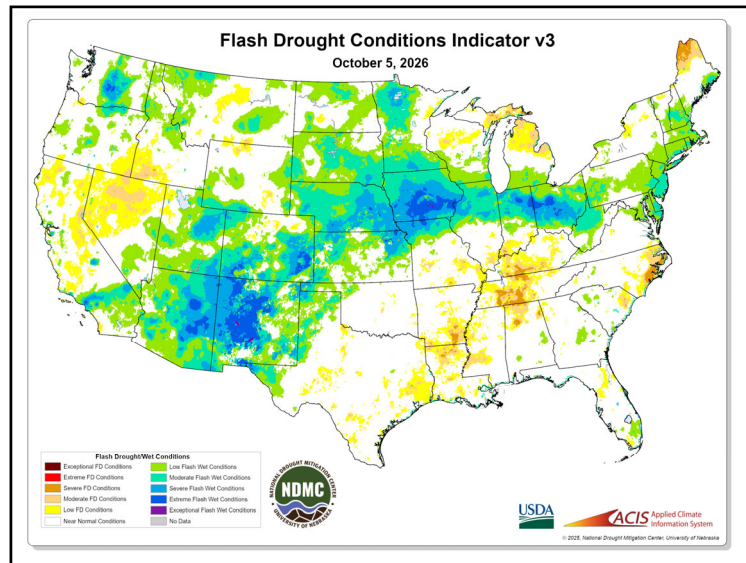
Outlook Summary

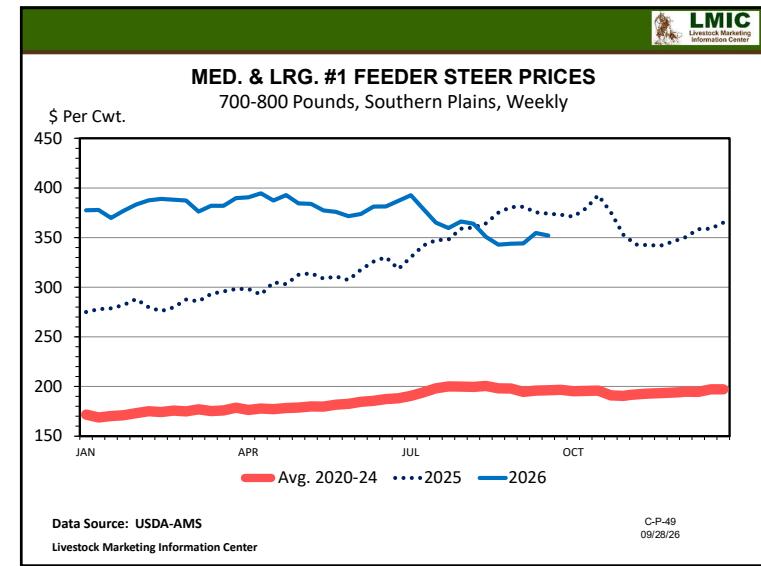
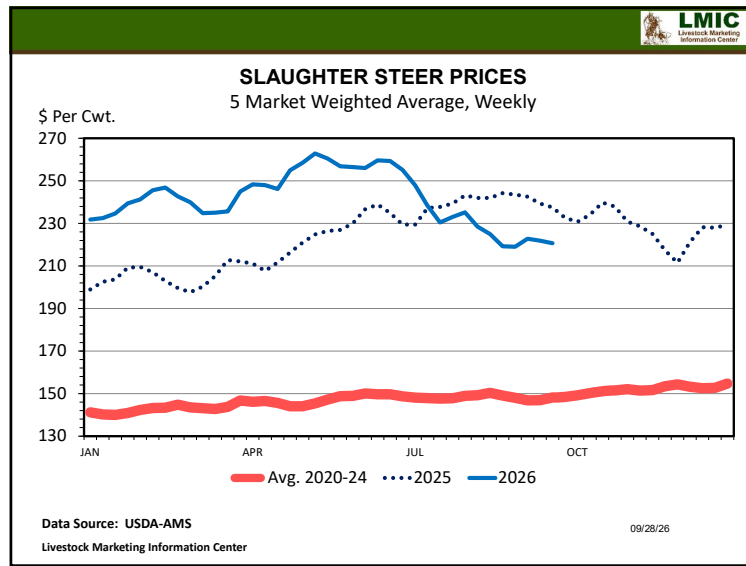
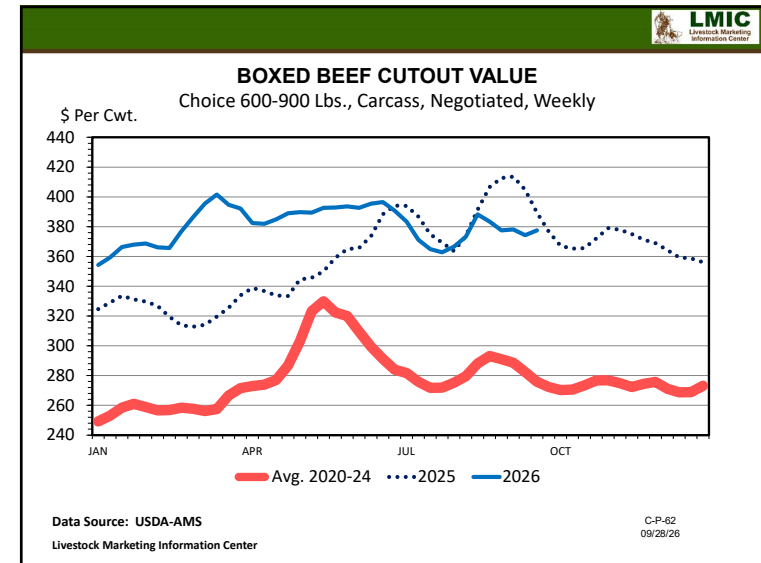
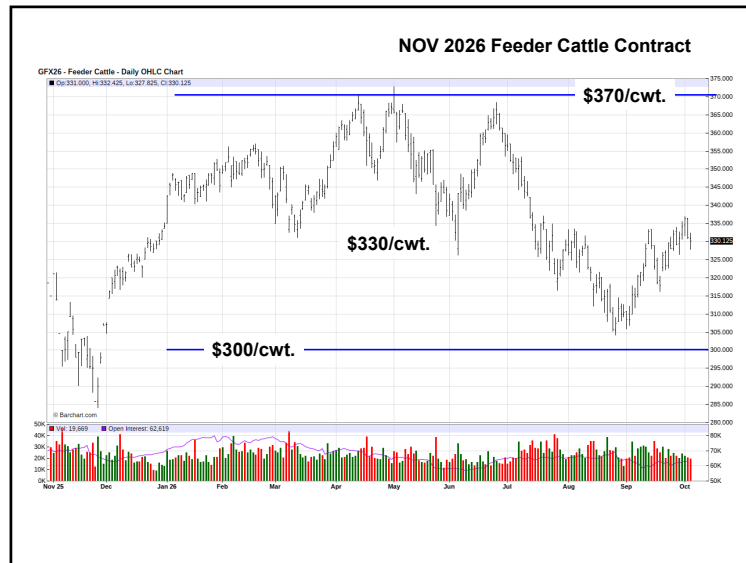
- The underlying supply picture changes little the next few years – tight & tightening.
- Does the demand picture change?
 - What does next year do to beef demand?
 - Competing meats? (Actually, not a question.)
- Brutal downstream margins: stockers, feedlots, & packers. Contraction certain.
- Excellent returns to cow-calf producers – relatively.
- Economic uncertainty: energy, interest rates, tariffs, currency, & trade relationships.
- Other concerns: weather, precipitation, & drought.

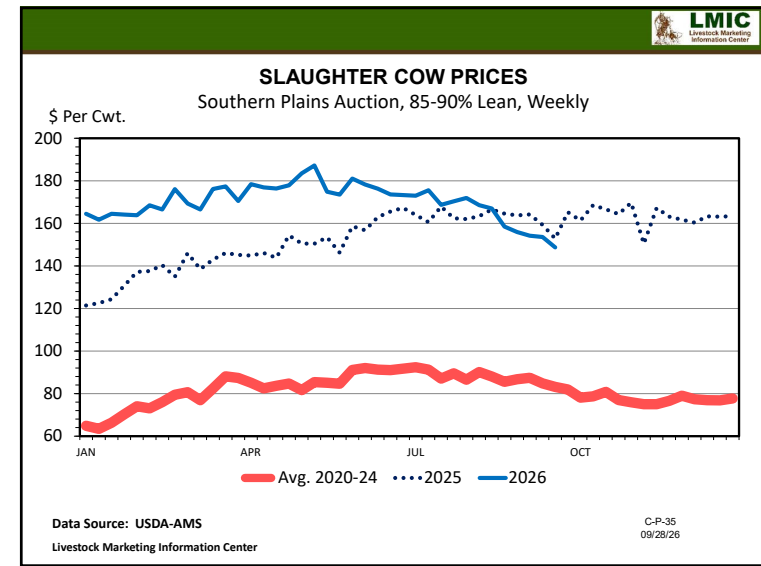
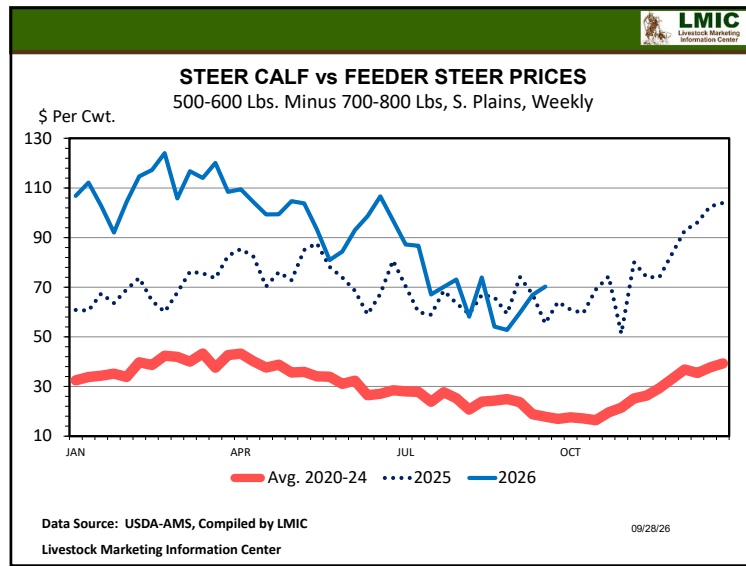
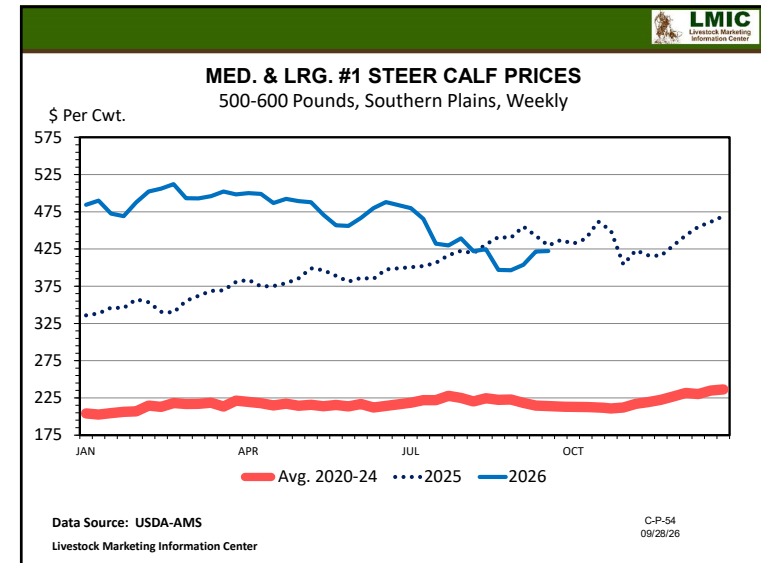
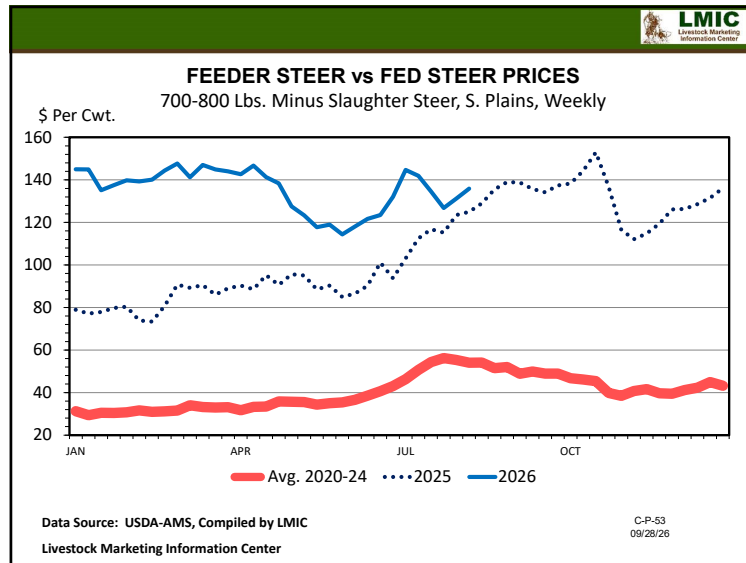


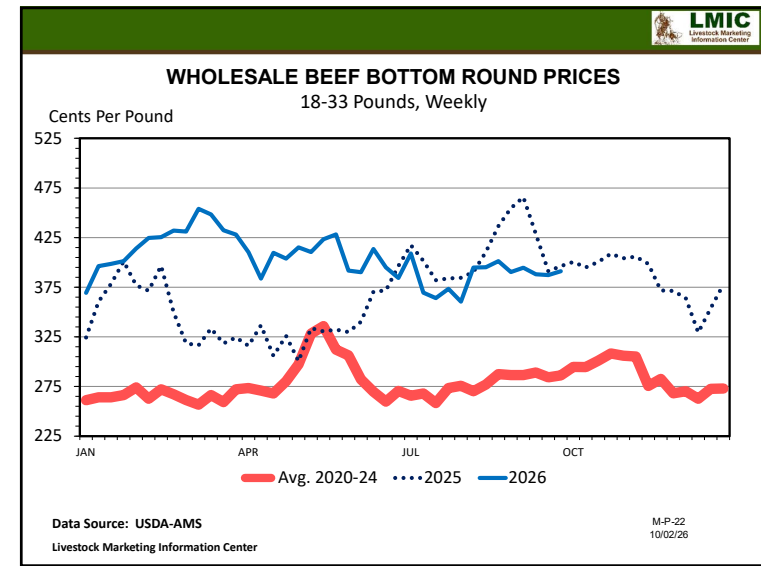
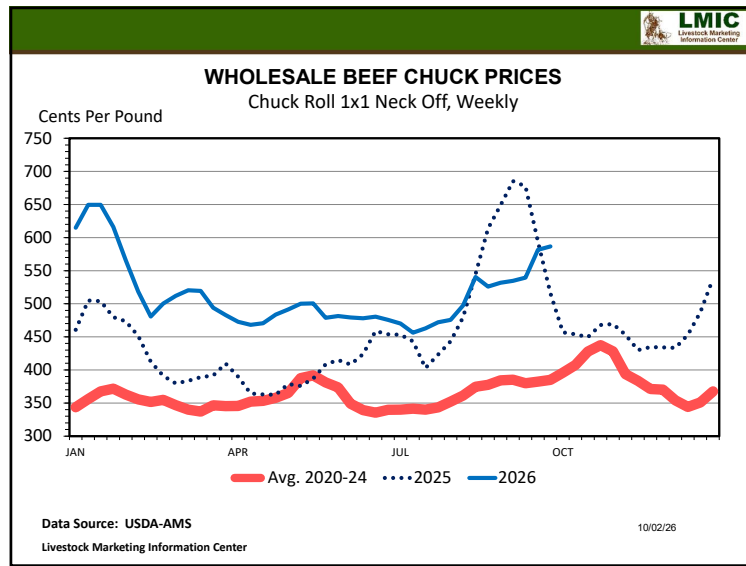
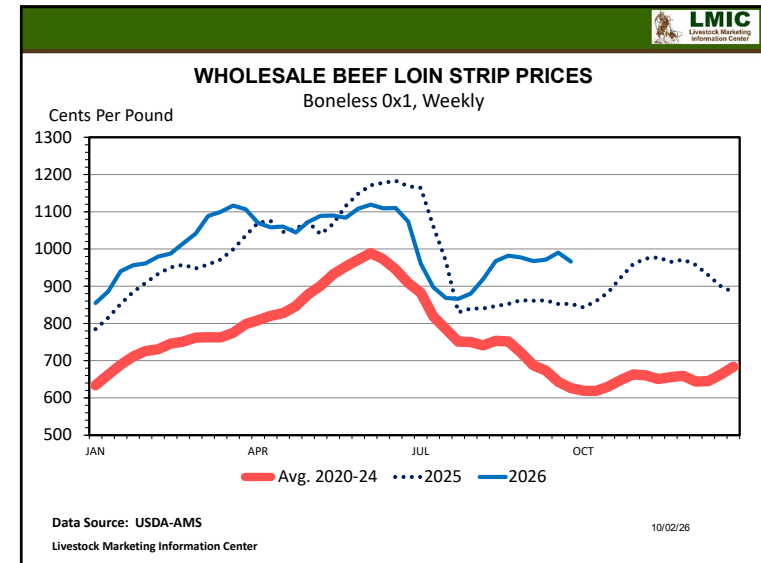
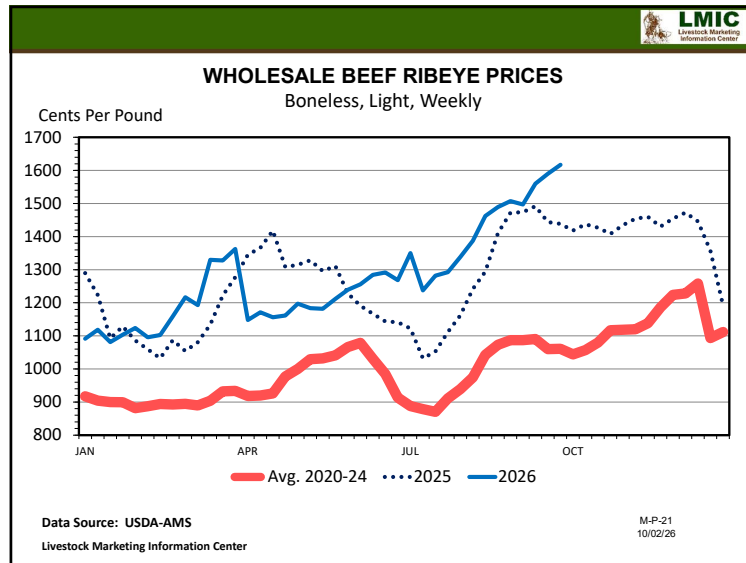


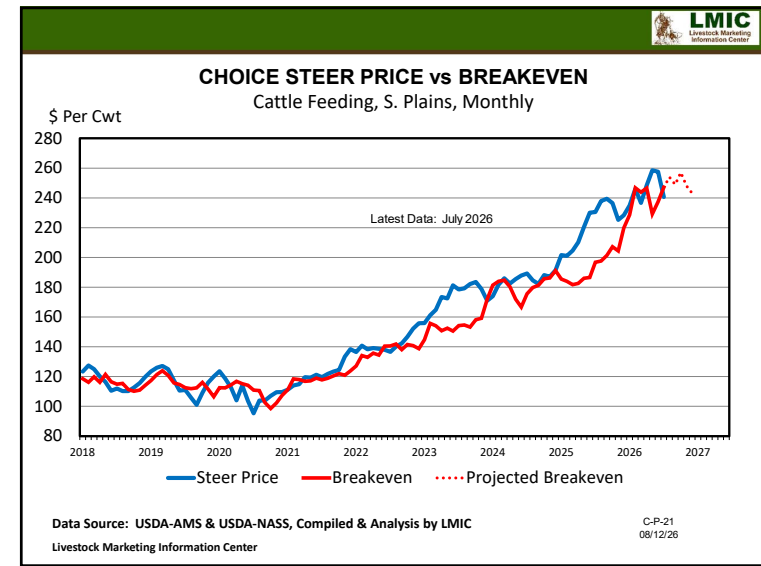
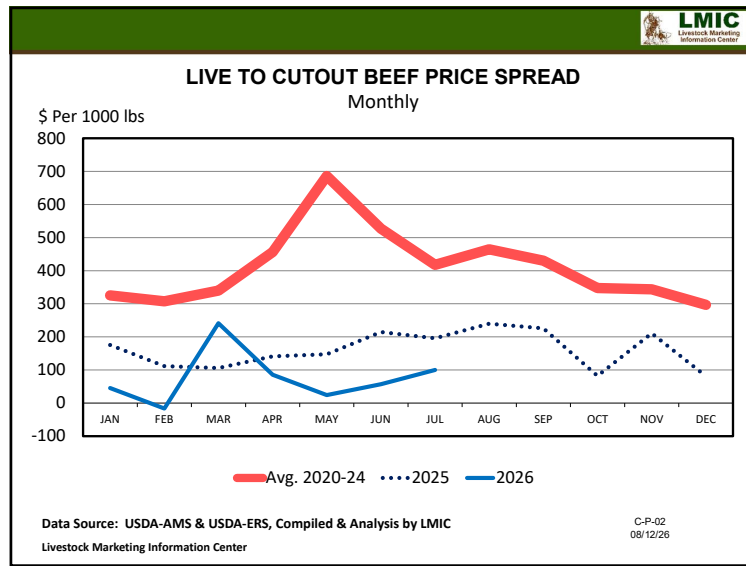
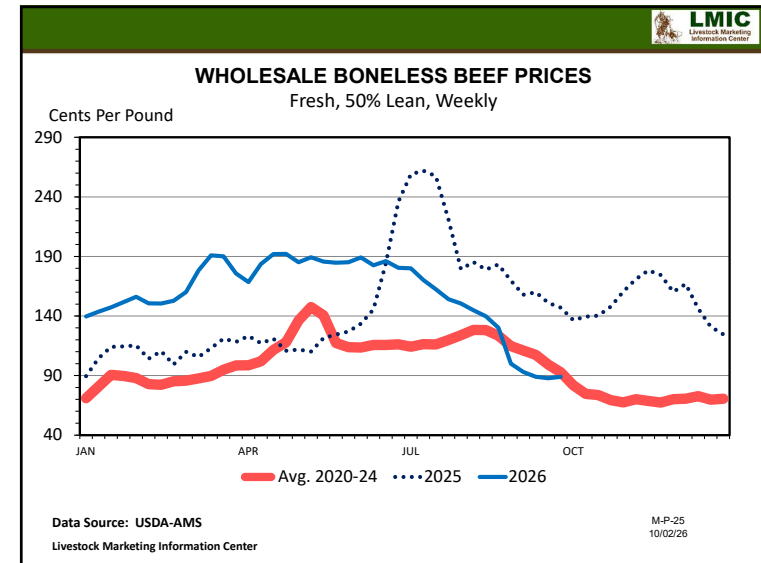
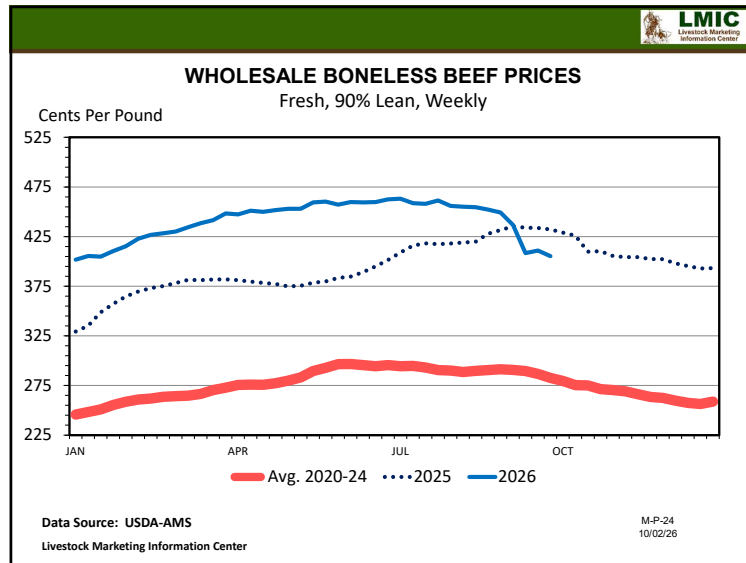


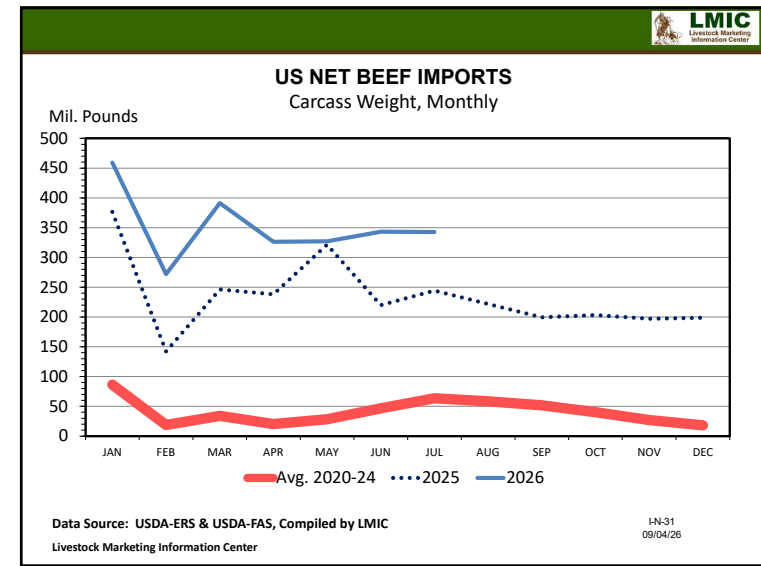
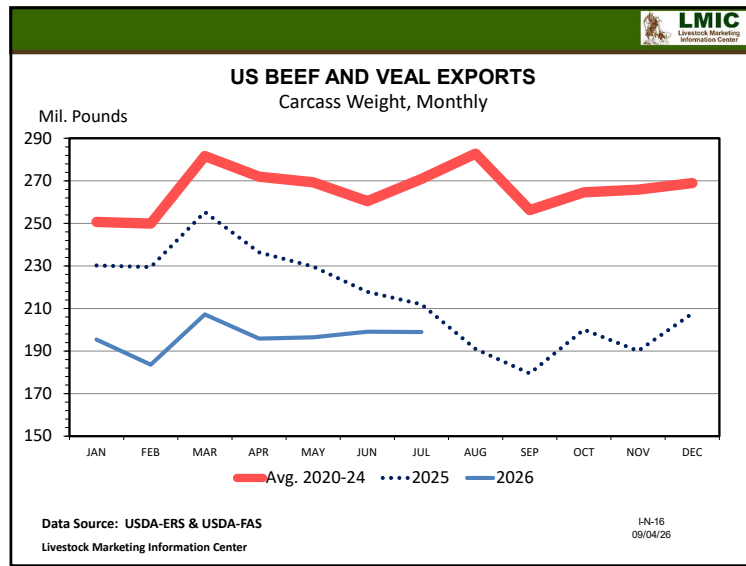
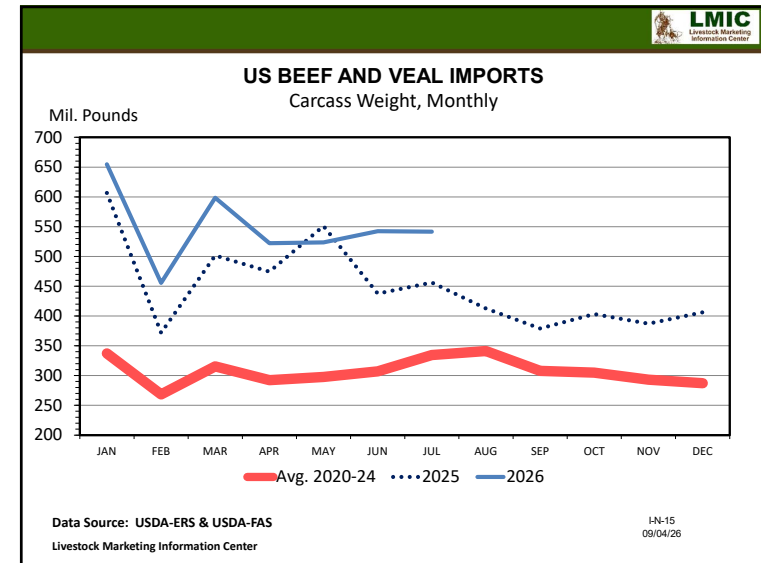
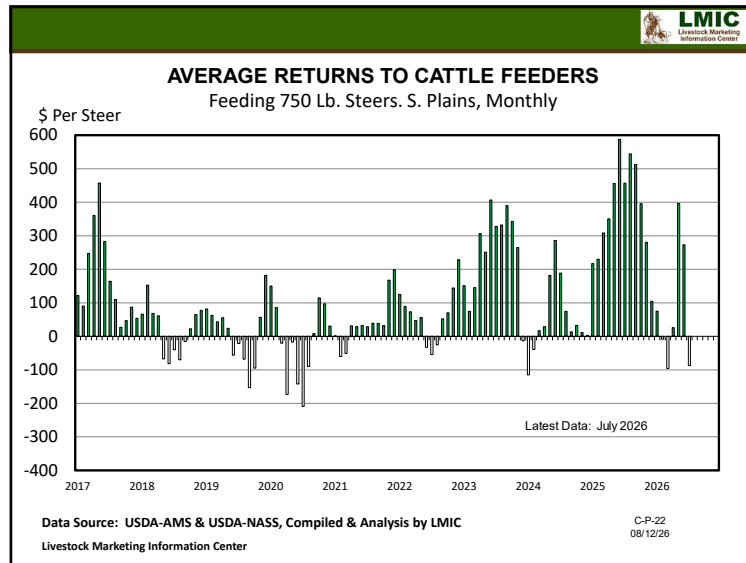


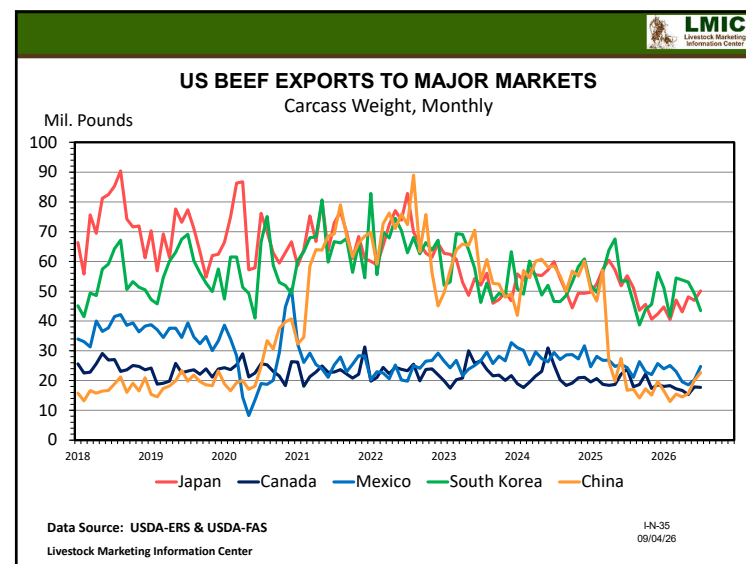
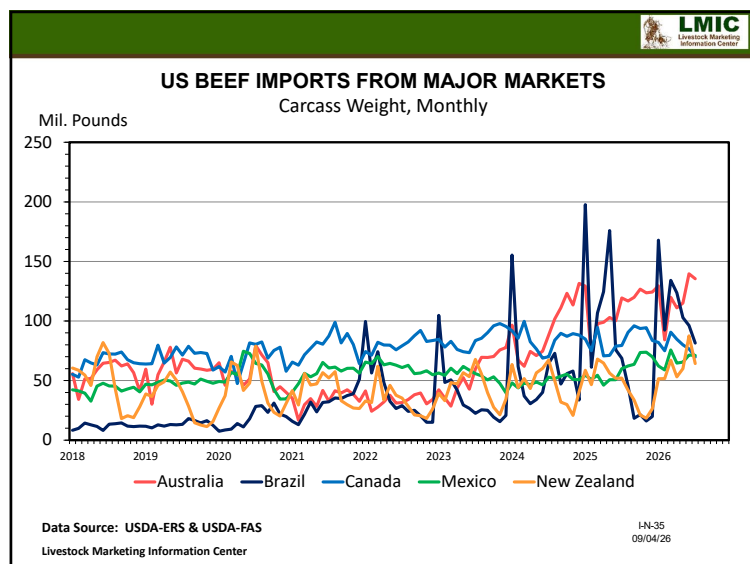






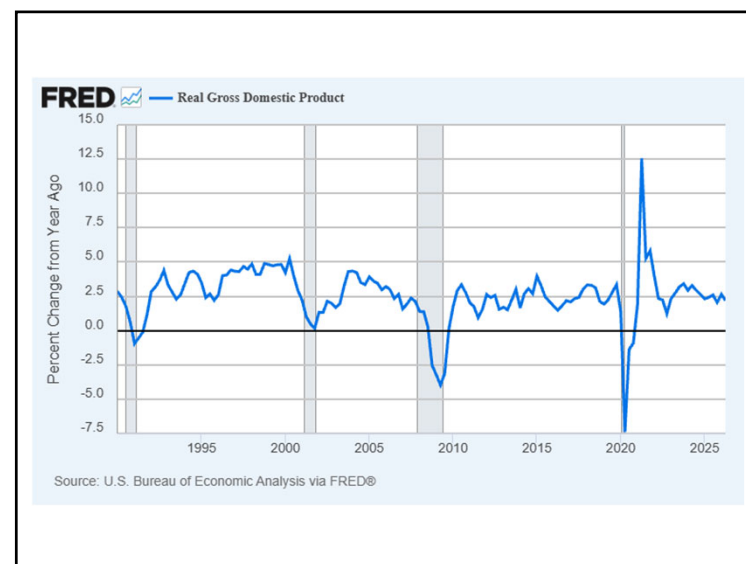


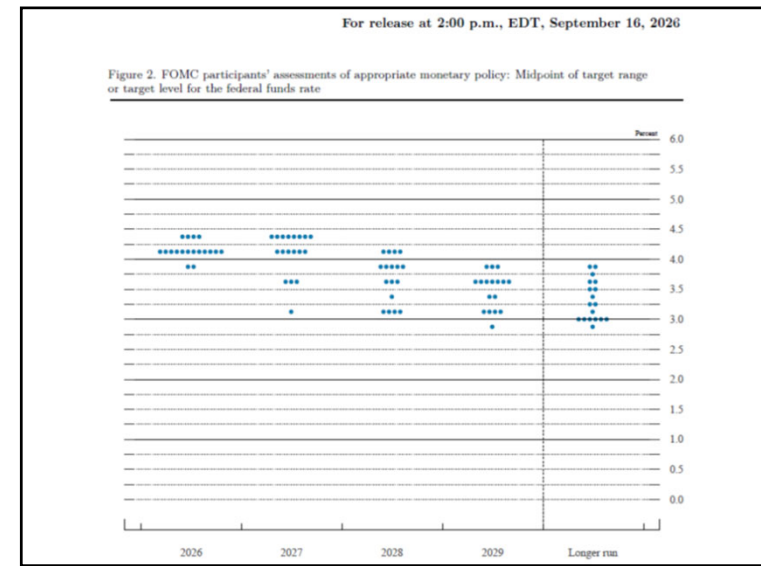
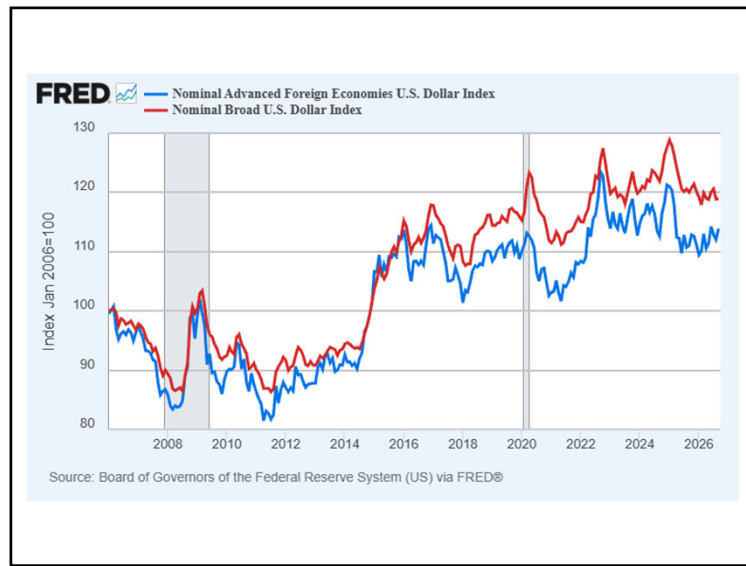
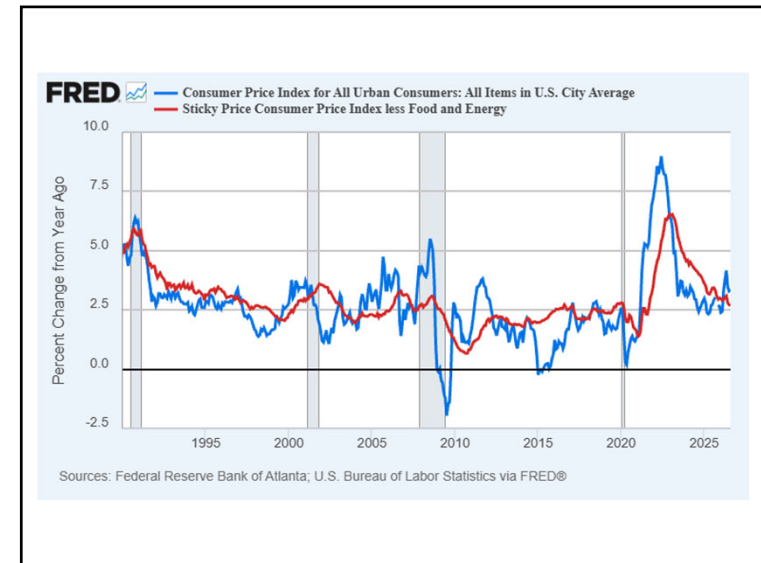


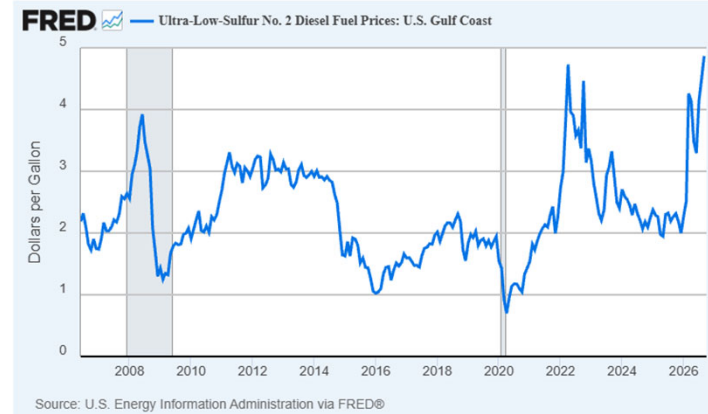


Cattle Outlook

- Upside opportunity
 - Tight & tightening beef production.
 - Herd building makes worse.
- Downside risk.
 - Carcass weights.
 - Tight downstream margins: packers, feeders, & stockers. And more lost capacity. Labor concerns.
 - Lower substitute meat prices.
 - Less income, economic slowing, & uncertainty.
 - Volatile feedgrain & forage prices.
- Non-issue – exports & imports.
- How do these balance & what becomes more important?







LRP Example Fed Steers & Heifers

Effective Date	Endorsement Length	End Date	Expected Value	Coverage Price	Coverage Level	Cost per CWT	Subsidy	Producer Premium/CWT
9/28/2026	21	2/22/2027	\$222.977	\$222.980	100.0%	\$11.687	35%	\$7.60
9/28/2026	21	2/22/2027	\$222.977	\$220.750	99.0%	\$10.355	35%	\$6.73
9/28/2026	21	2/22/2027	\$222.977	\$218.520	98.0%	\$9.141	35%	\$5.94
9/28/2026	21	2/22/2027	\$222.977	\$216.290	97.0%	\$8.017	35%	\$5.21
9/28/2026	21	2/22/2027	\$222.977	\$214.060	96.0%	\$7.051	35%	\$4.58
9/28/2026	21	2/22/2027	\$222.977	\$211.830	95.0%	\$6.124	35%	\$3.98
9/28/2026	21	2/22/2027	\$222.977	\$206.250	92.5%	\$4.240	40%	\$2.54
9/28/2026	21	2/22/2027	\$222.977	\$200.680	90.0%	\$2.818	40%	\$1.69
9/28/2026	21	2/22/2027	\$222.977	\$195.100	87.5%	\$1.870	45%	\$1.03
9/28/2026	21	2/22/2027	\$222.977	\$189.530	85.0%	\$1.230	45%	\$0.68
9/28/2026	21	2/22/2027	\$222.977	\$178.380	80.0%	\$0.533	50%	\$0.27
9/28/2026	21	2/22/2027	\$222.977	\$167.230	75.0%	\$0.214	55%	\$0.10
9/28/2026	26	3/29/2027	\$229.936	\$229.940	100.0%	\$12.439	35%	\$8.09
9/28/2026	26	3/29/2027	\$229.936	\$227.640	99.0%	\$11.138	35%	\$7.24
9/28/2026	26	3/29/2027	\$229.936	\$225.340	98.0%	\$9.845	35%	\$6.46
9/28/2026	26	3/29/2027	\$229.936	\$223.040	97.0%	\$8.832	35%	\$5.74
9/28/2026	26	3/29/2027	\$229.936	\$220.740	96.0%	\$7.874	35%	\$5.12
9/28/2026	26	3/29/2027	\$229.936	\$218.440	95.0%	\$6.939	35%	\$4.51
9/28/2026	26	3/29/2027	\$229.936	\$212.690	92.5%	\$5.002	40%	\$3.00
9/28/2026	26	3/29/2027	\$229.936	\$206.940	90.0%	\$3.483	45%	\$2.09
9/28/2026	26	3/29/2027	\$229.936	\$201.190	87.5%	\$2.431	45%	\$1.34
9/28/2026	26	3/29/2027	\$229.936	\$195.450	85.0%	\$1.586	45%	\$0.93
9/28/2026	26	3/29/2027	\$229.936	\$183.950	80.0%	\$0.814	50%	\$0.41
9/28/2026	26	3/29/2027	\$229.936	\$172.450	75.0%	\$0.364	55%	\$0.16

Price protection levels
Cost/cwt.

Guarantee \$212.69/cwt
& Pay \$3.00/cwt.?

Live Cattle Options Example

Effective Date	End Date	Expected Price	Minimum Price	Cost/cwt
9/28/2026	2/5/2027	\$222.95	\$214.975	\$9.025
9/28/2026	2/5/2027	\$222.95	\$213.950	\$8.050
9/28/2026	2/5/2027	\$222.95	\$212.850	\$7.150
9/28/2026	2/5/2027	\$222.95	\$211.650	\$6.350
9/28/2026	2/5/2027	\$222.95	\$210.400	\$5.600
9/28/2026	2/5/2027	\$222.95	\$210.250	\$3.750
9/28/2026	2/5/2027	\$222.95	\$208.750	\$3.250
9/28/2026	2/5/2027	\$222.95	\$207.175	\$2.825
9/28/2026	2/5/2027	\$222.95	\$205.550	\$2.450
9/28/2026	2/5/2027	\$222.95	\$203.900	\$2.100
9/28/2026	2/5/2027	\$222.95	\$202.200	\$1.800
9/28/2026	2/5/2027	\$222.95	\$200.450	\$1.550
9/28/2026	3/29/2026	\$224.78	\$214.325	\$9.675
9/28/2026	3/29/2026	\$224.78	\$213.225	\$8.775
9/28/2026	3/29/2026	\$224.78	\$212.075	\$7.925
9/28/2026	3/29/2026	\$224.78	\$210.875	\$7.125
9/28/2026	3/29/2026	\$224.78	\$209.600	\$6.400
9/28/2026	3/29/2026	\$224.78	\$208.275	\$5.725
9/28/2026	3/29/2026	\$224.78	\$206.875	\$5.125
9/28/2026	3/29/2026	\$224.78	\$205.450	\$4.550
9/28/2026	3/29/2026	\$224.78	\$204.000	\$4.000
9/28/2026	3/29/2026	\$224.78	\$202.525	\$3.525
9/28/2026	3/29/2026	\$224.78	\$201.025	\$3.025
9/28/2026	3/29/2026	\$224.78	\$199.500	\$2.500
9/28/2026	3/29/2026	\$224.78	\$197.950	\$1.950
9/28/2026	3/29/2026	\$224.78	\$196.375	\$1.375
9/28/2026	3/29/2026	\$224.78	\$194.775	\$0.775
9/28/2026	3/29/2026	\$224.78	\$193.150	\$0.150

Minimum price levels
Cost/cwt.

Guarantee \$212.075/cwt
& Pay \$7.925/cwt.?
But be able to get out.

Risk Management Recommendations

- Learn about LRP for fed cattle.
 - Substantially subsidized put option.
 - Can't directly sell back. Insurance is held until end-date.
 - Can make position risk neutral by selling CME LE put with comparable strike price (coverage price).
- Lots of important details – learn them.
- Persistent increasing head & dollar limits.
- Pay for LRP when underlying cattle are sold. (!)
- Won't solve margin problems.



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Extension

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