

2026 U.S. Beef Market Outlook

Q2 2026 Refresh — April 24, 2026

A comprehensive analysis of slaughter trends, cutout dynamics, cold storage, cattle on feed pipeline, futures structure, and forward price projections for the U.S. wholesale beef market.

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Section 1 — Executive Summary

The U.S. beef market continues to operate in a structurally tight supply environment entering Q2 2026. Annual federally inspected cattle slaughter has declined from 34.19 million head in 2022 to 29.14 million head in 2025 — a cumulative reduction of approximately 14.8% over three years [1]. Through the week ending April 18, 2026, year-to-date slaughter is running approximately 10% below the comparable prior-year period, with weekly kills in the 512,000–533,000 head range versus the 575,000–600,000 range seen in spring 2025 [1].

Choice boxed beef cutout values averaged \$368.61/cwt in February 2026, and the week ending April 23, 2026 saw Choice settle at \$384.97/cwt — a new cycle high representing a \$55/cwt premium to the comparable spring 2025 week [2]. Live cattle futures as of April 22, 2026 have the June 2026 contract at \$243.55/cwt, with the forward curve in backwardation out through October 2027 (\$223.00/cwt) [3].

Two key USDA releases anchor this Q2 2026 refresh: (1) The USDA NASS Cold Storage Report (March 24, 2026 release) shows February 2026 total beef in freezers at 413.3 million lbs — down 5.2% year-over-year and 24% below the late-2022 peak of 544 million lbs [4]. The April 24, 2026 Cold Storage Report (March 2026 data) was scheduled for release today. (2) The USDA NASS Cattle on Feed Report (April 17, 2026) shows April 1 on-feed inventory at 11.58 million head (-0.5% YoY), with March placements down 7% — the second-lowest since 1996. Both reports confirm that the structural supply constraint will persist through at least Q3 2026 [11].

This report uses exclusively publicly available data from USDA, CME, and BLS. Section 4 presents ClearCut's proprietary model projections, clearly separated from verified historical data.

Section 2 — Verified Historical Market Data

2.1 Slaughter Trends

Federally inspected cattle slaughter has declined steadily since 2022, with 2026 tracking well below prior-year levels [1]:

Year	Total Cattle Slaughter (Head)	Year-over-Year Change
2022	34,190,700	—

2023	32,233,000	-5.7%
2024	31,035,400	-3.7%
2025	29,140,400	-6.1%
2026 YTD*	~8,370,000	~-10% vs. comparable 2025

* Through week ending April 18, 2026. Source: USDA NASS / Livestock Slaughter Reports [1]

Weekly slaughter through mid-April 2026 has ranged from 512,000 to 533,000 head/week — approximately 10% below spring 2025 levels of 575,000–602,000 head. The pace of YoY contraction has accelerated versus the full-year 2025 rate of -6.1%, consistent with fewer cattle available from a historically small cow herd.

2.2 Beef Production and Dressed Weights

Total beef production follows slaughter lower, partially offset by heavier dressed weights [1]:

Year	Total Beef Production (M Lbs)	YoY Change
2022	28,347	—
2023	26,605	-6.1%
2024	26,446	-0.6%
2025	25,564	-3.3%
2026 YTD*	~7,500	~-4% vs. comparable 2025

* Through week ending April 18, 2026. Source: USDA NASS / Meat Production Reports [1]

Average cattle dressed weights have firmed further in 2026 — rising from the January baseline of ~897 lbs to 902–903 lbs through mid-April. This compensatory gain strategy by feedlots offsets head count declines but faces practical limits imposed by packer yield efficiency and quality grading dynamics.

2.3 Choice and Select Cutout Values

Boxed beef cutout values have continued their upward trajectory in 2026 [2]:

Year / Period	Choice Cutout (\$/cwt)	Select Cutout (\$/cwt)	Spread
2022	\$263.84	\$244.84	\$19.00
2023	\$299.03	\$276.33	\$22.70
2024	\$308.12	\$291.45	\$16.67
2025	\$359.25	\$342.75	\$16.50
Feb 2026 avg	\$368.61	\$363.91	\$4.70

Wk ending Apr 23, 2026	\$384.97	\$381.68	\$3.29
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Source: USDA LMPR / Weekly Boxed Beef Cutout Reports [2]

The April 23, 2026 Choice cutout of \$384.97/cwt represents a new cycle high, approximately \$55/cwt above year-ago levels [2]. The Choice-Select spread of \$3.29/cwt — versus \$22.70 in 2023 — confirms tight supply across all quality grades with strong Select/grind demand. Near-zero spreads historically precede periods of aggressive Select forward-buying.

2.4 Cold Storage Levels

USDA NASS cold storage data shows total beef stocks on a structural multi-year downward trend [4]:

Month	Total Beef in Freezers (M Lbs)	YoY Change
Dec 2022 (peak)	544.0	—
Dec 2023	480.3	-11.7% vs. Dec 2022
Dec 2024	453.4	-5.6% vs. Dec 2023
Dec 2025	434.6	-4.1% vs. Dec 2024
Jan 2026	427.3	-6.1% vs. Jan 2025 (455.1)
Feb 2026	413.3	-5.2% vs. Feb 2025 (435.9)
Mar 2026*	See note	Apr 24 release

* March 2026 Cold Storage Report released April 24, 2026 (today). Source: USDA NASS Cold Storage Reports [4]

February 2026 total beef in freezers stood at 413.3 million lbs — down 5.2% from February 2025 and down 24.0% from the December 2022 peak of 544.0 million lbs [4]. The seasonal draw from December 2025 (434.6M) through January (427.3M) and February (413.3M) is intact and continuing. The August 2025 seasonal trough of 387.1 million lbs set a multi-year seasonal low; the 2026 summer draw is expected to test that level again, with potentially less buffer given the lower starting point and stronger demand context.

2.5 Consumer Price Index — Beef and Veal

The BLS Consumer Price Index for Beef and Veal stood at 435.9 in March 2026, compared to 441.1 in February 2026 and 428.5 in December 2025 [5]. The March month-over-month moderation (-1.2%) reflects normal seasonal patterns and does not signal demand destruction. The "Meats, Poultry, Fish, and Eggs" CPI was 345.9 in March 2026, and the Food at Home index was 318.5 [5]. All three indices remain elevated versus year-ago levels, confirming the ongoing passthrough of higher wholesale costs to retail consumers.

2.6 Retail Beef Prices

USDA ERS Meat Price Spreads for March 2026 show Choice beef retail value at \$1,008.50/cwt, with wholesale value at \$589.70/cwt and net farm value at \$535.10/cwt [6]. Retail prices: ground chuck \$6.68/lb, round steak (USDA Choice) \$9.61/lb, all uncooked beef steaks \$12.73/lb, and all uncooked beef roasts \$8.86/

lb [6]. The farm-to-retail spread continues to widen as retailers absorb elevated procurement costs, with ground beef retail serving as the most price-sensitive consumer demand indicator.

2.7 Live Cattle Futures Structure

As of April 22, 2026, CME Live Cattle futures settled as follows [3]:

Contract	Settlement (\$/cwt)
April 2026 (expiring)	\$247.43
June 2026	\$243.55
August 2026	\$239.70
October 2026	\$235.45
December 2026	\$235.08
February 2027	\$234.90
April 2027	\$234.15
June 2027	\$227.35
August 2027	\$223.75
October 2027	\$223.00

Source: CME Group Live Cattle Futures Settlements [3]. Cash trade week of April 21-24, 2026 centered at ~\$246/cwt.

The forward curve remains in persistent backwardation — \$247/cwt nearby declining to \$223/cwt in October 2027, a \$24 slope over 18 months. The entire curve has shifted materially higher versus the February 11, 2026 snapshot (June 2026 was \$233.80), reflecting how the rally has repriced the full forward strip. The depth of backwardation is unusually steep and consistent with a structural supply shortage rather than a cyclical one.

2.8 Cattle on Feed — April 17, 2026 USDA NASS Report

The USDA NASS Cattle on Feed Report (April 17, 2026) provides the most current view of the fed cattle supply pipeline [11]:

Category	Head (000s)	YoY Change
On Feed — April 1, 2026 (1,000+ head lots)	11,580	-0.5%
March 2026 Placements	1,710	-7.0%
March 2026 Marketings	1,630	-5.5%

Source: USDA NASS Cattle on Feed Report, April 17, 2026 [11]

March 2026 placements by weight category [11]:

Weight Class	Head Placed (000s)	% of Total
Under 600 lbs	320	18.7%
600–699 lbs	250	14.6%
700–799 lbs	435	25.4%
800–899 lbs	474	27.7%
900–999 lbs	170	9.9%
1,000 lbs and over	60	3.5%
Total	1,710	100%

Source: USDA NASS Cattle on Feed Report, April 17, 2026 [11]

Key observations: (1) April 1 on-feed inventory marks the 17th consecutive monthly YoY decline. (2) March placements of 1.71 million head — down 7% YoY — are the second-lowest since 1996 and came in below pre-report trade expectations, a bullish signal for Q3-Q4 2026 fed cattle prices. (3) Heavy-weight placements dominate: 800–899 lbs (27.7%) is the largest cohort; combined with 700–799 lbs (25.4%), over 66% of placements were 700+ lbs, indicating shorter days-on-feed and supporting near-term throughput without a volume surge. Light placements (under 600 lbs, 18.7%) won't reach slaughter until October 2026. (4) Heifers represent ~37% of on-feed inventory (4.32 million head) — the smallest heifer-on-feed share since 2018, consistent with modest but not aggressive rebuilding.

Section 3 — Market Structure Interpretation

The data presented in Section 2 confirms a market under structural supply constraints with limited near-term relief. Six key dynamics warrant attention as of April 2026:

1. Slaughter Contraction Is Deepening. The YoY decline in weekly slaughter has widened from the full-year 2025 pace of -6.1% to approximately -10% in early 2026. This is the expected late-cycle dynamic accelerating: fewer calves from a historically small cow herd mean fewer cattle on feed and fewer available for slaughter. The April 17 Cattle on Feed report confirms that placements continue to run below prior-year levels, extending the supply constraint into summer and fall 2026.

2. Dressed Weights Are Compensating — But Approaching a Ceiling. Average dressed weights have risen from the January 2026 baseline of ~897 lbs to 902–903 lbs through mid-April. The production offset from heavier carcasses is meaningful but finite, constrained by packer yield efficiency, carcass handling logistics, and quality grading dynamics.

3. Cutout Values Have Not Found a Ceiling. The progression from \$264/cwt in 2022 to \$359/cwt in 2025 to \$384.97/cwt in late April 2026 represents a sustained multi-year rally. The persistent near-zero Choice-Select spread (\$3.29/cwt) confirms active demand across all quality grades and often precedes short-covering episodes as buyers begin to forward-buy Select to secure supply.

4. Cold Storage Stocks Are Structurally and Sequentially Lower. Total beef in freezers has declined from 544.0 million lbs in December 2022 to 413.3 million lbs in February 2026 — a 24% reduction. YoY comparisons remain negative (-5% to -6%), and the August 2025 seasonal trough of 387.1 million lbs is expected to be tested again in summer 2026. Lower buffers increase spot-market volatility and reduce buyers' ability to absorb demand surges.

5. Futures Backwardation Signals Persistent Front-End Tightness. The June 2026 contract at \$243.55/cwt sits \$8 above where it traded in February 2026. The \$24 backwardation slope from front to October 2027 is unusually steep — consistent with structural, not cyclical, shortage. Cash trade at ~\$246/cwt confirms the futures market has accurately tracked physical conditions.

6. The Feedlot Supply Pipeline Confirms Q3–Q4 2026 Tightness. The April 17, 2026 Cattle on Feed report is unambiguously supply-restrictive for the second half of 2026. March placements of 1.71 million head (-7% YoY, second-lowest since 1996) represent animals that will reach market in August–September 2026 primarily. The below-expectations placement report — combined with the 17th consecutive monthly on-feed decline and reduced marketings — provides the strongest forward-looking confirmation yet that the supply constraint will not ease meaningfully before Q4 2026. The dominant 800–899 lb placement cohort supports near-term throughput but not volume expansion; lighter placements (under 600 lbs) won't reach market until October or later.

Section 4 — ClearCut Model Projection

Important: The projections in this section are proprietary outputs from ClearCut's multi-factor regression model. They are not USDA data, not futures-implied forecasts, and not consensus estimates.

4.1 Model Architecture Overview

ClearCut's forecasting engine uses Ridge Regression with 18 engineered features spanning supply, demand, cost, and market sentiment dimensions. Key input categories include:

- **Supply Variables:** Fed cattle slaughter, beef production, dressed weight trends
- **Demand/Macro Variables:** Cold storage inventories, CPI, retail beef prices
- **Futures & Basis:** CME live cattle futures forward curve using change-based features
- **Seasonality:** Week-of-year seasonal factors calibrated to historical patterns
- **Feedlot Pipeline:** Cattle on Feed on-feed inventory and placement mix as 90–150 day forward slaughter supply signal

4.2 Backtesting Performance

The model is validated using walk-forward cross-validation across multiple years. Historical backtests demonstrate that the Ridge Regression model (Mode 2) frequently outperforms naive ratio-based forecasts (Mode 1) at horizons beyond 4 weeks, particularly during structural market shifts where historical ratios break down.

4.3 2026 Projected Price Range

Based on supply, demand, and cost inputs — incorporating the April 17, 2026 Cattle on Feed placements data and the April 22, 2026 futures forward curve — ClearCut's updated model generates the following scenario framework:

Scenario	Avg Choice Cutout	H2 2026 Range	Key Assumptions
Bull Case	\$395–\$415	\$375–\$445	Slaughter -8 to -10% YoY; COF placements suppressed; cold storage draws accelerate; consumer demand resilient

Base Case	\$370–\$390	\$355–\$420	Slaughter -6 to -8%; March COF pipeline tight summer supply; seasonal storage; demand moderates marginally
Bear Case	\$340–\$365	\$315–\$385	Demand destruction; storage builds; heifer retention accelerates; tariff disruptions dampen exports

ClearCut Model Projection — Not USDA or CME data. Updated April 2026 incorporating Cattle on Feed data.

4.4 Margin Outlook

With June 2026 live cattle futures at \$243.55/cwt and current cutout near \$385/cwt, packer operating margins remain structurally compressed. At current dressed weights (~902 lbs), a cutout of \$385/cwt generates ~\$3,471 in carcass revenue, while a live cattle cost of \$246/cwt on a 1,470-lb animal represents ~\$3,616 in input cost before yield adjustments and by-product credits. The model projects packer margins will oscillate near breakeven for Q2–Q3 2026, with brief positive windows during seasonal demand peaks and compression when live cattle basis strengthens. Packers maintaining chain speeds near current levels but resisting aggressive expansion remains the most likely posture through mid-2026.

4.5 Sensitivity Analysis

- **Slaughter Volume:** Each 1% decline below base case adds approximately \$3–\$5/cwt to projected cutout
- **Cold Storage:** A draw 10% faster than seasonal norm (~40M lbs) supports \$5–\$8/cwt additional cutout strength
- **CPI / Consumer Demand:** A 2% decline in consumer beef demand would reduce cutout by approximately \$8–\$12/cwt
- **Futures Basis:** Each \$1/cwt shift in cash-to-futures basis directly impacts packer input costs
- **On-Feed Inventory:** Each 1% change in April 1 on-feed inventory vs. prior year shifts Q3 projected cutout by ~\$2–\$4/cwt (90–120 day lag). The -0.5% April 1 reading adds ~\$1–\$2/cwt support to Q3 base case estimates

Section 5 — Risk Factors

The following risk factors could materially impact the outlook presented in this report:

Macro Risks

- **Consumer Demand Erosion:** With retail beef at record levels (ground chuck \$6.68/lb, Choice steaks \$12.73/lb in March 2026), substitution toward poultry, pork, or plant-based proteins is the most significant demand-side risk. CPI data and retail scanner data will be leading indicators.
- **Economic Slowdown:** A broader contraction would reduce foodservice traffic and discretionary spending on premium cuts, disproportionately affecting middle-meat primals.
- **Trade Policy:** Changes in import/export tariffs — particularly with Japan, South Korea, and China — could shift the supply-demand balance. Retaliatory tariffs against U.S. beef exports represent a specific downside risk at current price levels.
- **Interest Rates:** Higher borrowing costs increase feedlot carrying costs, potentially accelerating placement liquidation and temporarily boosting supply.

Industry-Specific Risks

- **Animal Health Events:** Disease outbreaks represent tail risks that could cause sharp supply disruptions and trade restrictions.

- **Packing Plant Disruptions:** Concentrated packing capacity means a single plant shutdown can meaningfully impact regional slaughter volumes.
- **Weather and Feed Costs:** Drought conditions could accelerate cow liquidation or raise feed costs. Great Plains weather through summer 2026 will be a key monitoring variable.
- **Heifer Retention Timing:** The April 17 Cattle on Feed report shows heifers at 37% of on-feed inventory — lowest since 2018. An acceleration in heifer retention would tighten near-term slaughter availability further while setting up future supply recovery.

Potential Structural Shift: Demographics, Succession, and "Sell Out at the Top" (Speculative)

Why this matters: The traditional cattle cycle assumes producers retain heifers when prices rise and forage improves. The question is whether today's measured rebuild response is purely cyclical, or partially structural.

Observed setup (verified): U.S. agriculture is aging — 2022 Census of Agriculture average producer age: 58.1 years [7]. The January 2026 USDA Cattle report shows the beef cow herd at historically small levels, while the April 17, 2026 Cattle on Feed report shows heifers at only 37% of on-feed inventory — the smallest heifer share since 2018 [9] [11]. The magnitude of heifer rebuilding is modest and does not signal an aggressive expansion phase.

Hypothesis (explicitly speculative): Older operators without a clear successor may monetize high-price conditions by selling females rather than retaining them — 'selling out at the top.' This is not a claim this dominates the market — only that it could be an emerging factor consistent with some producer decision-making incentives.

Why this is plausible (evidence for mechanism, not conclusion):

- **Aging increases exit probability.** Higher share of operations enter retirement/estate decision periods rather than long-duration herd rebuilding phases [7].
- **Succession planning is a real friction point.** Transfer/estate planning is uneven across ag operations, affecting livestock and land liquidation decisions [8] [10].
- **Rebuilding signals are present but measured.** The April 17, 2026 COF report's low heifer share and January 2026 Cattle report both show only incremental replacement heifer growth, consistent with caution rather than aggression [9] [11].

How to monitor (testable indicators):

- Heifers kept for beef cow replacement (USDA Cattle report, January 2027 release) [9]
- Heifer-on-feed share in future Cattle on Feed reports [11]
- Heifer and beef cow slaughter trends (USDA/NASS slaughter data) [1]
- Calf crop and beef cow inventory trajectory (USDA Cattle report) [9]
- Next Cattle on Feed report: May 22, 2026 (April placements and May 1 inventory)

Bottom line: This is a non-consensus "slow rebuild" risk. If true, it would extend supply tightness beyond what a purely cyclical model implies. The April 17, 2026 COF data — 17th consecutive monthly YoY on-feed decline and lowest heifer share since 2018 — is not inconsistent with this hypothesis, though it does not confirm it.

Section 6 — Conclusion

The U.S. beef market is operating in the most supply-constrained environment in decades, and Q2 2026 data confirms the constraint is deepening rather than easing. A 14.8% decline in annual slaughter from 2022 through 2025, with 2026 running approximately 10% below the prior-year pace through mid-April, combined with beef cold storage 24% below the late-2022 peak of 544 million lbs, has driven Choice cutout to cycle highs near \$385/cwt.

The April 17, 2026 USDA Cattle on Feed report — showing April 1 on-feed inventory down 0.5% YoY, March

placements down 7% (second-lowest since 1996), and the lowest heifer-on-feed share since 2018 — confirms rather than challenges the structural tightness thesis. The feedlot supply pipeline for summer and fall 2026 is thinner than year-ago. The live cattle futures forward curve at \$243.55/cwt (June 2026) declining to \$223/cwt (October 2027) reflects the market's expectation that relief will come gradually, not abruptly.

ClearCut's updated base case projects Choice cutout to average \$370–\$390/cwt through the remainder of 2026, with seasonal peaks potentially exceeding \$420/cwt during the summer grilling demand peak. The primary downside risk remains consumer demand destruction at current record retail prices, compounded by potential tariff-related export disruptions. The primary upside catalyst is further deceleration in placements and an acceleration in the seasonal cold storage draw, compressing available supply across both fresh and frozen channels simultaneously.

For continuously updated forecasts incorporating the latest USDA data, futures settlements, and model recalibrations, visit clearcut.foo/beef-price-forecast.

Citations

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