

March 31, 2025

Executive Summary

Tight cattle supply and firm beef demand continue to drive a bullish market environment as we close out Q1 2025. Fed cattle prices surged to record levels, led by a combination of reduced slaughter rates, heavy carcass weights, and strong seasonal beef movement. Volatility remains in both cash and futures markets, but the underlying fundamentals point toward continued strength through spring and early summer.

Key Market Drivers

- **Fed cattle prices** rallied from \$197/cwt to \$211/cwt in the last two weeks.
- **Slaughter pace** has dropped significantly due to packer margin pressure; fed cattle slaughter is forecast to decline by 600,000 head in 2025.
- **Heavy carcass weights** and reduced non-fed harvest have limited available supply.
- **Leaner trimmings** (90s) remain elevated due to limited cow kill, while 50s have been more volatile but are climbing.

Cutout & Complex Performance

Chuck (114A Shoulder Clod):

- The chuck complex has likely established a seasonal bottom, driven by tight harvest schedules and resilient demand from both retail and grind applications.
- Although demand typically moderates in Q1, early spring volume from grinders and foodservice is lending support.
- Buyers should consider scaling in as values are expected to trend higher through May and into grilling season.
- Additional upside expected due to strong ground beef movement and tighter overall steer kill.
- **Projected Chuck Prices (USD/lb):** Apr \$3.56, May \$3.78, Jun \$3.70, Jul \$3.63, Aug \$3.64

Knuckles (167A Round):

- The knuckle market remains strong, with prices stabilizing after early-year gains.
- Demand remains high due to its versatility in value-added and retail programs.
- Limited downside is expected in Q2 as constrained harvests keep offerings tight.



- Buyers should anticipate steady to higher pricing into early summer and use any short-term dips to secure coverage.
- **Updated Projected Knuckle Prices (USD/lb):** Apr \$4.17, May \$4.21, Jun \$4.16, Jul \$4.09, Aug \$4.09

90s Boneless Beef (Fresh Chemical Lean):

- The 90s market has climbed steadily through Q1, bolstered by tight cow slaughter.
- Non-fed slaughter is forecast to be down 350,000 head year-over-year. Beef cow slaughter is particularly light due to herd liquidation slowing, and dairy cow harvest is tracking slightly below last year. This limited cow kill is a major factor propping up 90s prices, as fewer lean trimmings are entering the market.
- Seasonally stronger grind demand is pushing additional interest into 90s despite record-high levels.
- Expect values to remain firm with possible spikes around grilling season and Memorial Day promotions.
- Key risk is potential for procurement delays and limited spot availability if non-fed kills remain compressed.
- **Updated Projected 90s Prices (USD/lb):** Apr \$3.83, May \$3.88, Jun \$3.85, Jul \$3.80, Aug \$3.74

50s Boneless Beef (Fresh Chemical Lean):

- The 50s market started the year with some volatility but is now grinding higher into typical seasonal strength.
- Carcass weights are offering some relief, but inconsistent fed slaughter keeps supply uneven.
- Stronger demand from patty and blended products will continue to pressure availability.
- Buyers should expect continued strength into Q2 and anticipate higher costs for formulas based on 50s content.
- **Updated Projected 50s Prices (USD/lb):** Apr \$1.26, May \$1.34, Jun \$1.32, Jul \$1.28, Aug \$1.31

80/20 Domestic Fed Cattle Burger Market Insight

Key Takeaways:

- Projected highs in May/June before any relief is expected.
 - Upside pressure driven by lean beef shortages and uneven 50s recovery.
 - Relief will likely hinge on improved fed cattle slaughter rates and summer carcass weights.
 - Market conditions mirror 2024 but with tighter non-fed supply.
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Current U.S. Drought Monitor Conditions

Key Observations:

- Persistent drought remains in the Southwest and parts of the High Plains.
- Some relief in Southern Texas due to recent rainfall, but drought intensity remains high.
- Recovery in cow-calf herd growth hinges on continued spring moisture across key grazing states.

Outlook:

- 6-10 day forecast calls for above-average precipitation across the U.S., excluding southern Texas.
- Sustained rainfall through April-May is critical to incentivize herd rebuilding.

Final Thoughts

- **Communicate with customers** the macro environment driving higher beef input costs.
 - Explain that elevated prices are not tied to opportunistic markups but reflect ongoing structural constraints: reduced cow herd size, packer margin pressure, and lean trim availability.
 - Emphasize how beef supply remains below prior year levels while demand continues to track historically strong.
 - Reinforce that cost relief is projected to occur slowly in Q3, and the best approach is strategic forward buying where feasible.
 - Use grilling season as a natural pricing inflection point for temporary coverage extensions.