



## 2026 REPORTS

# Time to Move on From the Choice/Select Spread

By Don Close

### REPORT SNAPSHOT

**Situation:** The Choice/Select spread has inverted, meaning there is concern that beef consumers are trading down from a higher-quality to lower-quality product.

**Finding:** In the current market environment, the spread is misleading. Among other factors, today's product mix is much different than in previous years. A better measurement would be a Choice/branded beef cutout or a Choice/Prime spread.

**Outlook:** American consumers have continuously proven their demand for ultra-high-quality beef; they are unlikely to go back to eating a largely Select-based product.

.....

Over the past couple of weeks, the inversion of the Choice/Select spread has been a frequent topic in agricultural media. The concern is that when the spread is inverted, it means consumer interest in the lower-

quality product is greater than for the high-quality product. In other words, consumers are trading down.

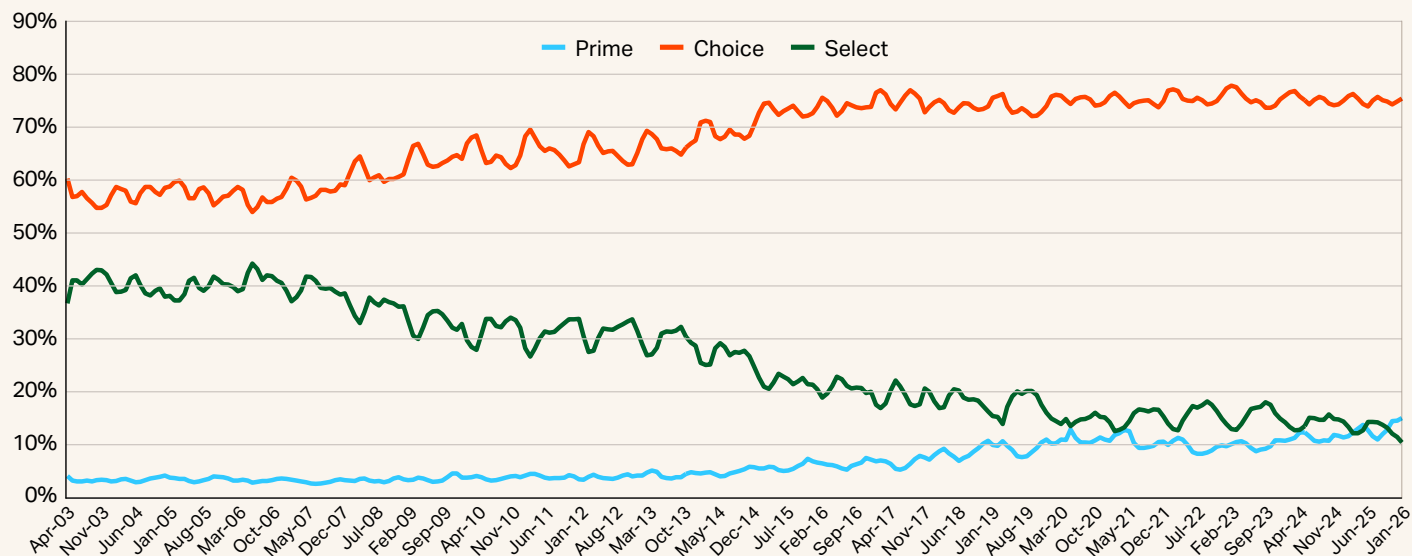
*In previous years, an inverted spread mattered. But the grading percentage then was about 60% Choice or better and about 40% Select.*

However, I argue that, in the current market environment, the spread is a meaningless measurement.

In previous years, an inverted spread mattered. But the grading percentage then was about 60% Choice or better and about 40% Select. And the majority of retail grocery chains carried Select product. There were also no branded beef programs, and the percentage of carcasses grading Prime ranged from 2% to 4%.

## Beef Quality Offering Has Increased Significantly

### Monthly Grading Percentage



Sources: USDA, Terrain

Now, retail stores predominantly carry Choice and better. It is also common for the percentage of Prime carcasses to be 10% to 15% and for there to be more Prime than Selects.

### SELECT SUPPLY SHRINKING

Why the sudden escalation in demand for Select product?

The main reason is that the supply of Select product has contracted, which can make it appear that there is an increase in demand. The supply went from 50% of graded beef carcasses in the 1990s to early 2000s to about 10% currently. As with any commodity product, as supply contracts, the price increases.

*Is the inversion of the spread going to disrupt the current market? I certainly don't think so.*

Then there is the fact that we are working with the smallest domestic cattle supply in 70 years. Even with

the escalation in lean beef trimmings, the U.S. supply of lean beef for making ground beef blends is exceptionally tight. Processors are searching for any source of lean beef to increase supplies of lean grind materials.

There is also demand for Select products in institution use, primarily hospitals. Select products are also still used in many prepared frozen foods.

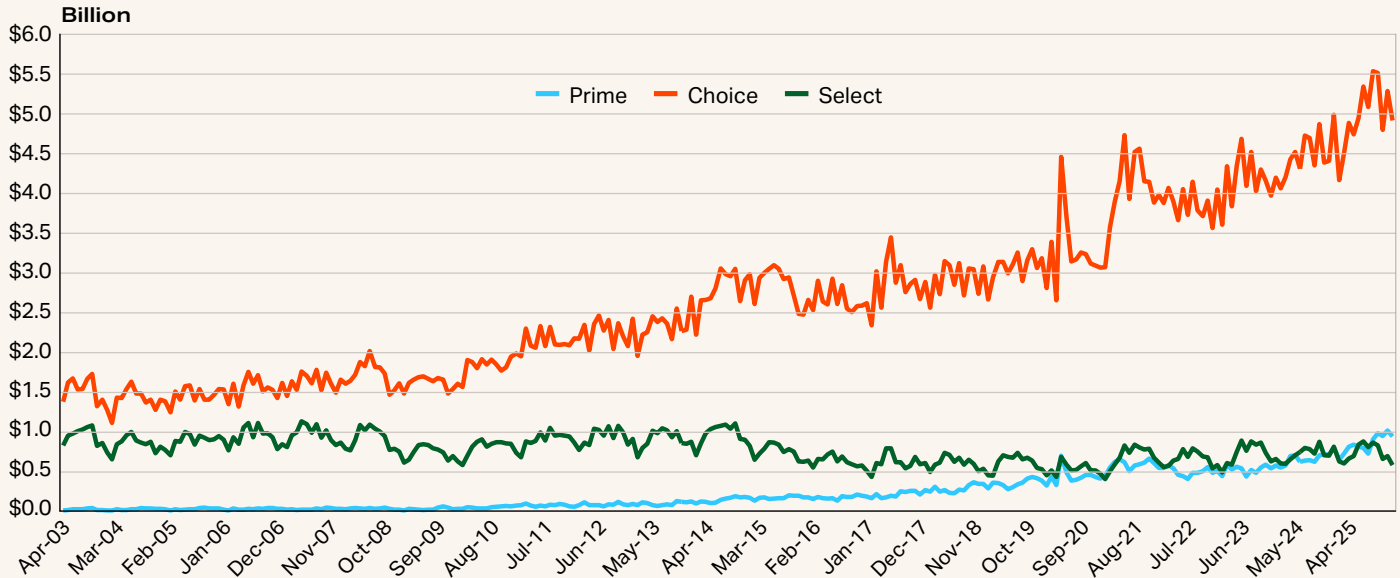
Is this going to be a long-term scenario? I certainly don't think so. Is the inversion of the spread going to disrupt the current market? I certainly don't think so.

When the day comes that grain prices escalate and the cost of gain exceeds the value of gain, the market may have to take another look. In that case, the economics would discourage feeders from fattening cattle as much, leading to more Select beef, a lower Select price, and a higher Choice price.

Currently, with cost of gain running around \$1/lb. and the value of gain approaching \$2.50/lb., the inversion of the spread will not be a market-disrupting factor.

## Wholesale Expenditures

### Monthly Value by Grade



Sources: USDA, Terrain

*A better measurement would be a Choice/branded beef cutout or a Choice/Prime spread.*

#### WHAT SHOULD CATTLEMEN WATCH INSTEAD?

A better measurement would be a Choice/branded beef cutout or a Choice/Prime spread.

The last time the USDA Beef Grading Matrix was updated or changed was in 1997. At that time there were no branded beef products.

In my opinion, the grading matrix needs to be updated to incorporate all beef in the upper one-third of Choice and better.

*Consumers have proven their demand for ultra-high-quality beef.*

Consumers have proven their demand for ultra-high-quality beef. First when Certified Angus Beef products were introduced in grocery stores, and again when grocery stores started carrying Prime products during the COVID-19 pandemic. Now, protein diets have become the craze. The American consumer is not going to go back to eating a largely Select-based product.



---

## ABOUT THE AUTHOR



**Don Close** is a senior animal protein analyst at Terrain. His prior experience includes his work as a senior animal protein analyst at Rabobank and as a market director for the Texas Cattle Feeders Association. In his three decades of professional experience, Don has been a licensed commodity broker, handled risk management and pricing for large cattle operations, managed a grain procurement program, and published market updates and outlooks for cattle and hogs.

## ABOUT TERRAIN

Terrain's expert analysts distill vast amounts of data to deliver exclusive insight and confident forecasting for a more resilient agricultural economy. Terrain is an exclusive offering of AgCountry Farm Credit Services, American AgCredit, Farm Credit Services of America and Frontier Farm Credit.



**Disclaimer:** While the information contained in this report is accurate to the best of our knowledge, it is presented “as is,” with no guarantee of completeness, accuracy, or timeliness, and without warranty of any kind, express or implied. None of the contents in this report should be considered to constitute investment, legal, accounting, tax, or other advice of any kind. In no event will Terrain or its affiliated Associations and their respective agents and employees be liable to you or anyone else for any decision made or action taken in reliance on the information in this report.

