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Glynn T. Tonsor, Ph.D.
Professor
Department of Agricultural Economics
Kansas State University

Headlines & Signals – Let Markets Work

It is rare for a 10-day period to hand the cattle industry a historic supply report, multiple packing plant capacity announcements, and a headline trade policy action. Sorting the signals from the noise matters. Each event has generated its own reaction, but viewed together they tell a coherent story about an industry (and society at large) working through historically tight cattle supplies and strong beef demand — and they point to a shared lesson.

Start with the fundamentals. While ever-boring to many, perennially-core fundamentals are just that – core and hard to ignore. USDA's August Cattle on Feed report pegged the August 1st feedlot inventory at 11.1 million head, 2% above a year ago. More striking were

July placements of 1.42 million head (down 11% from 2025) and July marketings of 1.62 million head (down 7%). Whether one labels the report “bullish” or simply “confirming,” it importantly documents scarcity of cattle. The pipeline behind the feedlot sector is getting thinner, and the industry’s adjustment *given market signals* is not new – it is working to get the most consumable beef from a shrinking volume of cattle. Specifically, KSU Focus on Feedlot data points to a 33% increase in added weight (539 to 719/lbs. added per steer) and 47 more days on feed (149 to 196 days) in 2025 than in 2010.

Next, harvest capacity. On August 13th, Tyson announced it will close its Joslin, IL beef plant (roughly 3,000 head of daily harvest capacity) and its Eagle Mountain, UT case-ready facility, while offering its Pasco, WA plant (about 2,000 head daily) for sale. Combined with the Lexington, NE closure (about 5,000 head daily) and JBS’s Souderton, PA closure (about 2,000 head daily), the industry is clearly in the process of removing shackle space. This is not surprising as the nation’s packing sector largely was built decades ago during a period of higher cattle inventories. Too much processing capacity chasing too few cattle produces sustained packer losses, and capacity is adjusting accordingly *given market signals*.

Finally, policy development. On August 21st, President Trump announced a 90-day waiver of out-of-quota tariffs on up to 300,000 metric tons (about 2.5% of annual beef consumed in the U.S.) of imported ground beef, asserting the product could be sold well below current market prices. While realization of key details (source countries, actual price details, timing, and whether that volume materializes or displaces volume that otherwise was coming) remains pending and unresolved, the aggregate impact on consumer beef prices is likely to be small. CME futures fell sharply on the news before recovering by the close - a simple yet clear reminder that policy surprises typically add volatility.

Here is a common thread: high cattle and beef prices, lower feedlot placements, and plant closure announcements reflect the market doing precisely what we may expect — signaling scarcity, rationing what is short in supply and desired by eligible buyers, and encouraging removal of what is long or excess in supply.

Record calf values are providing cow-calf producers with the strongest herd-rebuilding incentive most, if not all, have ever seen when considered on a traditional $/cow/year basis. Packer consolidation of harvest into fewer plants operating at higher volumes is the painful yet predictable response to overcapacity. Higher imported beef volumes, with or without tariff waivers, are how the market responds to strong U.S. consumer beef demand, high slaughter weights (yielding more trimmings to blend with imported lean beef), and shrinking feedlot inventories.

Meanwhile, even producers with an optimistic eye to the future considering herd expansion increasingly take pause given elevated uncertainty – an era of increased unpredictability is likely delaying and muting overall herd expansion interest. Similarly, in the future, if the herd has grown and the market signals a desire for additional packing capacity, then unpredictability may threaten to delay or mute investment interest. Stated simply, when adjusted for risk, uncertainty, and a general lack of comfort in predictability, the current and perhaps future interest in investment is below what many wish for.

The shared lesson - interventions that mute market signals may possibly offer short-run comfort to a subset of society, but they often slow the very adjustments (here herd and packing capacity right-sizing) that interventions claim to seek. Alas, history is filled with examples of "unintended consequences" that yield instructive lessons. My core takeaway from a memorable period of headlines is a familiar, albeit boring one: *let markets work*.

The Markets

		Week of 8/21/26	Week of 8/14/26	Week of 8/22/25
5-Area Fed Steer	all grades, live weight, $/cwt	$225.01	$228.52	$244.25
	all grades, dressed weight, $/cwt	$355.54	$365.08	$386.17
Boxed Beef	Choice Value, 600-900 lb., $/cwt	$388.27	$373.24	$406.61
	Choice-Select Spread, $/cwt	$24.31	$23.06	$25.15
700-800 lb. Feeder Steer	Montana 3-market, $/cwt	$365.63	$380.00	$382.07
	Nebraska 7-market, $/cwt	$362.88	$361.20	$385.24
	Oklahoma 8-market, $/cwt	$352.79	$356.45	$368.21
500-600 lb. Feeder Steer	Montana 3-market, $/cwt	--	--	--
	Nebraska 7-market, $/cwt	$499.70	$427.00	$473.38
	Oklahoma 8-market, $/cwt	$415.18	$430.80	$441.38
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$4.66	$4.37	$3.87
	DDGS, Nebraska, $/ton	$165.00	$159.50	$137.25

Data Source: USDA-AMS Market News as compiled by LMIC

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