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Fundamental Price Impacts of Announced Tariff Waiver on Ground Beef

The cattle markets have been an eventful topic over the past month or so. The list of market-moving news includes slaughter and processing plant closures, the border reopening to Mexican cattle, a tight Cattle on Feed report, and an announced tariff waiver for ground beef imports. Not surprisingly, cattle prices have been volatile. Each of these events has received much commentary, most of which has lacked grounding in estimates of fundamental price impacts. The ground beef tariff exemption has been particularly controversial. Here I hope to add some substance to the public conversation by giving my own estimates of potential price impacts of the announced tariff waiver.

To estimate price impacts, I assumed a market for ground beef, and another for whole muscle cuts, since the imports would be lean beef trimmings destined for the ground beef market. Using supply, own-price demand, and cross-price demand elasticities from the agricultural economics literature, we can solve the system of supply and demand equations for price and quantity changes. The increase in supply of imported lean beef trimmings enters as a supply shock in ground beef, pushing down the price, and extending to other beef through the cross-price effect. However, it is far from clear that the announced quantity will fully enter the market in the 90-day period that was noted. A lower quantity could result from the logistics and availability of imports, some of the duty-free imports replacing quantity that would have arrived anyway, or some of the imports going into cold storage to enter the market later. So, I have made low (40%), mid (60%), and high (80%) assumptions for the proportion of the announced quantity that will actually enter the market in the 90 days. Figure 1 shows my estimated price impacts for ground and whole muscle beef.

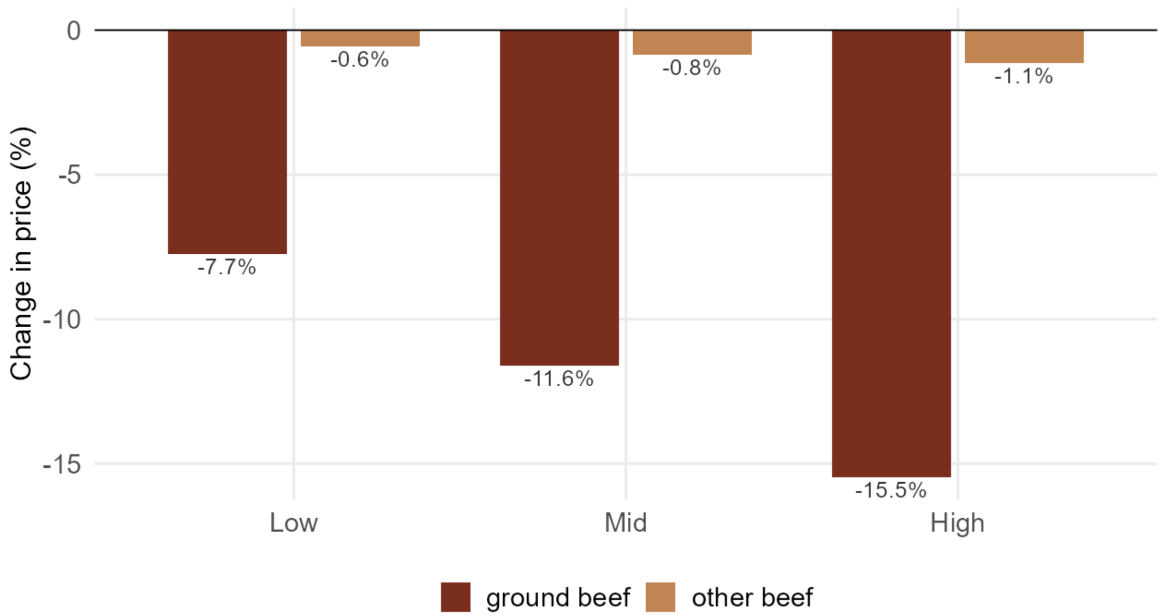
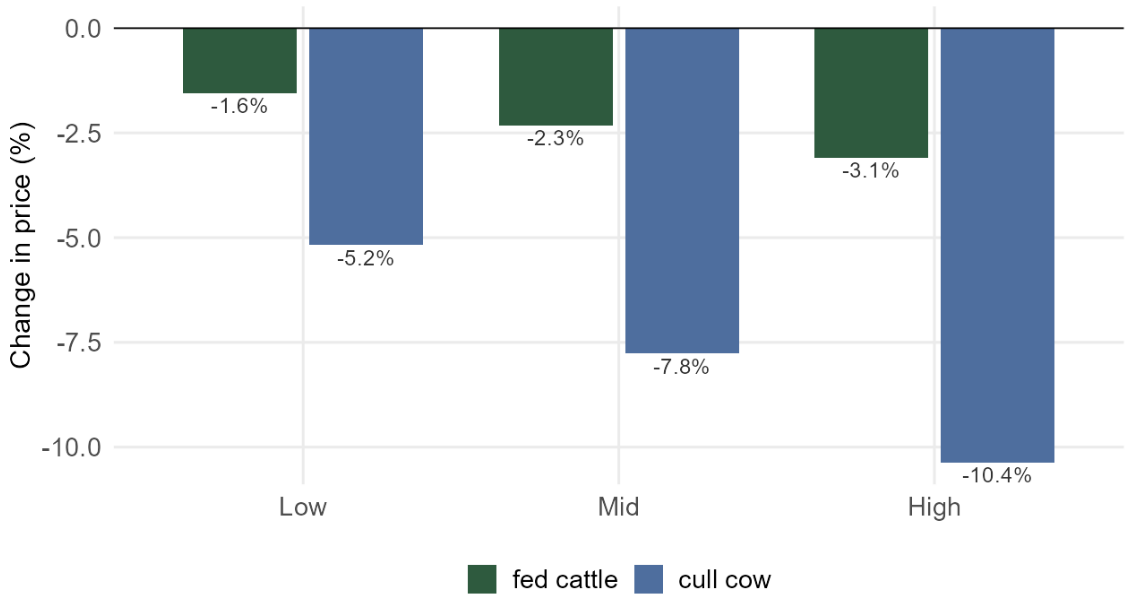


Figure 1: Estimated Potential Price Impacts in Beef Markets of Increased Beef Imports

After impacting individual beef markets, as shown above, the price reaction would work its way back to cattle markets. I use a transmission factor from the literature for the price transfer to fed cattle and cull cows, 0.2 and 0.67, respectively. The rates are different primarily because fed carcasses are split about 85% vs 15% between whole muscle cuts and ground beef; while cull cows are split about 10% vs 90% respectively. Figure 2 shows the price impacts from above translated to fed cattle prices in the various scenarios.

Figure 2: Estimated Potential Price Impacts in Cattle Markets of Increased Beef Imports



Based on my analysis, the fed cattle price decrease from this policy change would be between 1.5 and 3%, while the cull cow market would see a 5 to 10% price reduction. The impacts are highly uncertain because the logistics of importing and selling that large of a quantity of beef may be prohibitive. In any case, the fundamental impacts in the fed cattle market will be relatively modest. Furthermore, it will likely be difficult to identify the isolated impact of this policy in the market as other factors like reduced packing capacity and cattle supply continue to dominate price determination.

For more details on the methods of the analysis in this article, please reach out to me at a.anderson@usu.edu.

The Markets

As discussed above, the words to describe cattle markets as we move into the fall is “uncertainty” or “volatility” or whatever synonym you prefer. Given that, risk management takes elevated importance. Locking in a price for your fall marketed calves with a forward contract, short hedge, put option, or LRP policy is a good idea in the current environment.

		Week of 8/28/26	Week of 8/21/26	Week of 8/29/25
5-Area Fed Steer	all grades, live weight, $/cwt	$219.25	$225.01	$243.60
	all grades, dressed weight, $/cwt	$345.42	$355.54	$385.65
Boxed Beef	Choice Value, 600-900 lb., $/cwt	$383.39	$388.27	$412.67
	Choice-Select Spread, $/cwt	$20.00	$24.31	$24.73
700-800 lb. Feeder Steer	Montana 3-market, $/cwt	$371.27	$365.63	$370.00
	Nebraska 7-market, $/cwt	$360.79	$362.88	$395.46
	Oklahoma 8-market, $/cwt	$339.07	$352.79	$378.08
500-600 lb. Feeder Steer	Montana 3-market, $/cwt	--	--	--
	Nebraska 7-market, $/cwt	$430.00	$499.70	$473.96
	Oklahoma 8-market, $/cwt	$388.23	$415.18	$440.53
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$4.96	$4.66	$3.84
	DDGS, Nebraska, $/ton	$179.00	$165.00	$138.88

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

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