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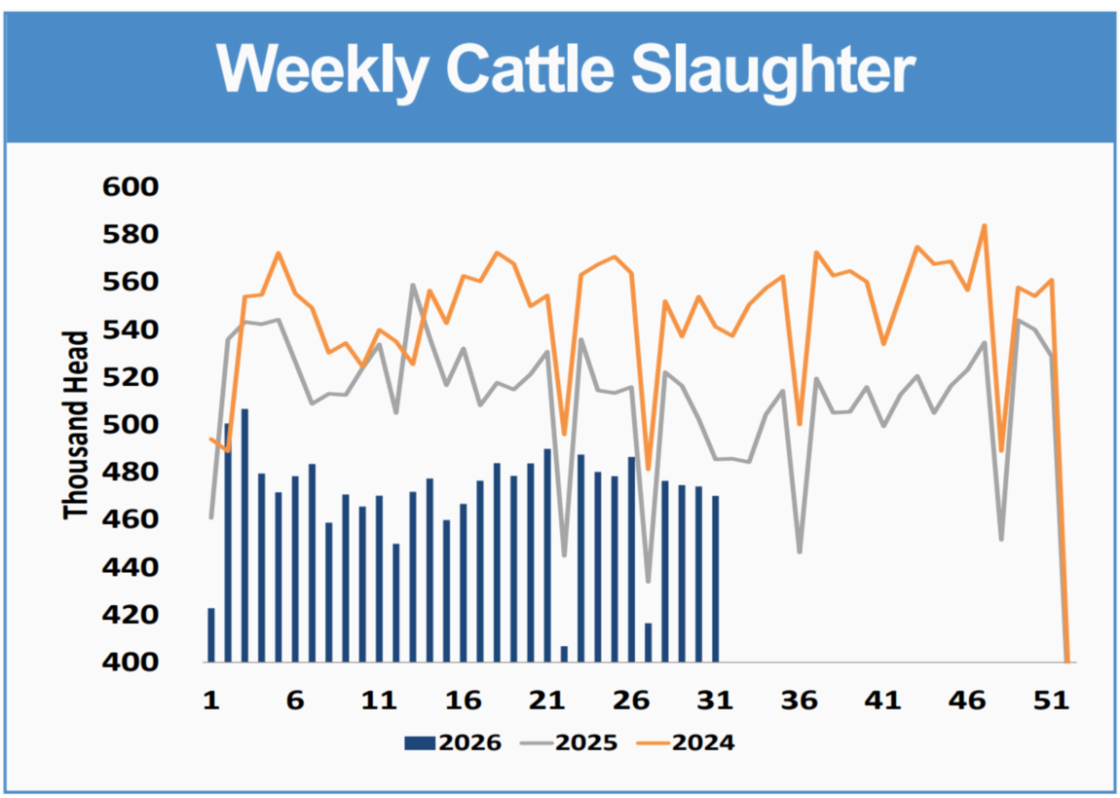
MARKET NEWS

Beef Industry Restructures 🥩

Daily Dairy Report | August 14, 2026

On August 13, Tyson Foods announced a major restructuring of its beef operations, sharing plans to focus on three strategically selected hubs in the central U.S.-in Nebraska, Kansas, and Texas. The company's press release cited the nationwide cattle shortage as the reason for the consolidation. Tyson also announced that two facilities, one in Illinois and the other in Utah, are being shuttered, Finally, Tyson said it has put its Pasco, Washington, plant up for sale. The company noted the restructure will allow it "to maintain a similar level of cattle harvesting across a more efficient and modern network."

The U.S. beef herd is at its lowest level in decades, continuing the trend of the past few years, and the latest Cattle Inventory report released July 1 shows little rebuilding. These longer-term headwinds are forcing difficult decisions for meatpackers. While feeder and live cattle prices are well above historical averages, boding well for sellers such as dairy farmers with crossbred calves, they also create difficulties for buyers. For example, beef operations that purchase feeder cattle to finish are finding supplies tighter, preventing them from keeping their lots as full.



Packers also are sharing how the high cost of cattle is compressing margins and causing losses in their beef segments. Plants are operating below capacity due to small cattle numbers, impacting profitability and long-term strategy. For example, in Tyson's latest earnings report for Quarter 3 2026, the beef segment is reporting a $138 million operating loss. The latest earnings report from JBS Swift, another major beef processor, also shows an operating loss in its North American beef operations. It also plans changes to its operational footprint that include closing its Memphis factory. Cattle slaughter will also end at the JBS Swift Pennsylvania facility in August, and the plant will be updated to produce more value-added products in response to slower cattle slaughter and high costs. The company cites reasons for the closure which are similar to those of Tyson, stating in its earnings report, “These measures simplify operations, aiming at greater operational efficiency.”

That said, beef demand in the U.S. does not appear to be slowing despite high prices and low inventories. The trend of greater protein consumption is keeping beef at the forefront of consumers’ minds. Processors are harvesting animals with higher carcass weights to improve efficiency and keep up with demand.

For dairy farms, beef income constitutes a key source of revenue under the past several years’ conditions. Many operations would currently be at or below breakeven without the sales of cull cows and crossbred calves. Having a market and processor to buy these animals is critical. For dairies near these closed plants, like those in the Midwest, competition for cattle in their region is decreasing, and bids are lower. Elsewhere, reports also show bids falling. Although cattle values remain above historical averages, they are eroding, and the weaker bids point to further declines, compressing dairy farm margins.

Industry restructuring and supply chain changes will likely flow downstream to cattle and dairy farmers, causing structural changes. In other words, the cattle herd at these low levels may persist and become the new normal. Already, the industry has begun to change, with crossbred calves a piece of the puzzle, and processing footprints and operations changing to drive efficiency.

Nonfat dry milk rallied this week and climbed by $0.165/lb. from Monday to Friday. Competition for skim solids has been stiff, and bottling capacity has ramped up as schools reopen. Hot weather in Europe has also impacted milk production, likely limiting commodity production. With NFDM futures moving higher, too, it certainly feels like the bulls have been gearing up to run.

NMPF NEWS ALERT

- HHS Secretary Robert F. Kennedy Jr. announced last week a proposed rule this week that would require manufacturers to notify FDA when they determine a substance added to human or animal food is "generally recognized as safe," or GRAS, replacing the current system where that determination can happen without FDA's knowledge. Kennedy also announced that HHS and USDA have submitted a definition of ultra-processed foods to the White House for review.

Historic shortage squeezing beef, relief could be years away
Fox Business – Aug. 16
America’s ranchers are facing their smallest cattle herd in 75 years, a shortage now rippling from pastures to some of the nation’s largest meatpackers. Tyson Foods announced last week that it will close beef facilities in Illinois and Utah and pursue the sale of another in Washington as it reshapes its beef business amid what the company called one of the most historic cattle shortages the country has ever experienced.

U.S. law to investigate foodborne illness outbreaks has been delayed for 15 years
The Guardian – Aug. 16
Congress passed a law to help federal agencies investigate outbreaks of foodborne illness — a regulation experts said could have stopped the United States’s largest cyclosporiasis outbreak much sooner. The only problem? The rule has been delayed — for 15 years, including most recently amid lobbying in 2025.

Why has Kerrygold ‘gone to war’ over U.S. butter sales?

The Journal – Aug. 16
In what will come as a surprise to absolutely no one, businesses tend to compete with each other. Most of these disputes are barely noticed, accepted as the normal cut and thrust of the marketplace. So why has a row over Irish butter sales grabbed so much attention that the government is being asked to weigh in?