



Make Informed Decisions

Kevin Grier

Market Analysis and Consulting Inc.

Souderton to Close

On Friday, June 12, JBS USA announced the planned closure of two facilities in Pennsylvania and Tennessee. The closures include:

- Beef production facility in Souderton, Pennsylvania (a suburb of Philadelphia)
- Value-added facility in Memphis, Tennessee.

JBS said that production from the affected facilities will be absorbed into other operations across its network, ensuring continuity of supply and service for customers.

The Souderton plant has a slaughter capacity of 2,000 head per day and processes both fed and non-fed cattle. August 14 will be last kill.

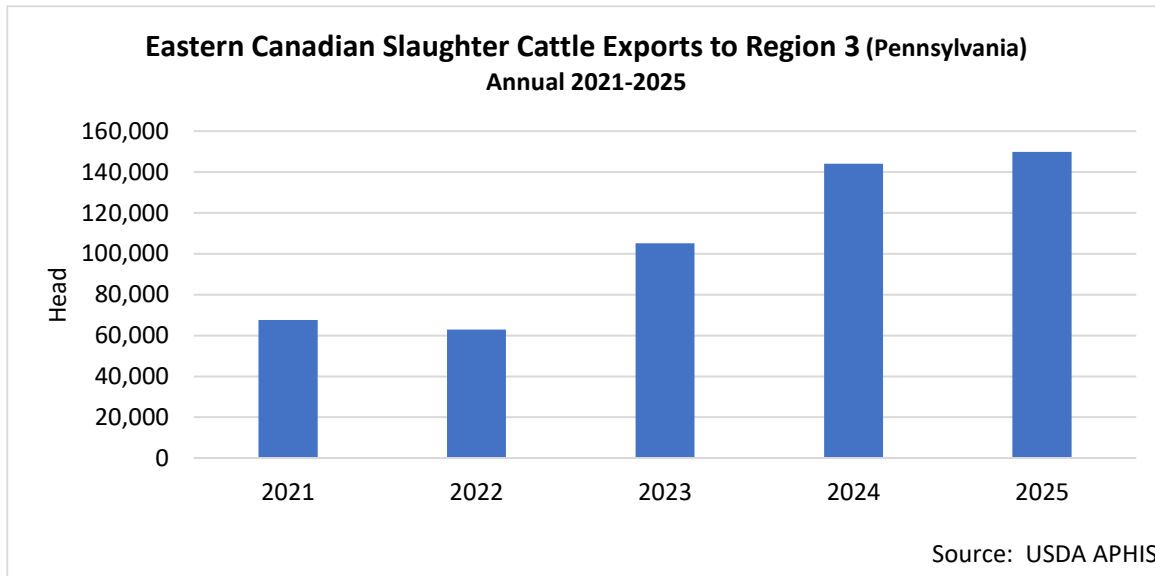
The market shrugged off the news on Monday, with the futures putting in a modest gain. That gain continued through Tuesday. It is likely that most market participants considered the development to be immaterial to pricing. For instance, Cassie Fish wrote in TheBeefRead.com, “The loss of the old JBS facility is of little consequence.”

The closure of Souderton followed Tyson, Lexington, and the downsizing of Tyson, Amarillo, earlier this year. Even with these actions, based on projected kills, the industry will still struggle with significant overcapacity. Bruce Ginn is in agreement with that saying that even with the closure “overcapacity is still a problem” ([Cattle and Pork Comments](#), June 12).

Even if there was not over-capacity, given the losses in the packing sector, it is not as if packers are going to be scrambling to kill the Souderton cattle. It is understandable that the market ignored the news.

Increasing Volumes

According to USDA Animal & Plant Health Inspection Service (APHIS) data, eastern Canada exported about 150,000 head of cattle to Region 3 in 2025. APHIS Region 3 includes five states but the only state with meaningful slaughter is Pennsylvania. That 150,000 head volume compares to just over 60,000 head in 2021-2022. Canadian exports grew as cattle supplies in the eastern U.S. declined.



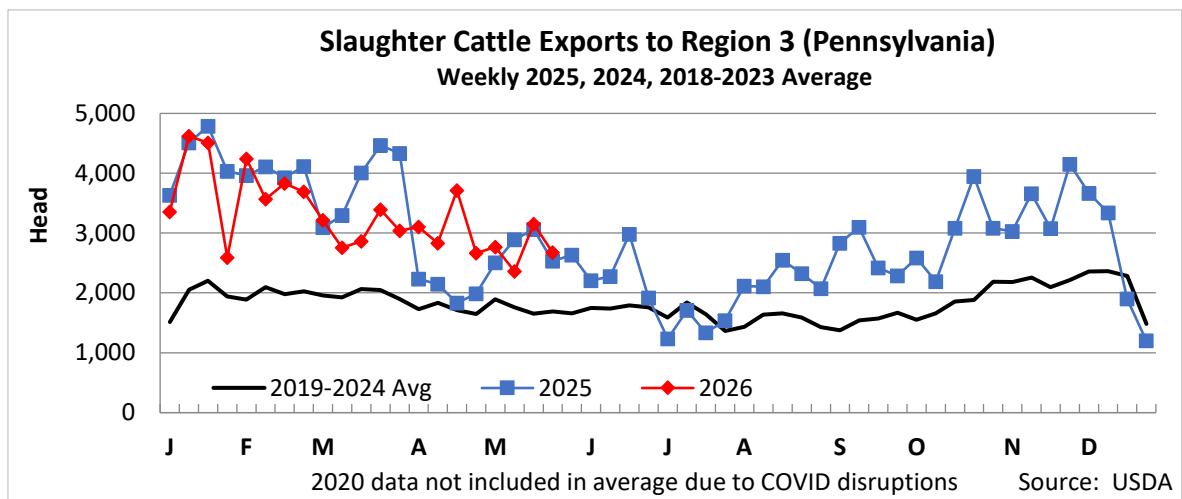
There are three main plants that take eastern Canadian cattle in Pennsylvania: JBS at Souderton; Cargill at Wyalusing; and Nicholas Meats, Loganton. Steve Kay, Cattle Buyers Weekly, lists Souderton at 2,000 per day, Wyalusing at 1,900 and Nicholas at 1,200. Kay classifies the first two as Fed/Non-Fed plants and Nicholas as cow only.

Key Stats

The following are eastern Canadian live cattle export factors. These factors are compiled based on a combination of industry educated guesses, plant size listings and trade statistics.

- The average weekly eastern Canadian shipments of cattle going to Pennsylvania was about 2,900 head in 2025.
- Of the eastern Canadian cattle that go to Pennsylvania, about 80% would be fed and 20% cows.
- Souderton would take over 80% of the eastern Canadian cattle that go to Pennsylvania, amounting to about 2,300-2,400/week.
- Of the Canadian cattle destined for Souderton, 85-90% are fed cattle. The rest are better quality cows.
- The remaining 5-600 head per week of Canadian cattle going to Pennsylvania would be all cows between Wyalusing and Loganton (mostly Wyalusing).

From January through May this year, about 69,000 head moved to Pennsylvania compared to 71,400 last year through the same time. Numbers in 2025 may have been inflated due to the rush to move cattle south prior to the threatened tariffs.



Important Part of the Ontario Market

While it is easy to see why the U.S. and the western Canadian industry sloughed off the news, it is a concern for Ontario. Ontario cattle feeders might be the only ones in North America that are worried about Souderton.

The exports to Pennsylvania are a valuable part of the Ontario market. In 2025 there were 603,000 cattle slaughtered in Ontario and Quebec federally inspected plants. Add in the 150,000 slaughter exports for total fed and non-fed slaughter marketings of 753,000. The slaughter exports to Pennsylvania comprise 20% (+-) of total slaughter marketings in Ontario and Quebec.

The cattle are sold south on a spot market bid. Ontario cattle feeders selling south are a mix of steady and opportunistic suppliers. Most volume is from the steady suppliers. Some cattle move through third party marketers, and some are sold direct. It is likely that the vast majority are through third party.

As noted in this report many times, the exports are an important component of the Ontario price discovery and competitive landscape. Cargill in Guelph must keep the Souderton bid in mind when making local bids. That was especially the case in 2024, 2025 and 2026 when Souderton demand was more pronounced. Souderton comprises the export floor price for Ontario. This report previously estimated that total eastern Canadian exports to all regions in the U.S. probably keep the Ontario basis stronger by at least \$5/cwt.

What Now?

For simplicity let's say that 2,000 fed cattle per week need to find a home after August 14. What happens after August 14?

Cargill in Guelph has been harvesting about 1,750 per day. Due to the poor margins, and short supplies there have been many times, such as last week, that the plant only killed four days. When margins are good and supplies are ample, such as in 2022, the plant was

probably doing 1,950 or more. That, however, typically required 30 minutes or an hour of overtime. Overtime was very common when supplies and margins warranted.

So, on paper, Cargill could handle another 200 head of slaughter cattle per day compared to current rates (1,950-1,750 = 200). That would amount to half the number of fed cattle that need to find a home, not including the cows that must move. In 2026, given that packer margins have been steadily red by over \$200/head, there is no way that there is any incentive to kill another 200/day. That is especially the case because it would mean needing overtime for the privilege of losing \$200/head.

Even if Cargill could handle all the export cattle, which they probably can't, what would happen to price? Common sense says the Ontario price will be lower without the U.S. floor. Price would be whatever Cargill decides. In a market dynamic such as 2026, the price would depend on how much Cargill decides it wants to loose in any given week.

Cattle will still go South

The bottom line is that Ontario is still going to export cattle after August 14. It is likely that some will go to the JBS plant in Plainwell, Michigan. According to Steve Kay says that plant is fed and non-fed and is capable of 1,700 per day. Until now, no Ontario cattle went to Plainwell, but it would be surprising if that did not change.

The biggest hope for Ontario cattle feeders is the Tyson plant at Joslin, Illinois. Steve Kay says the plant is fed cattle only and has a capacity of 3,000 per day. That plant does not take Canadian cattle, but it has in the past. No packer wants to kill more cattle when you are losing \$200 on each one. Nevertheless, it would make sense that Tyson would want access to the freed-up Ontario cattle. The interesting aspect of Joslin is that it is roughly the same distance from London, Ontario, as is Souderton.

If both Plainwell and Joslin take Ontario cattle, the change could result in more competition for Ontario cattle. There is reason for Ontario cattle feeders to be concerned about the loss of Souderton, but there is also a good chance that this change may be positive.



Kevin Grier

June 19, 2026

A version of this article first appeared in the June 15, 2026 edition of the Canadian Cattle Market Report. For a free three-month trial of that report, email, kevin@kevingrier.com