



A mind of its own

By Steve Suther

The market gets what it wants. That is demand in action. As it wants more and better, it pays more, efficiently sorting and sending premium and discount messages.

But it's not quite that simple. Sometimes an amazingly perfect item, or animal, sells for less than average price, a diamond in the rough. A delighted buyer comes back, willing to pay much more, but cannot find another at any price.

Many more, barely acceptable products—including cattle—enter the market every day. There are enough buyers to pay the clearing price up front, though they pay another price in later dissatisfaction. Those buyers won't be back, but there will be other buyers, at least for a while.

Cynics say the market gets what it deserves. To the extent that it's satisfied with mediocrity, it gets more. But the market learns.

Some say it already knows everything, with the omniscience of a god, or at least that of a group mind.

To say the market is always right points out the individual buyers, or consumers who comprise it. The customer is the market, and of course, the customer is always right.

Still, some suppliers deny that. They prefer to believe there's a sucker born every minute. The easiest path for sellers is to assume the market wants what they are pushing. Somebody keeps writing the checks, so somebody must want it.

Most sellers consider that easy path, discounting what consumers think in order to justify their current program. The market is being unreasonable; stay the course and it will come around.

A more rewarding path is to discover what the market is trying to pull in with its premium messages; then change production enough to meet a better-defined demand.

Beef producers are in business to satisfy market demand. One lane of that easy path is to multiply any price by more pounds of any beef. There are millions of consumers, so it makes little difference if a lot of them are dissatisfied, right? Wrong.

Producers can err by misreading market signals or applying short-term, little-picture strategies to the big-picture market. One example is to assume cattle sell higher or lower because of hide color. While that may appear true, there is usually more information involved. Several buyers know the genetics and health program behind those cattle.

The market wants various things at a range of prices, but what it universally *needs* is information, two-way, efficiently sent and received. It does not always get what it needs, so it muddles along on speculation.

Some people are always trying to fool the market. They get away with it for a while, but the market always gets the last laugh.

Market theory is a big field of study, and we can only scratch the surface with a series of sayings. But here's one that should point you toward improving the quality of cattle you sell: When the market gets what it wants, it wants even more.

Next time in *Black Ink*, Miranda Reiman will look at creating a resume for your cattle. Questions? Call toll-free at 877-241-0717 or e-mail steve@certifiedangusbeef.com.

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