Meat Institute

Nourishing Today Sustaining Tomorrow

Beef & Cattle Market Update

In the cattle and beef markets, the market fundamentals of supply and demand are at work: beef demand is very strong, and the cattle herd is the smallest in 75 years.

Cattle producers are enjoying record prices, while beef packers have been suffering under negative margins since September 2024.

Packing plant utilization rates have dipped, and some facilities are scaling back operations, including reduced shifts and shortened workweeks. According to [Sterling Marketing's January 24, 2026 Beef Profit Tracker] published in Drovers, fed beef packing plants in the U.S. are running at 76.8% of capacity.

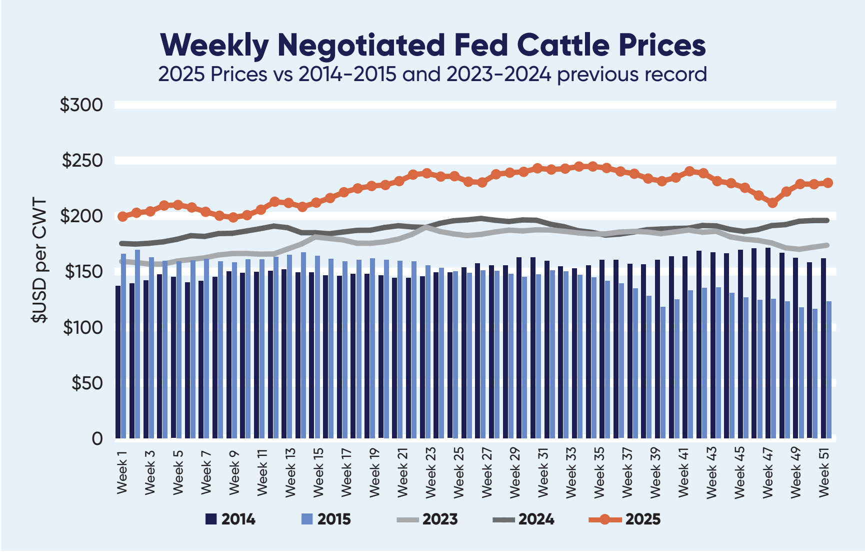
Additionally, foreign animal disease import restrictions – particularly on Mexican feeder cattle – are another contributing factor to the low cattle supply and increasing beef costs.

Consumer demand has remained strong with improved beef quality. However, prospects for elevated cattle prices and the beef those cattle yield remain directly tied to the extent end-user consumer demand remains robust.

The packer needs the producer and the producer needs the packer. The industry needs to find a path for all sectors of the supply chain to be successful.

Record Cattle Prices While Packer Margins Remain Negative

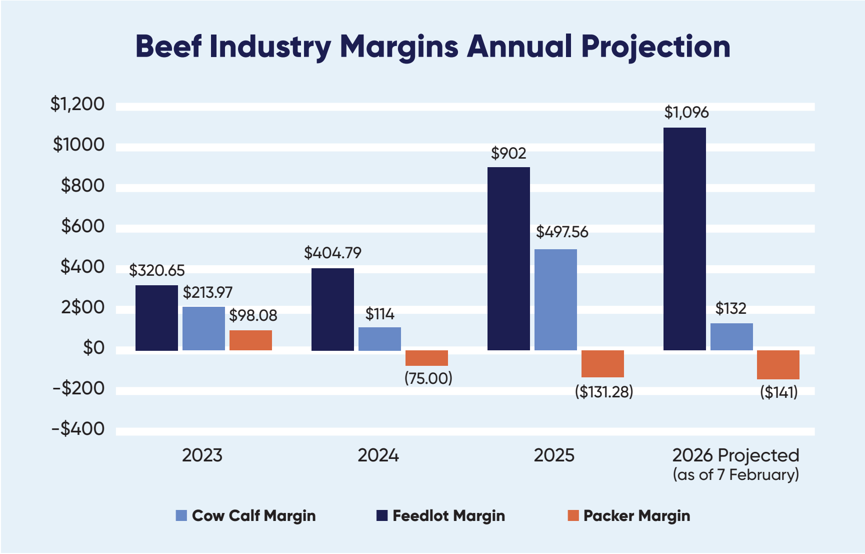
Cattle prices were at record levels for most of 2023, surpassing the 2014-2015 previous record highs as the cattle herd rebuilt from the previous low points of the cattle cycle. Through 2024 prices continued at new record levels and increased further into 2025, exceeding an average of $242 per hundredweight in August 2025, the highest nominal price on record.



Source: USDA AMS

Beef Industry Margins

The record cattle prices have put U.S. beef packers under financial pressure. For most of the past two years, beef packers have been losing money. Using USDA's published data, Sterling Marketing estimated that in 2024, beef packers lost an average of $75 per head. In 2025, the average losses were $141 per head. And in their January 24 Beef Profit Tracker, Sterling calculated beef packer margins for the previous week at -$191.89 per head. Spread across approximately 30 million head of cattle harvested annually, these losses add up quickly.

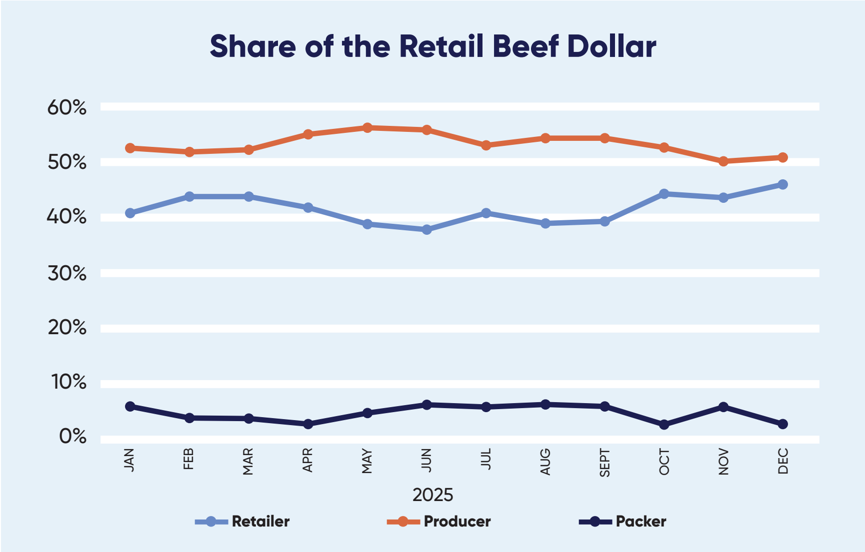


Beef Industry Margins Annual Projection

Source: Sterling /Profit Tracker

Value of the Retail Beef Dollar

The share of the retail beef dollar also indicates that producers have been faring well. The packers' share dropped from 13% to 5% during 2025, reflecting the negative packer margins.



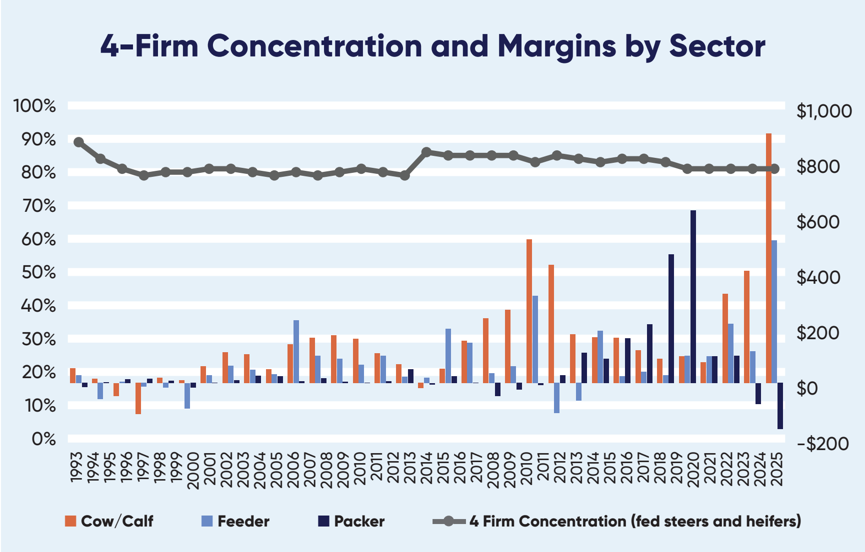
Share of the Retail Beef Dollar

Source: USDA ERS, WPI

No Consolidation in the Beef Packing Sector

Rhetoric about beef industry concentration implies that consolidation in the beef packing sector is ongoing and that market power is becoming increasingly concentrated. That is not the case.

The four-firm concentration ratio in the fed cattle industry has not changed appreciably over the past 30 years. According to USDA, in 1994, for example, that ratio was 82%, compared to 81% today.



4-Firm Concentration and Margins by Sector

Source: USDA ERS