

WEBINAR:
Trade and T-Bones:
The Current Beef Outlook

May 22, 2025

10 a.m. (PT) / 11 a.m. (MT)

12 p.m. (CT) / 1 p.m. (ET)

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Keynote Speakers



Brian Earnest
Lead Animal Protein Economist,
CoBank Knowledge Exchange



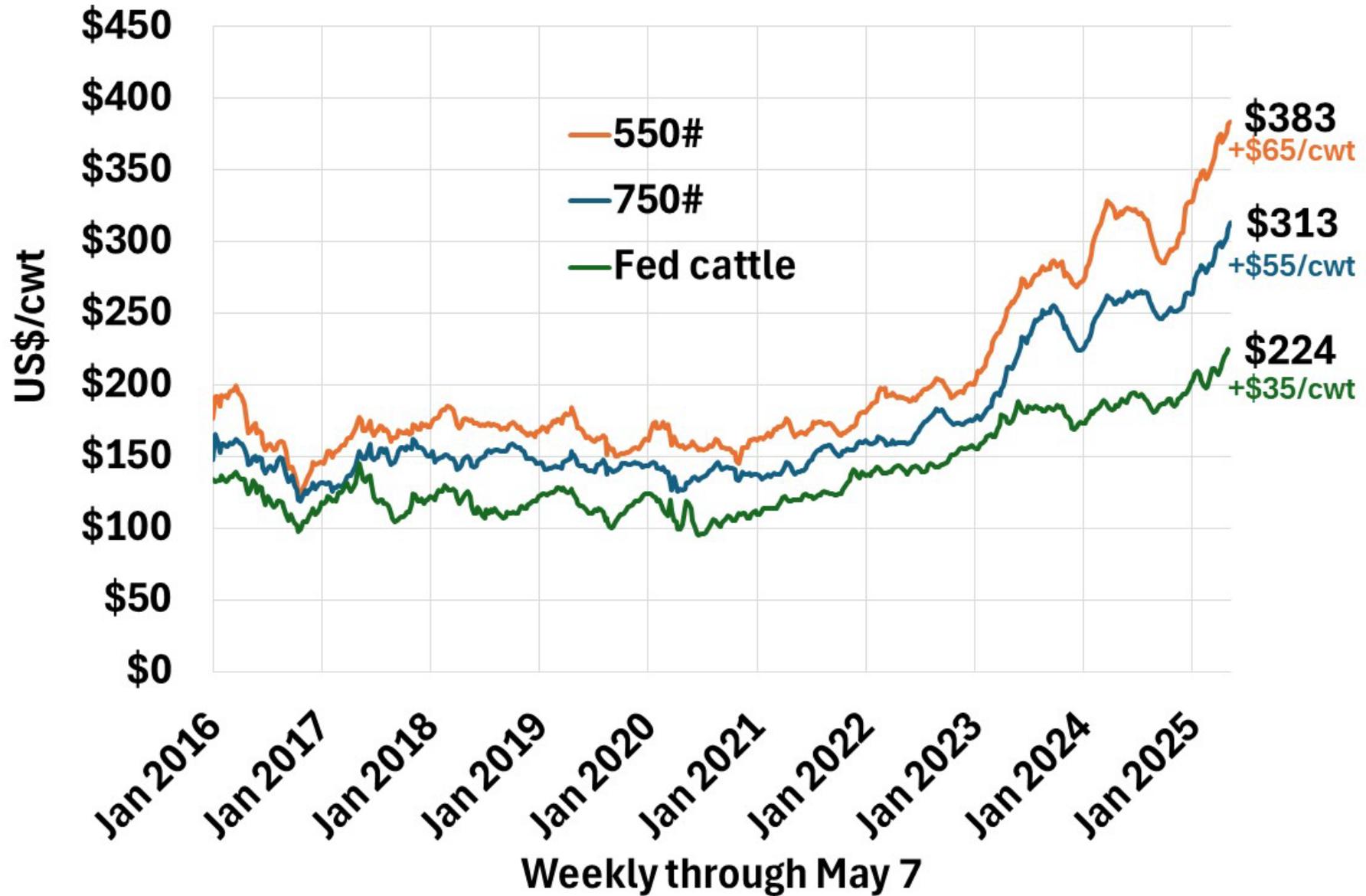
Brett Stuart
Founding Partner,
Global AgriTrends

Our Business: Global AgriTrends

- Global analysis of agriculture markets, est. 2006; focused on global proteins (beef, pork, poultry)
- Economic and policy forecasting; market research
- Extensive global network of clients and contacts
- On-the-ground research on 6 continents
- Providing data to a wide variety of global agribusinesses including: multinational processors, agriculture banks, hedge funds, commodity brokers, meat and livestock producers (hogs, cattle, chickens, dairy, grains), trade associations, feed companies, nutrition, pharmaceuticals and others seeking market intel in the global protein space



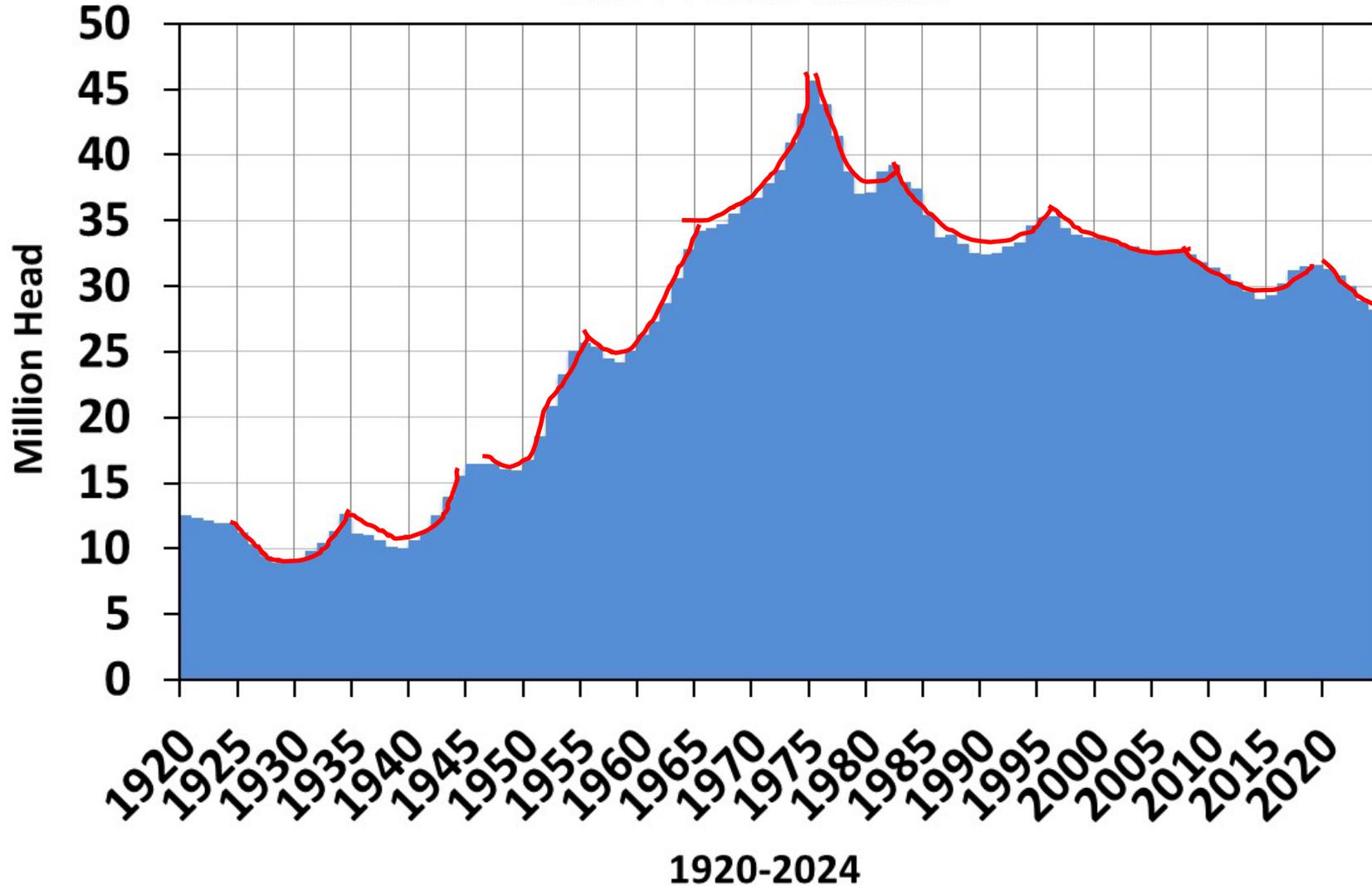
U.S. Cattle Prices



Source: CattleFax

U.S. Beef Herd

Jan 1 estimates



Is it really
“different this
time”?

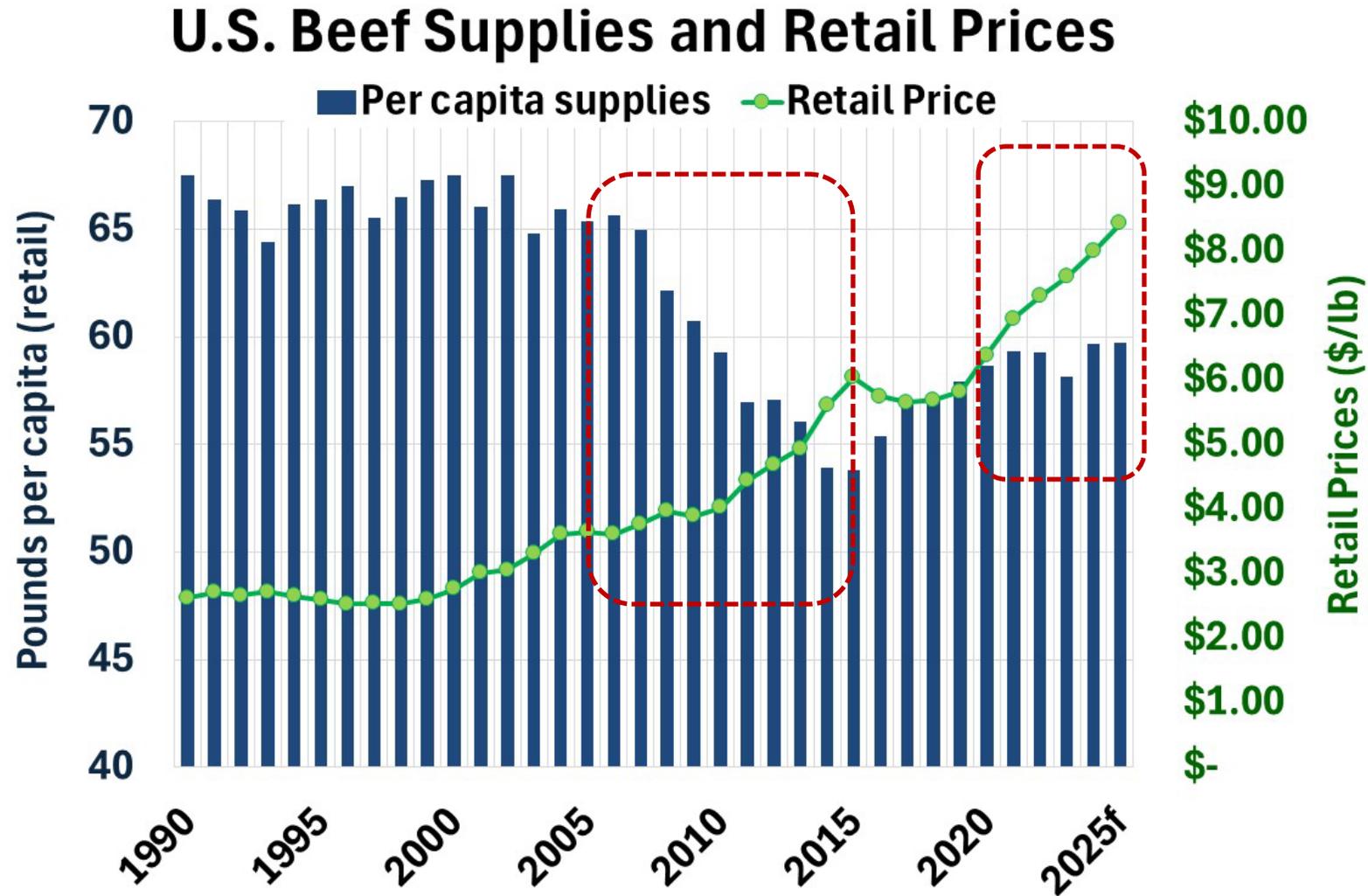
Source: USDA/NASS

An UNUSUAL Cattle & Beef Rally

Cattle are record high; beef is near record high

This is significant as the cycle has not yet cut supplies significantly...

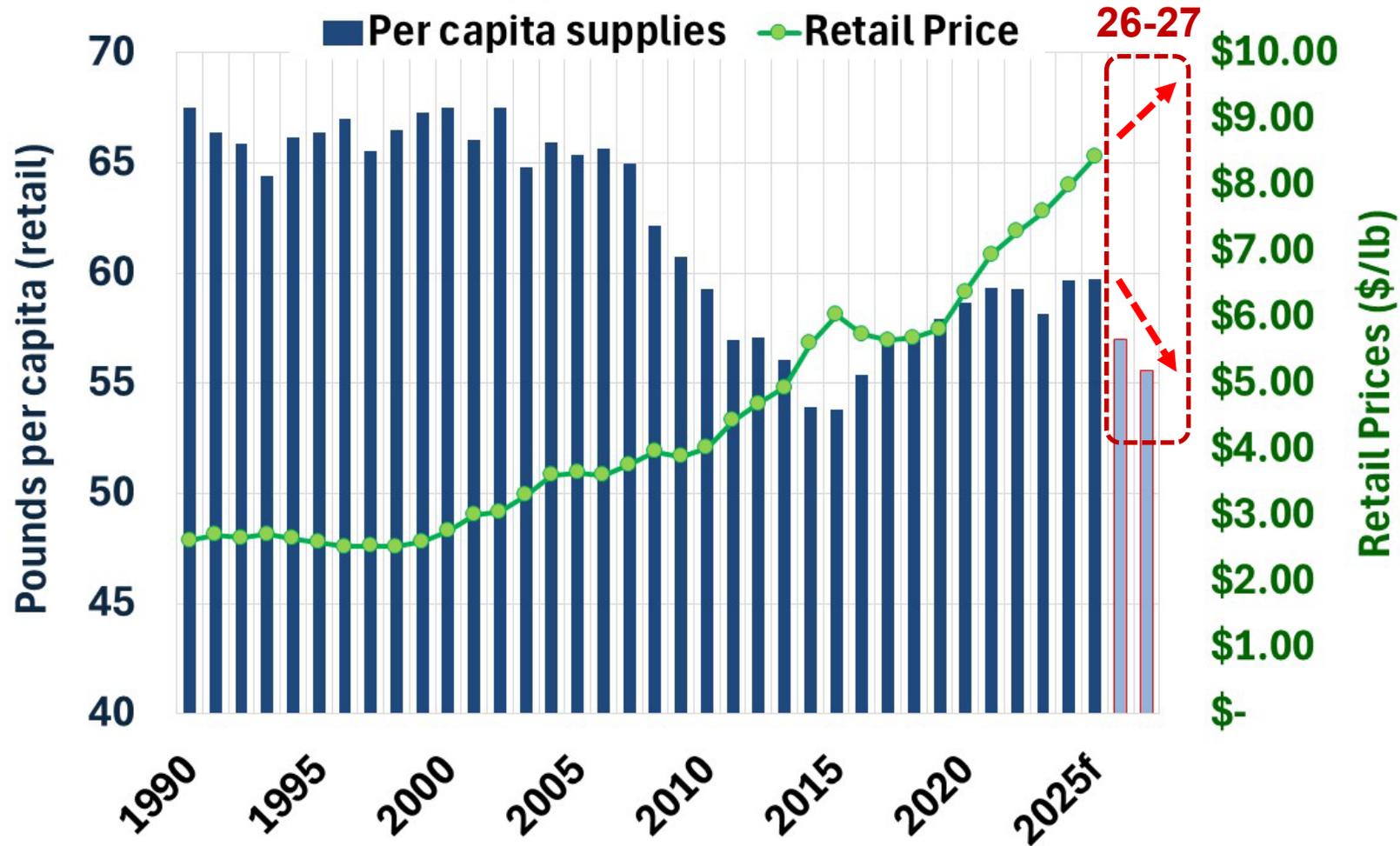
The rally has been DEMAND driven...



The only explanation: DEMAND

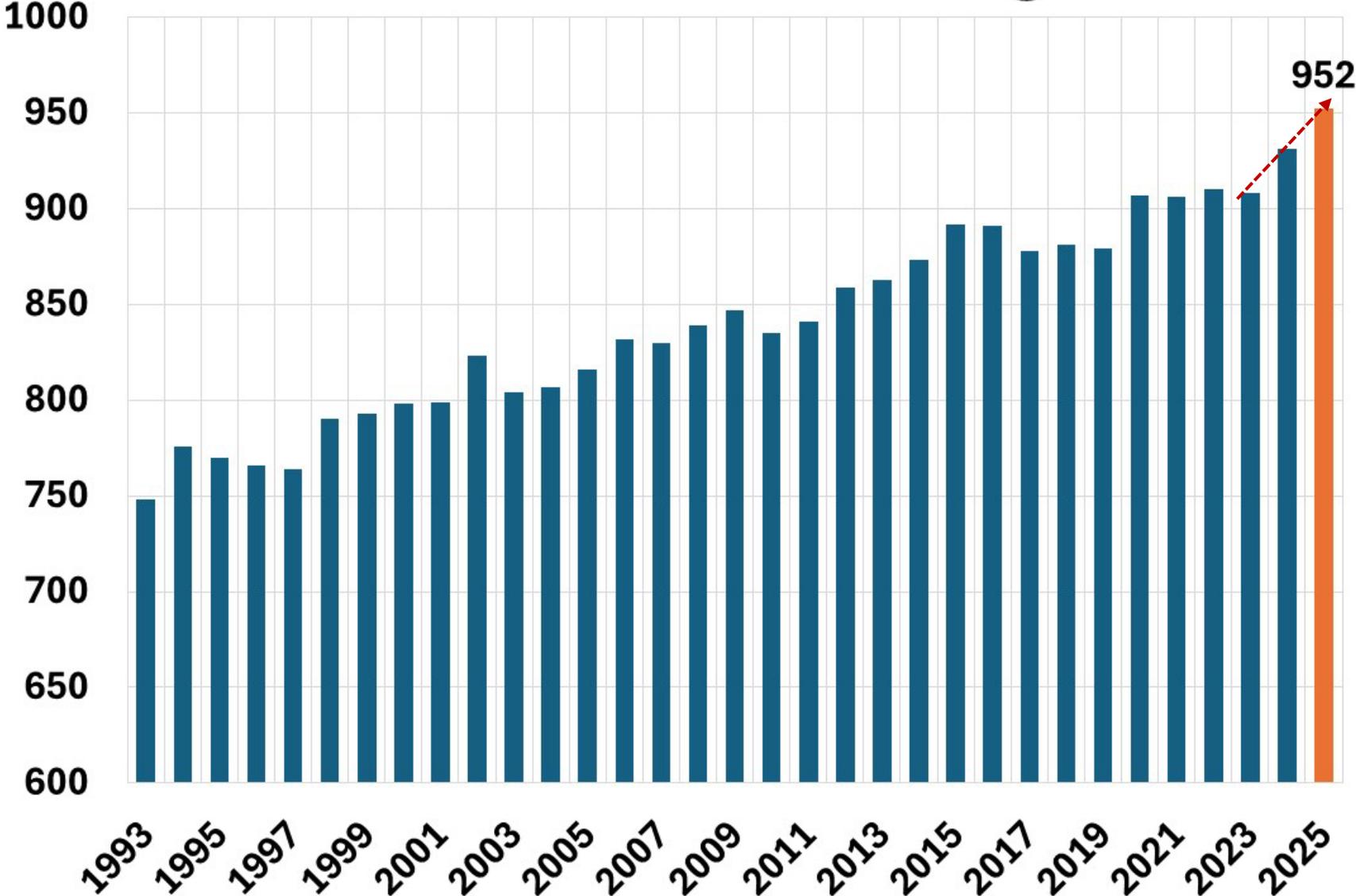
But will soon be SUPPLY driven...

U.S. Beef Supplies and Retail Prices



Source: USDA, AgriTrends

U.S. Steer Carcass Weights



Higher weights have masked the herd reduction

The long-term average is 5 pounds per year

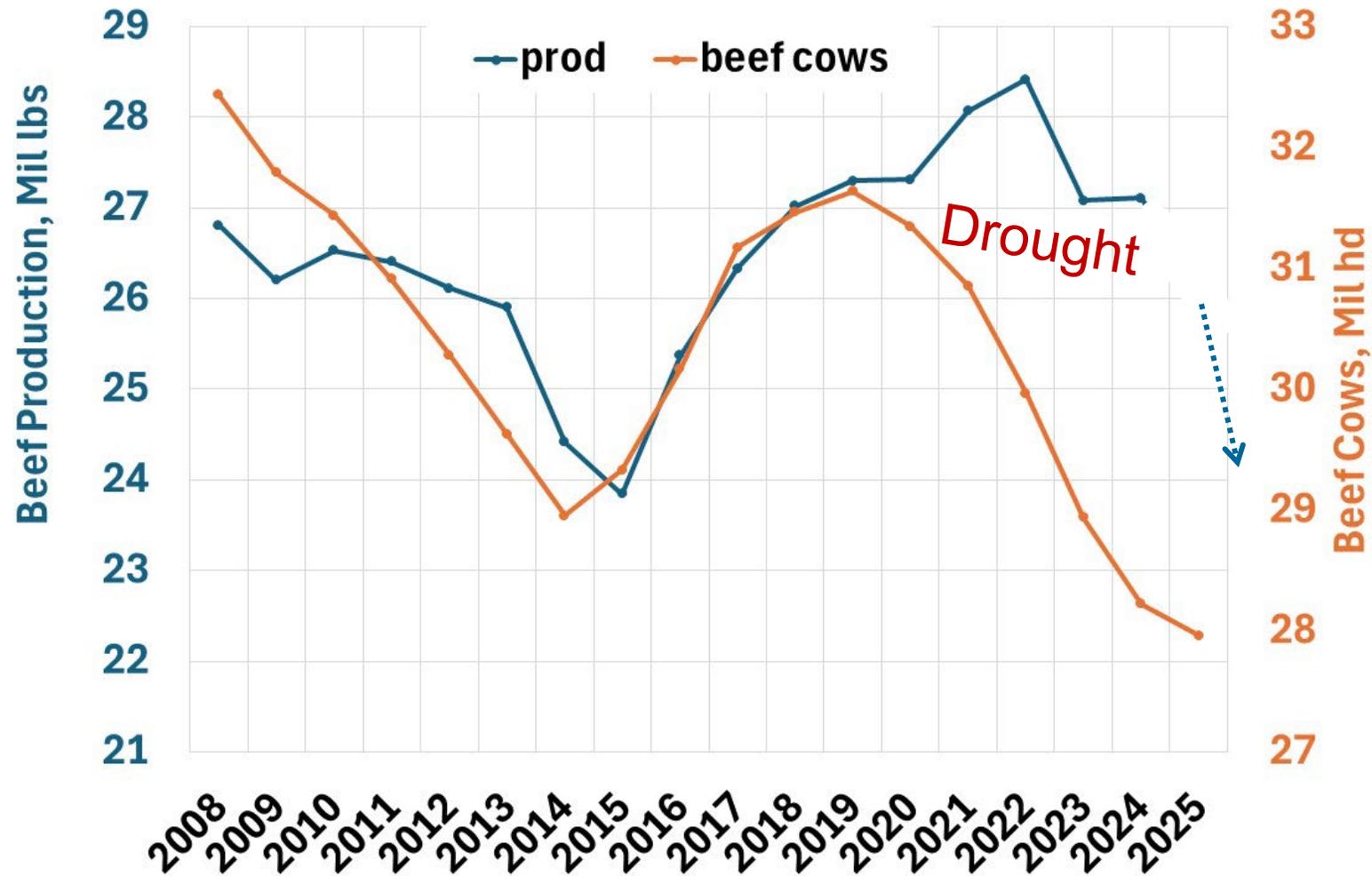
2024 was 21 pounds

2025 is up 21 pounds thus far...

Source: USDA

Beef Supplies to Tighten in 2025

U.S. Beef Cows and Production



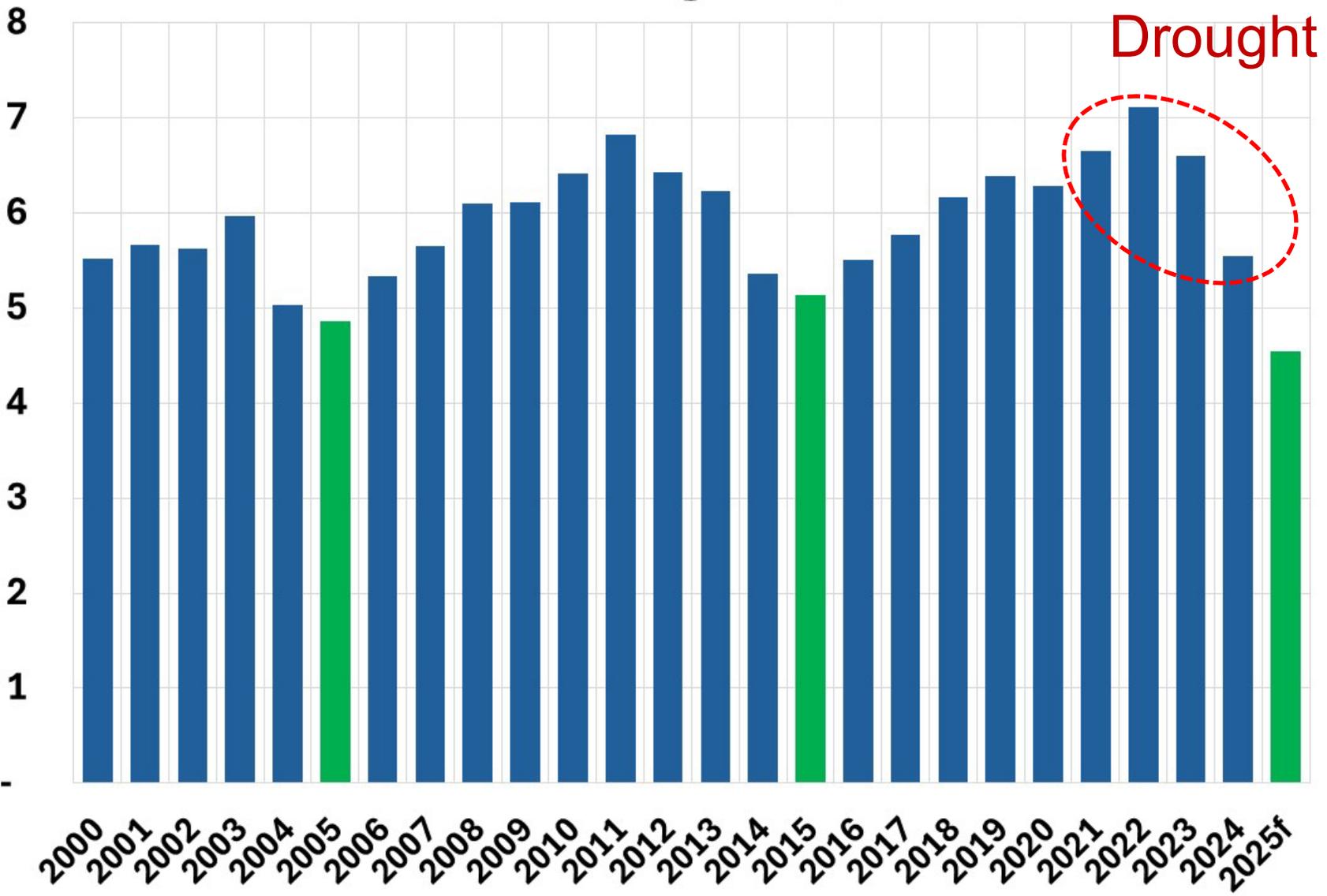
The expected U.S. beef production decline has lagged the herd decline due to persistent drought

That will change soon...

Source: USDA

Is the REBUILD occurring?

U.S. Cow Slaughter, millions

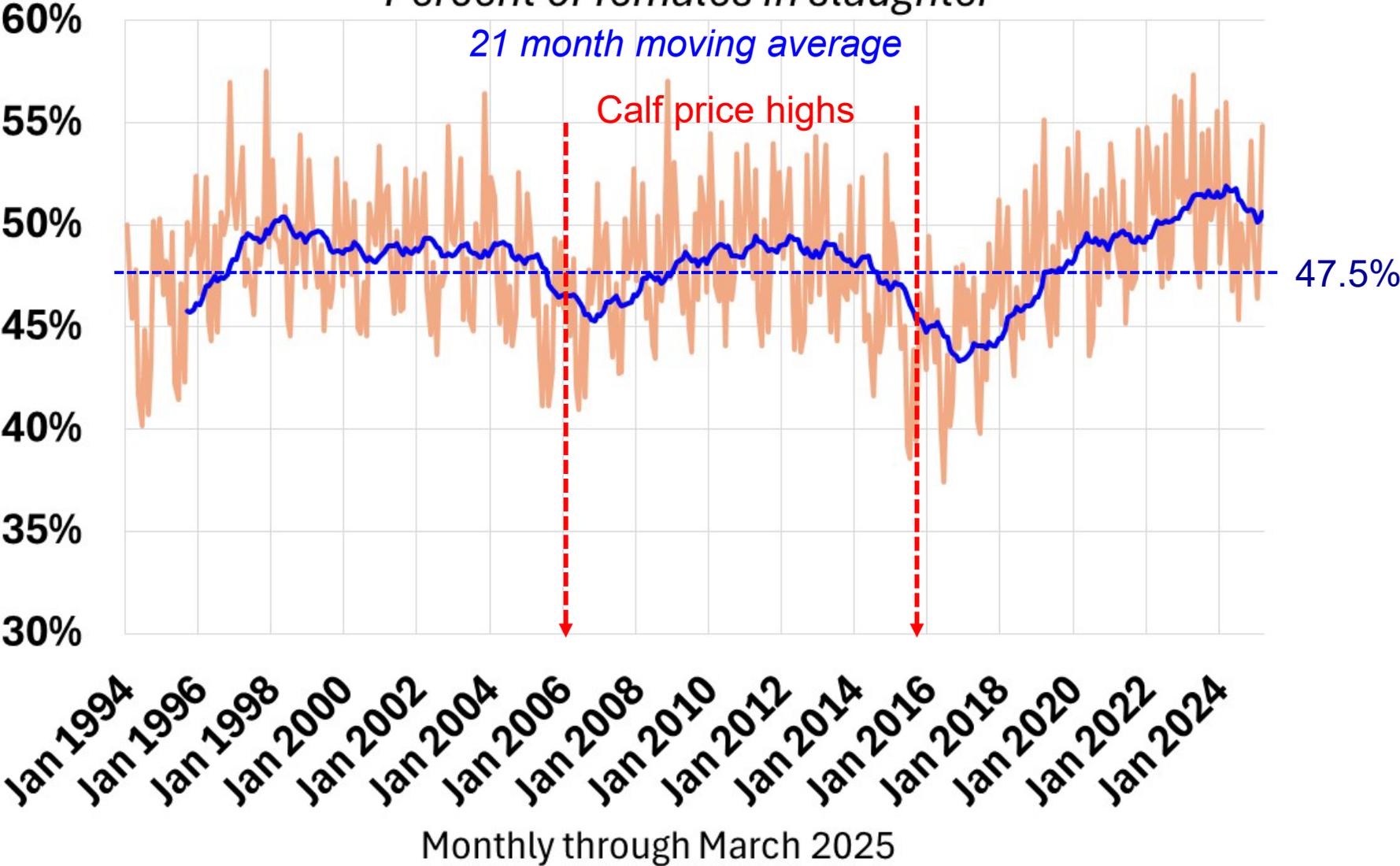


Reduced cow slaughter sent 90% lean beef to record prices

Source: USDA

Female ratio

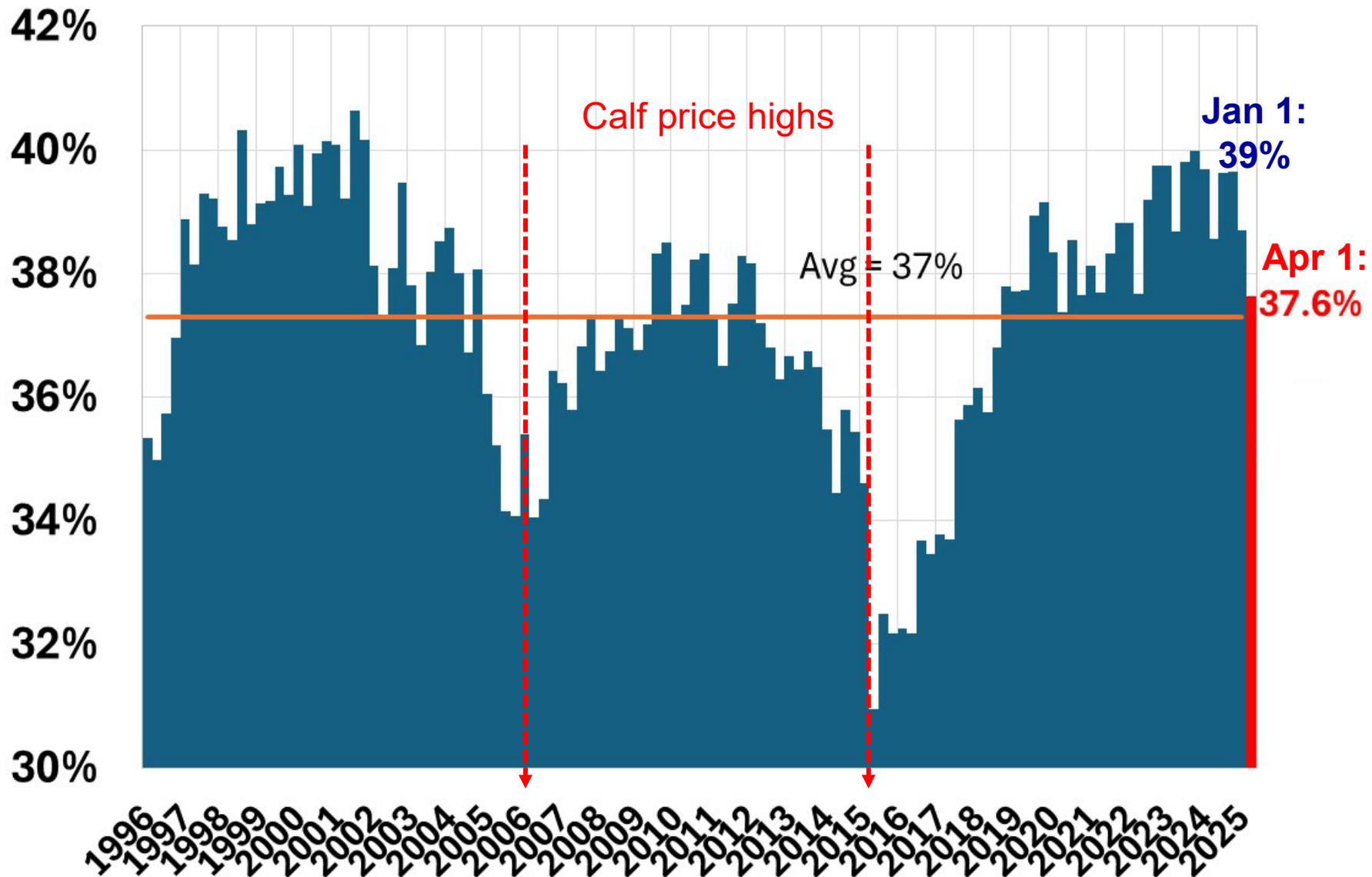
Percent of females in slaughter



Source: USDA, AgriTrends

Heifer % of Cattle on Feed

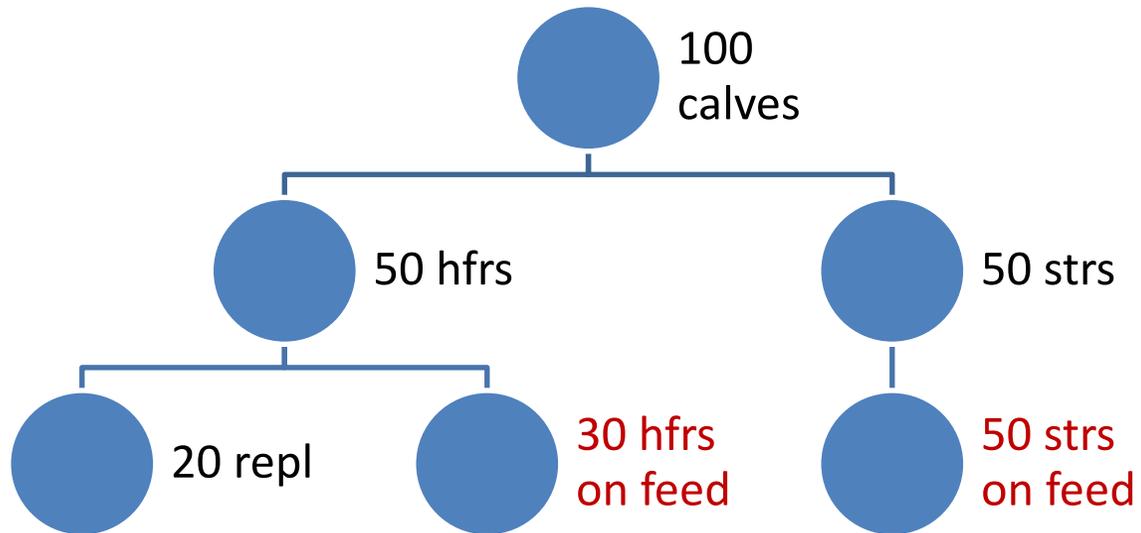
Timing the rebuild is tricky...



Source: USDA

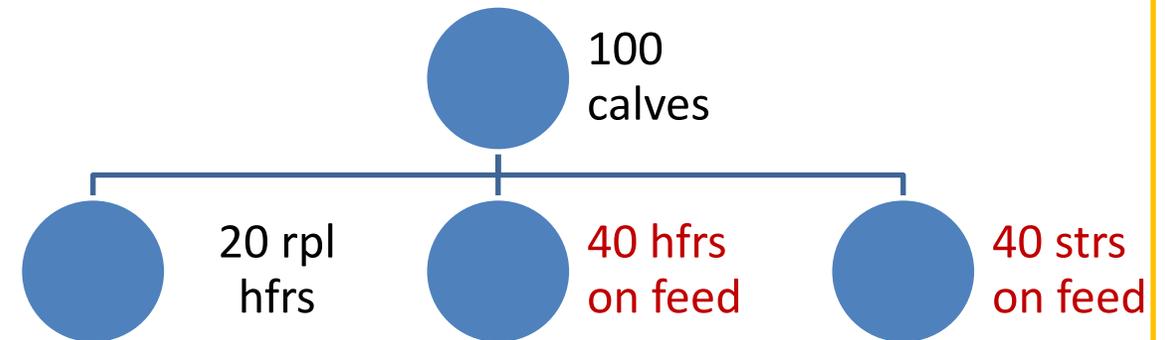
The “Beef on Dairy” Impact

Conventional System



On feed:
30 heifers
50 steers

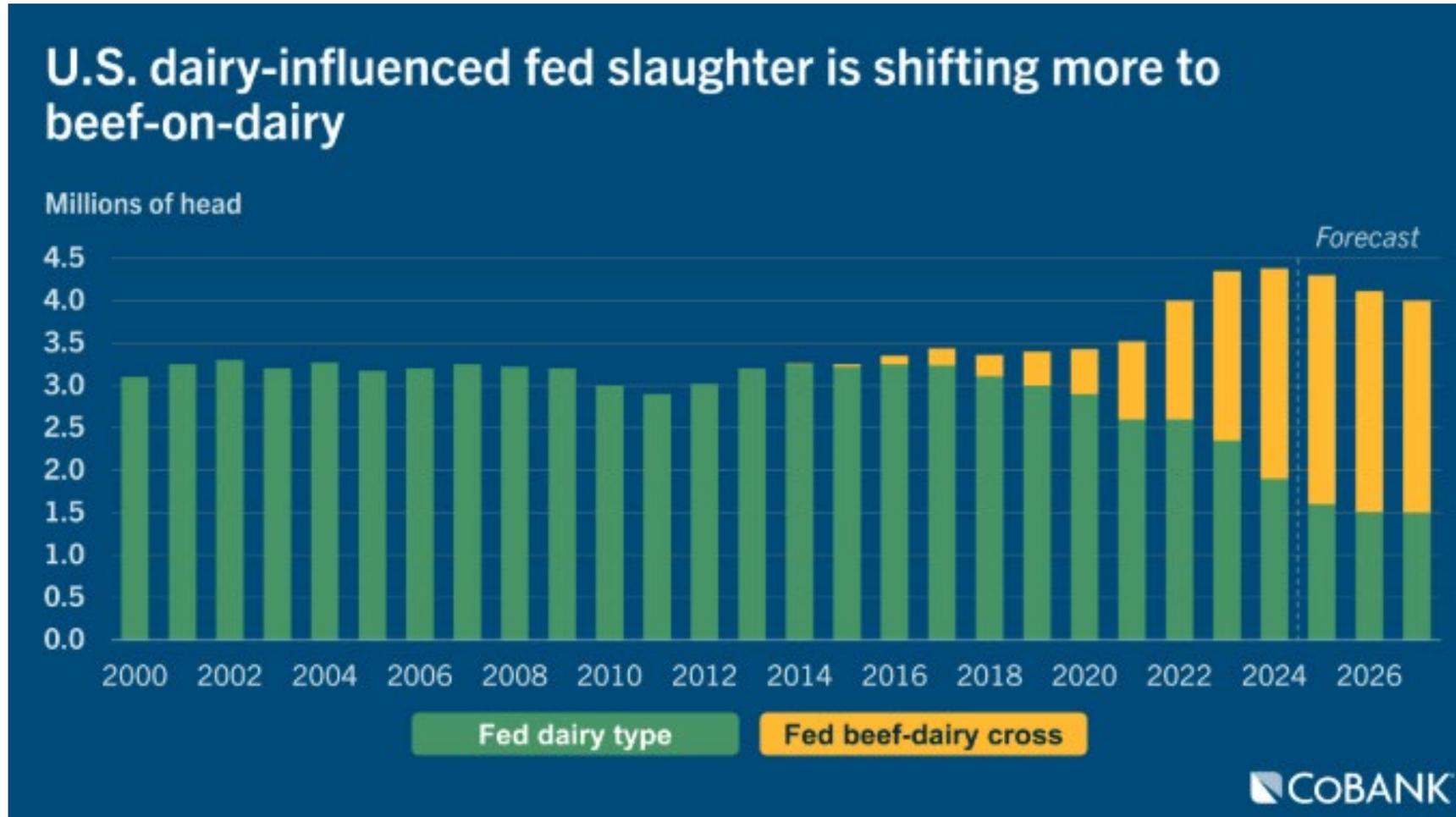
Beef on Dairy System



On feed:
40 heifers
40 steers

33% more heifers
on feed
-20% fewer steers

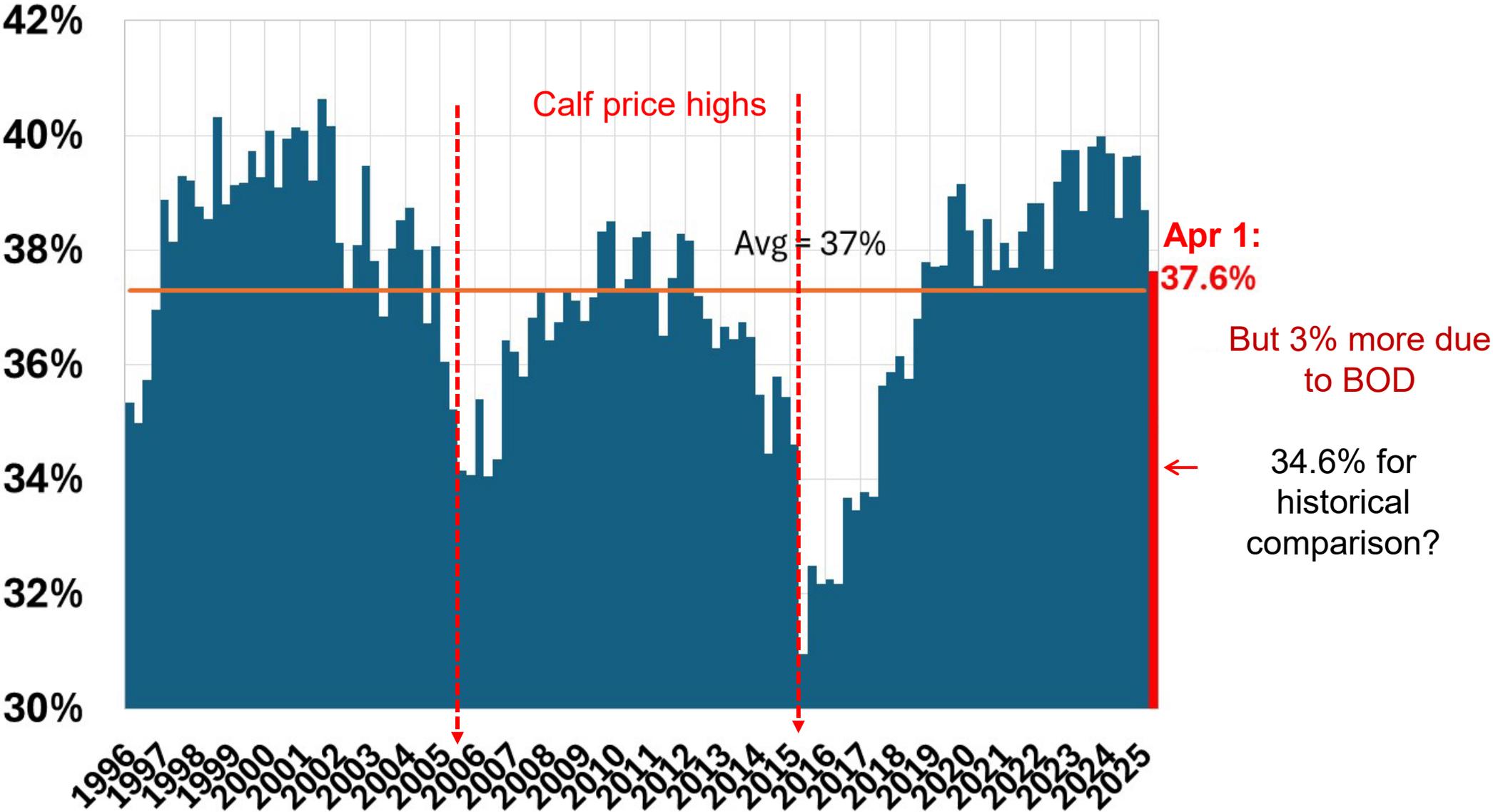
The “Beef on Dairy” Impact



- 2024: 2.4 million slaughter is BOD (str+hfr)
- 33% more heifers = 396k
- $396k \div 11.823$ million COF:
 - 3.3% more heifers as a % of COF

Source: CoBank

Heifer % of Cattle on Feed

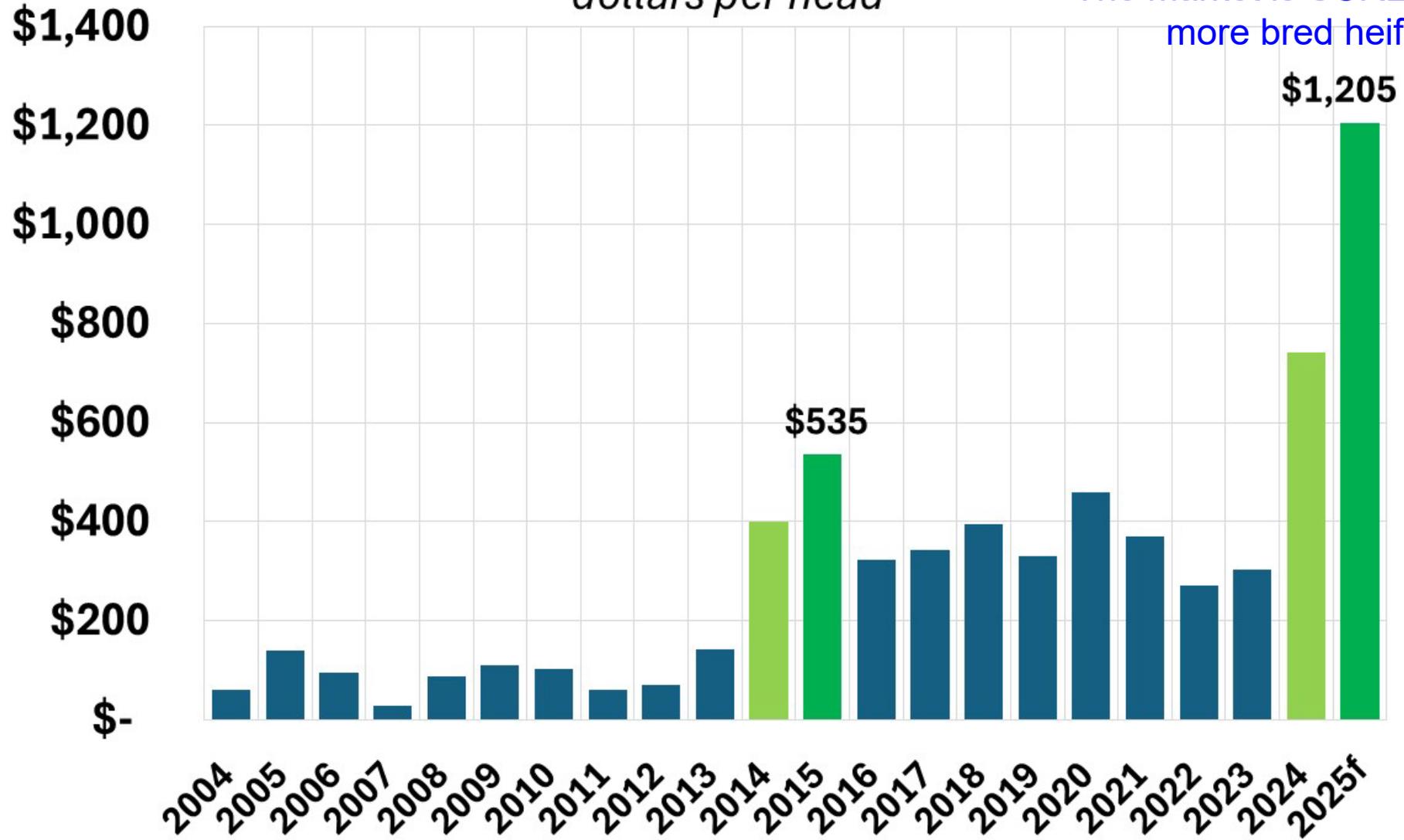


Source: USDA

Bred Heifer less Feeder Heifer Price

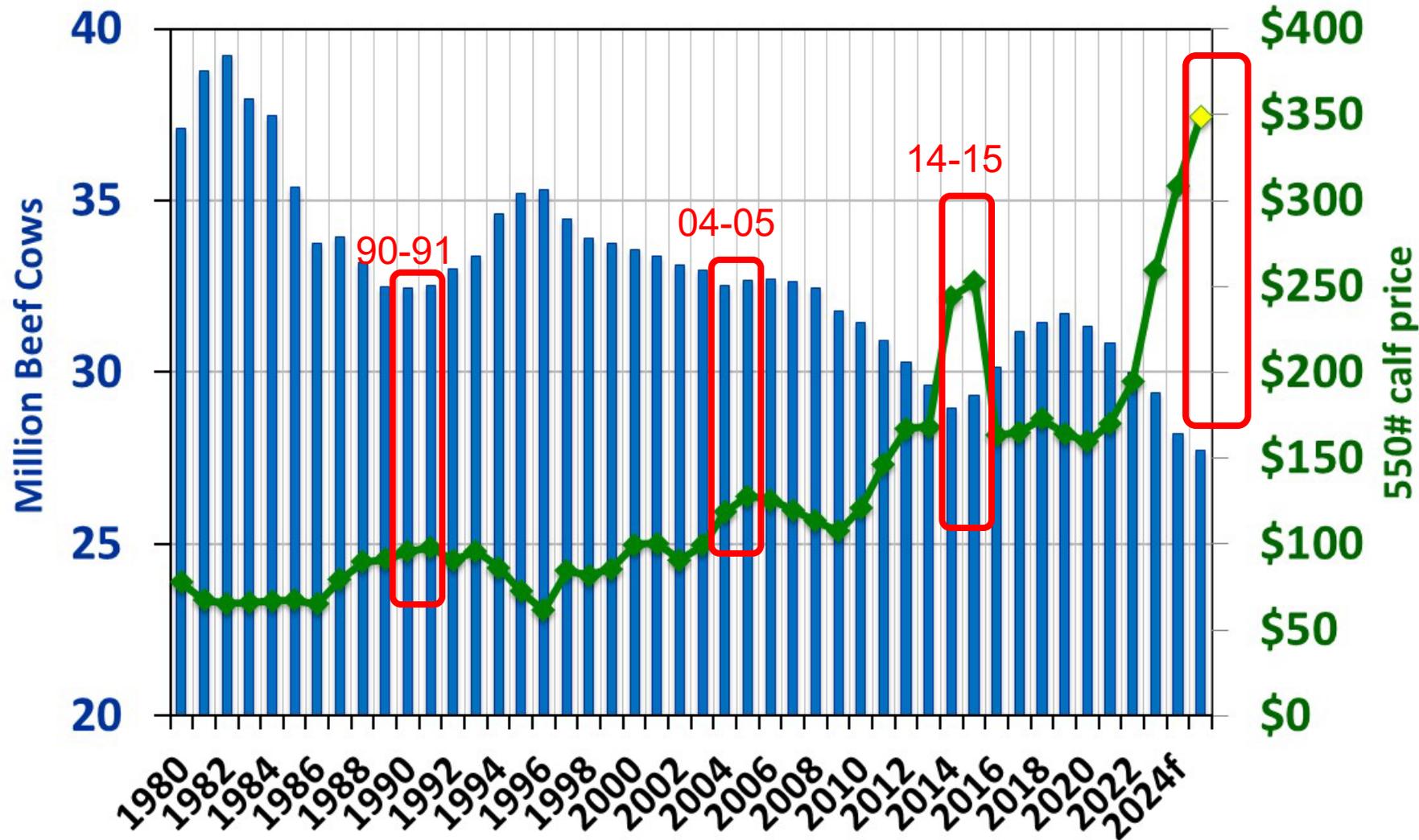
dollars per head

The market is SCREAMING for more bred heifers...



Source: USDA, AgriTrends, CattleFax

U.S. Beef Cows and Calf Price



2025 calf prices to average \$28/cwt higher than last year

But will not happen until placements fall and force LC futures higher

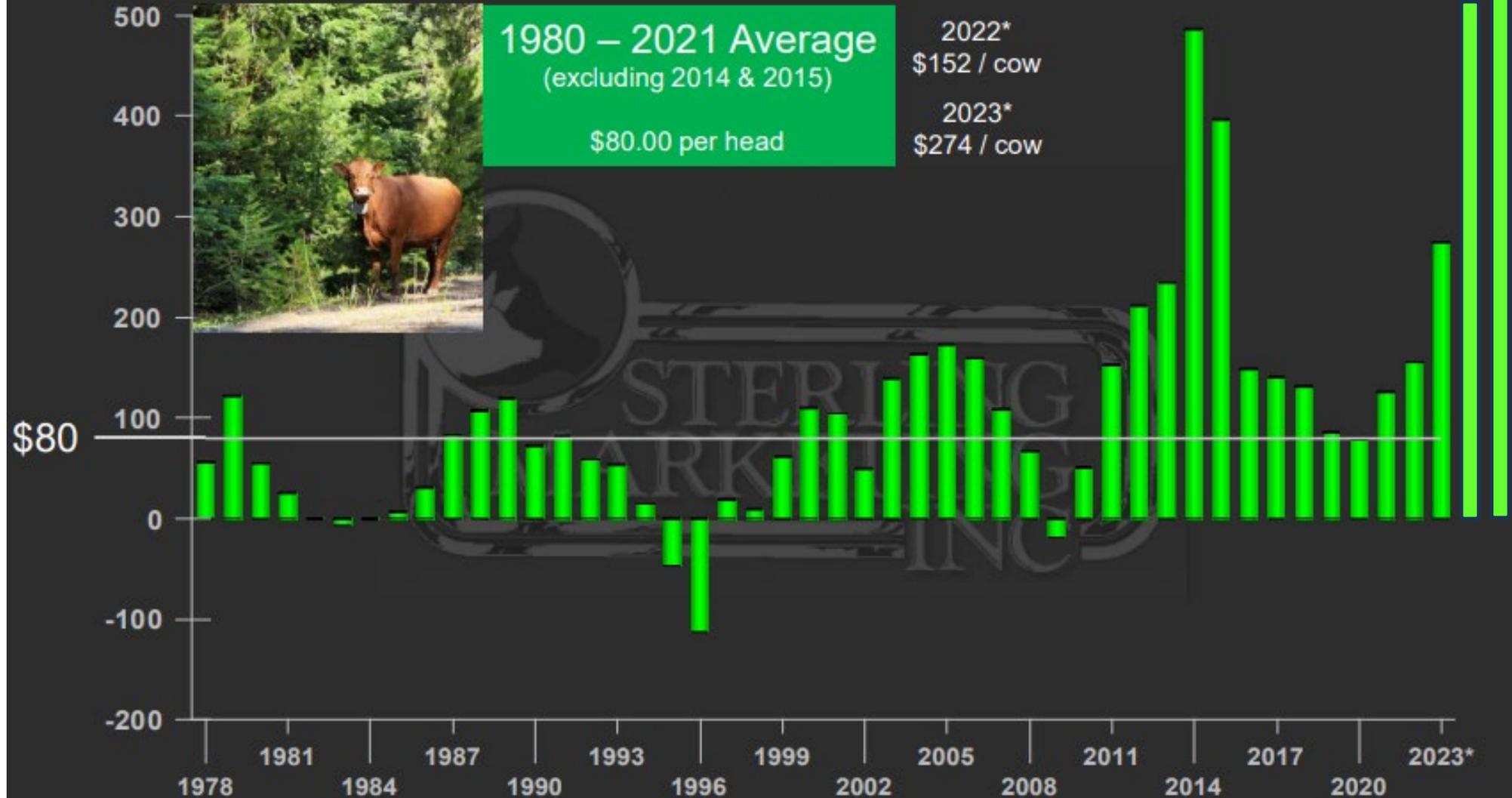
Mid-2025?

Jan 1 inventory (1980-2024), annual avg 550# steer price

Source: CattleFax, USDA, AgriTrends

Cow-Calf Operating Margin

Dollars per head



Source: John Nalivka, Sterling Marketing

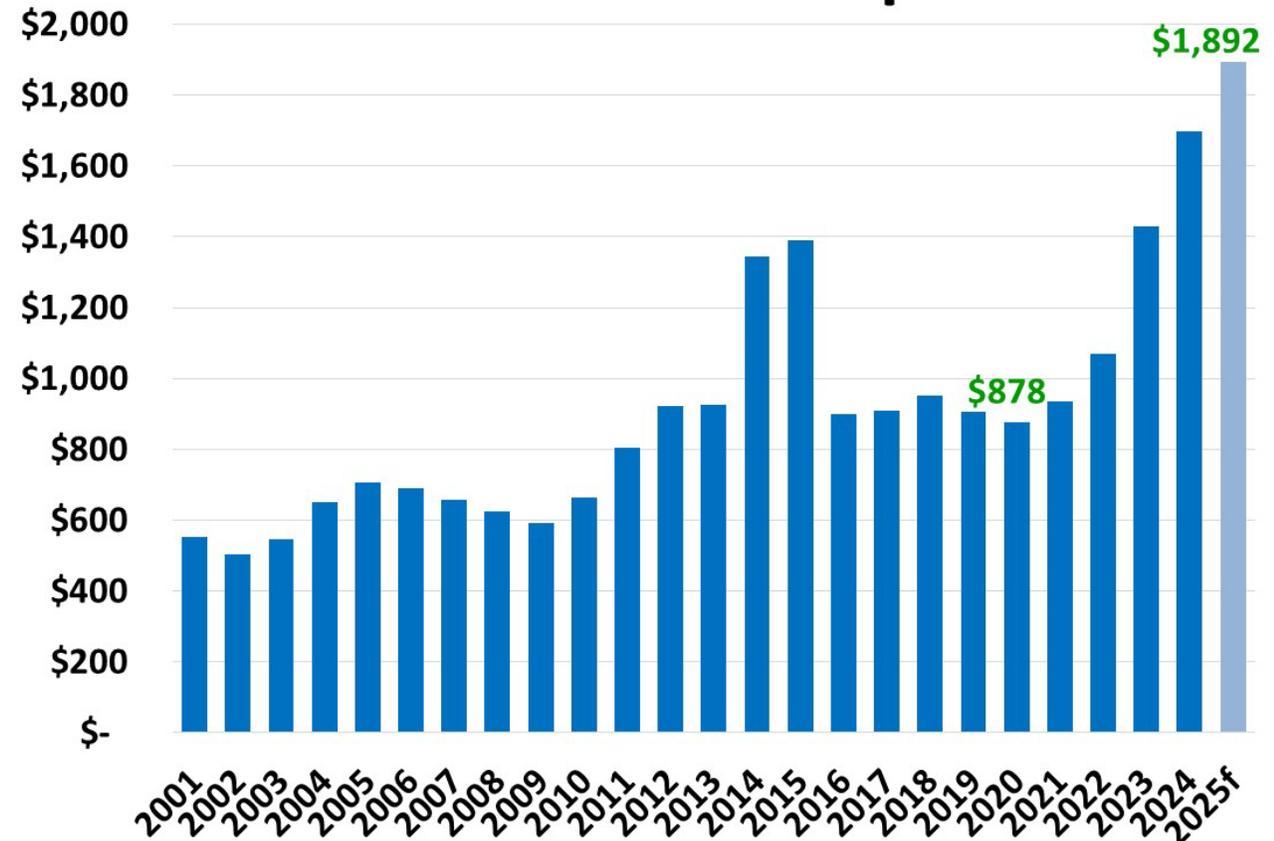
How Fast Can a Rebuild Occur?

Recall 2014/2015

Key points:

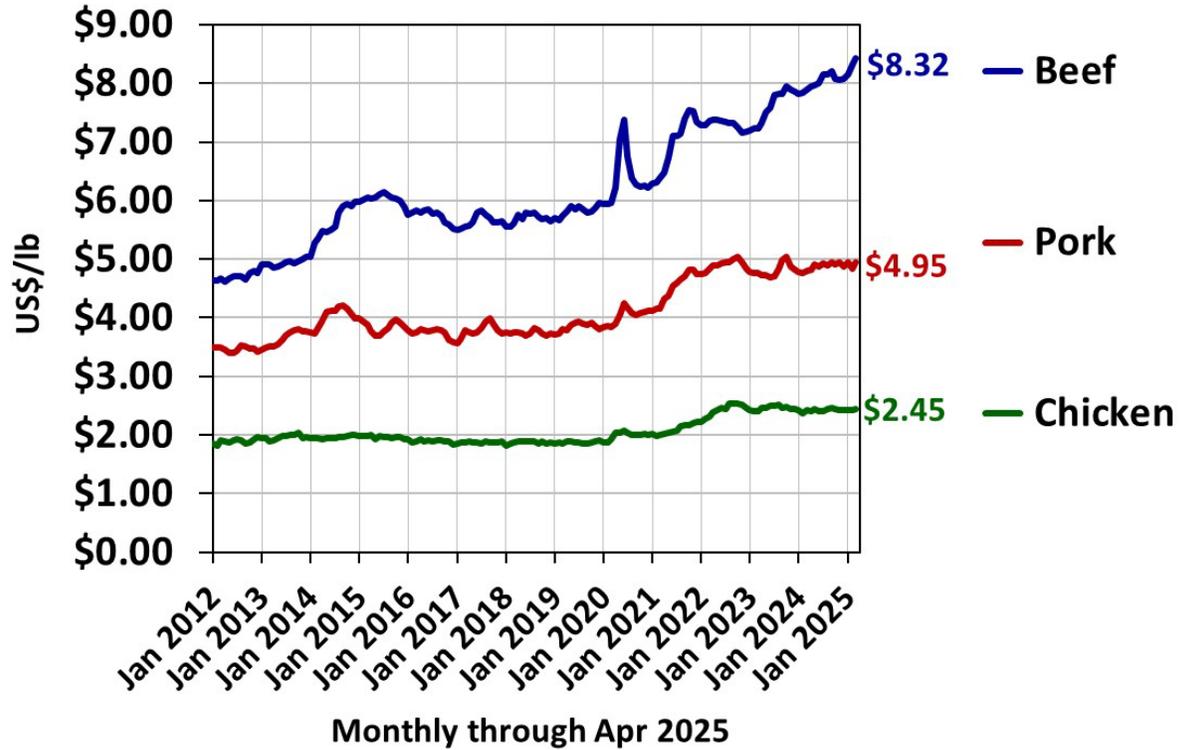
- Markets are like airplanes...
- This liquidation has been extended by drought
- We have fewer heifers than in 2014/2015
- Other extenuating factors
 - Higher interest rates, higher land costs, age of producers, etc

550# Steers: Dollars per Head

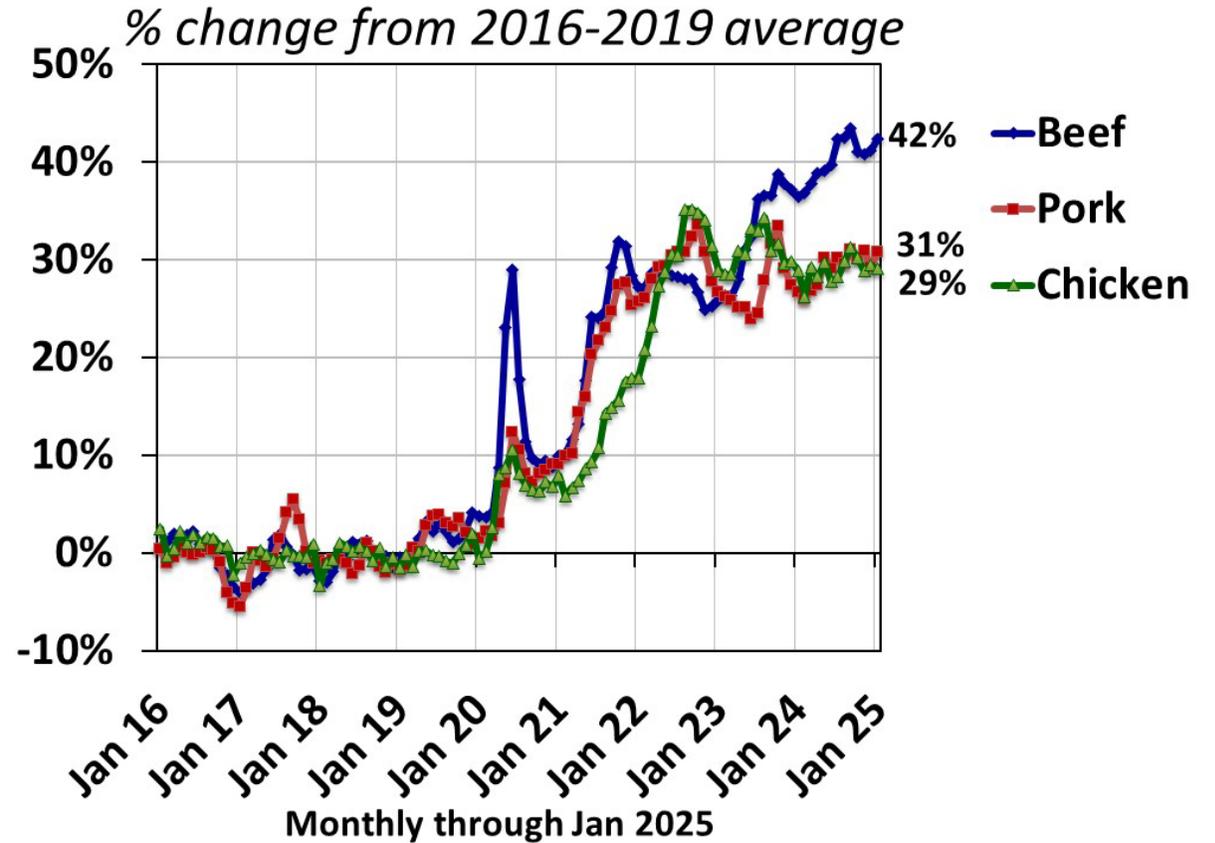


Are Americans Done with Expensive Beef?

U.S. Retail Meat Prices



U.S. Retail Prices



Source: USDA

Not yet...

Other Factors

- **Tariffs, trade, China**
 - Import tariffs on beef, China now closed to US beef
 - Will there be a Phase Two?
- **Global cattle cycles in sync**
 - Australia, Brazil, Uruguay, Argentina all expected to rebuild into 2026, further tightening supplies
 - Global beef index to new record highs
- **Mexican border close again due to screwworm findings**
 - Further tightening a tight U.S. feeder cattle supply
 - What is the outlook?

Summary

- The record prices have been DEMAND driven
 - But will soon be supply driven
 - Higher prices ahead
- The cattle cycle is alive and well
 - 2026 likely to see the cycle price highs
 - Remember, markets are like airplanes
- Global fundamentals are supportive
 - Global cattle cycles in sync





Brian Earnest, Lead Animal Protein Industry Analyst

CoBank Webinar Series
May 22, 2025



The grocery meat shopping is evolving – so is procurement



Beef supply capped on record low cattle availability



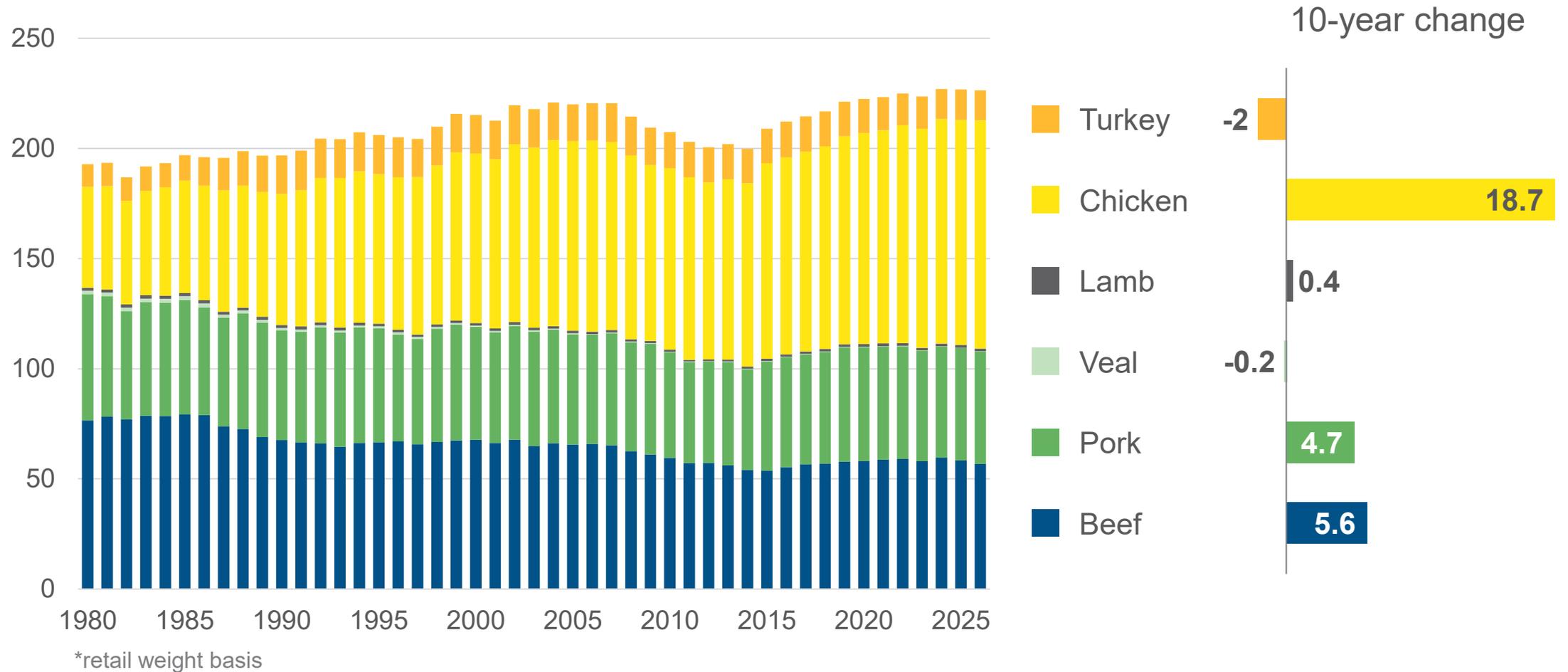
Consumers learned how to cook in 2021, and continue to hone those skills



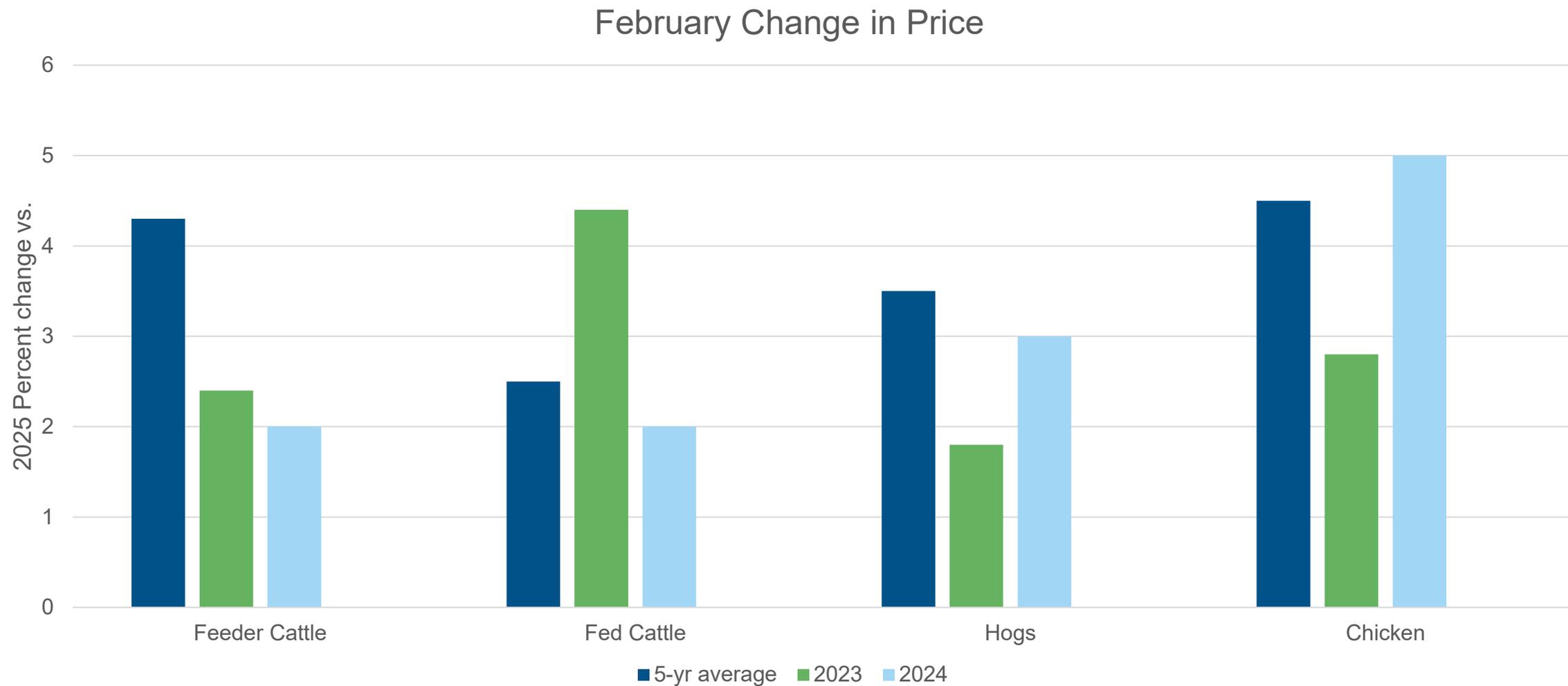
Retail beef quality has been transformed over the last 20 years

Meat consumption has had an impressive growth spurt

Per capita meat consumption (annual pounds)



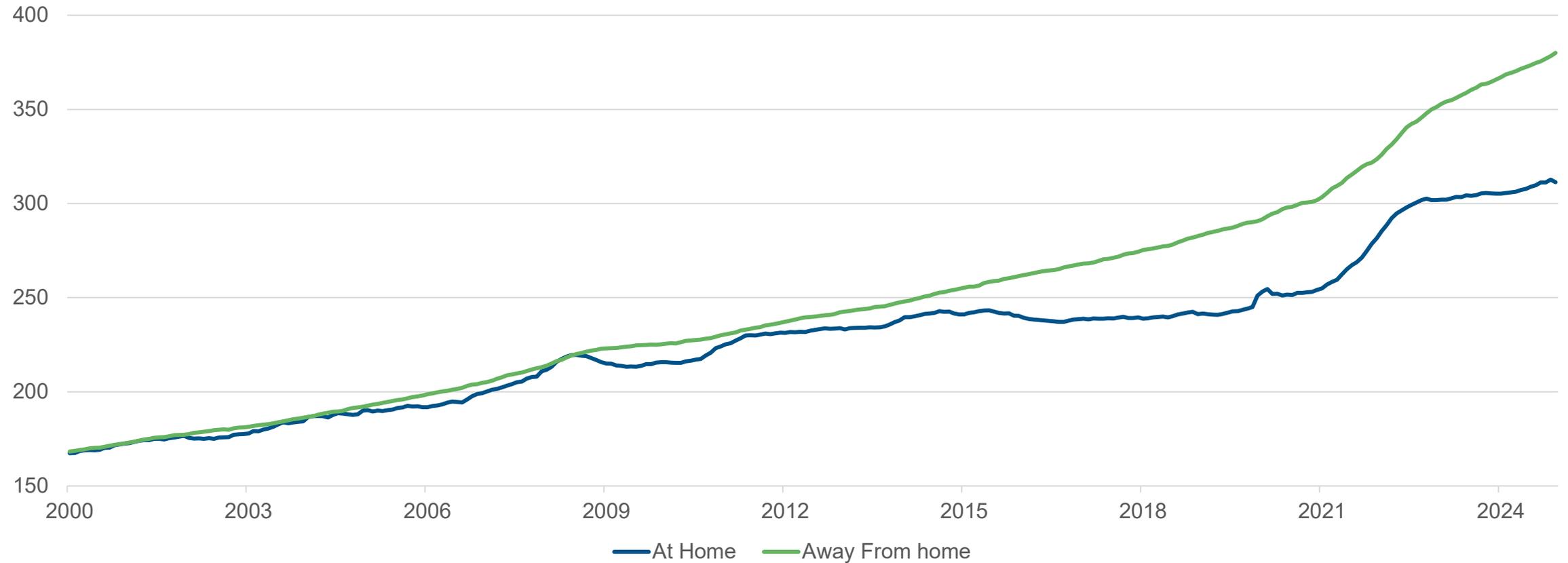
Livestock values surged to start 2025



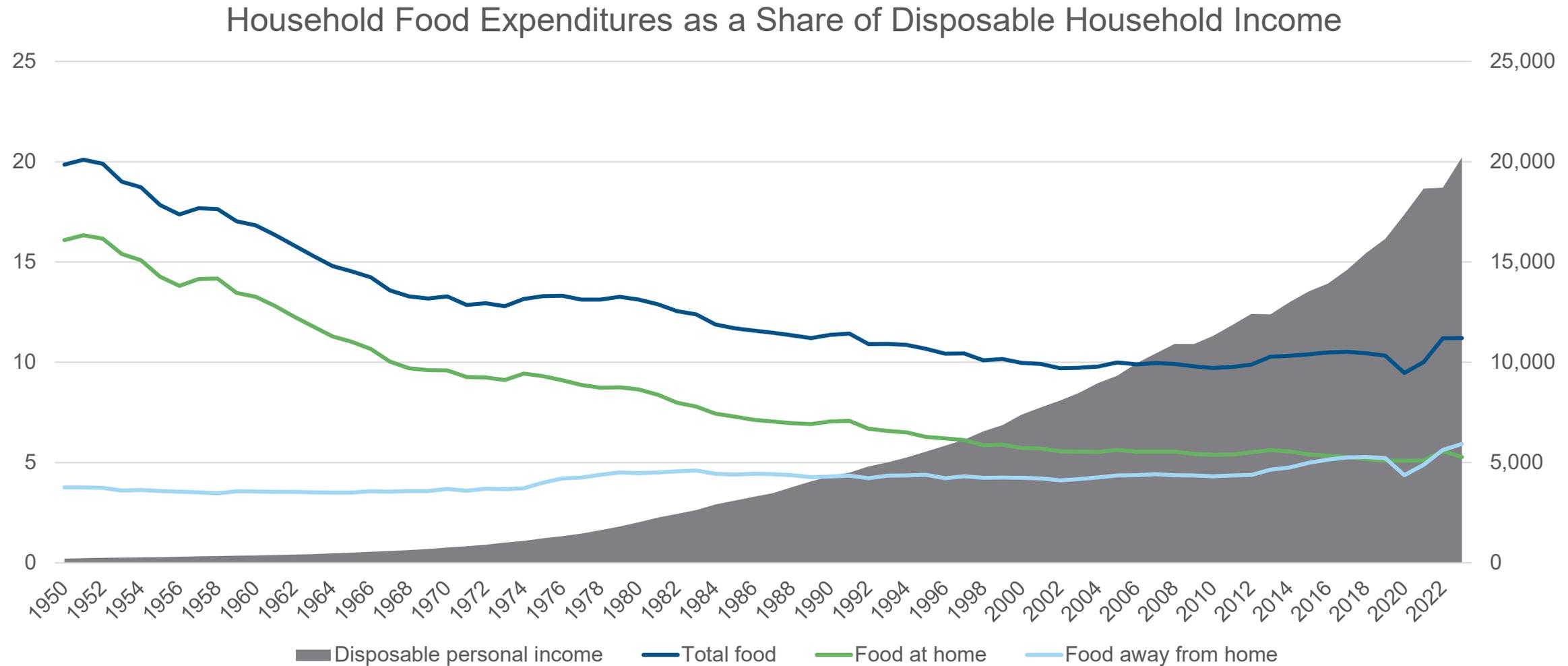
Menu prices climbing, grocery has flattened

Food Prices

(U.S. Consumer Price Index)

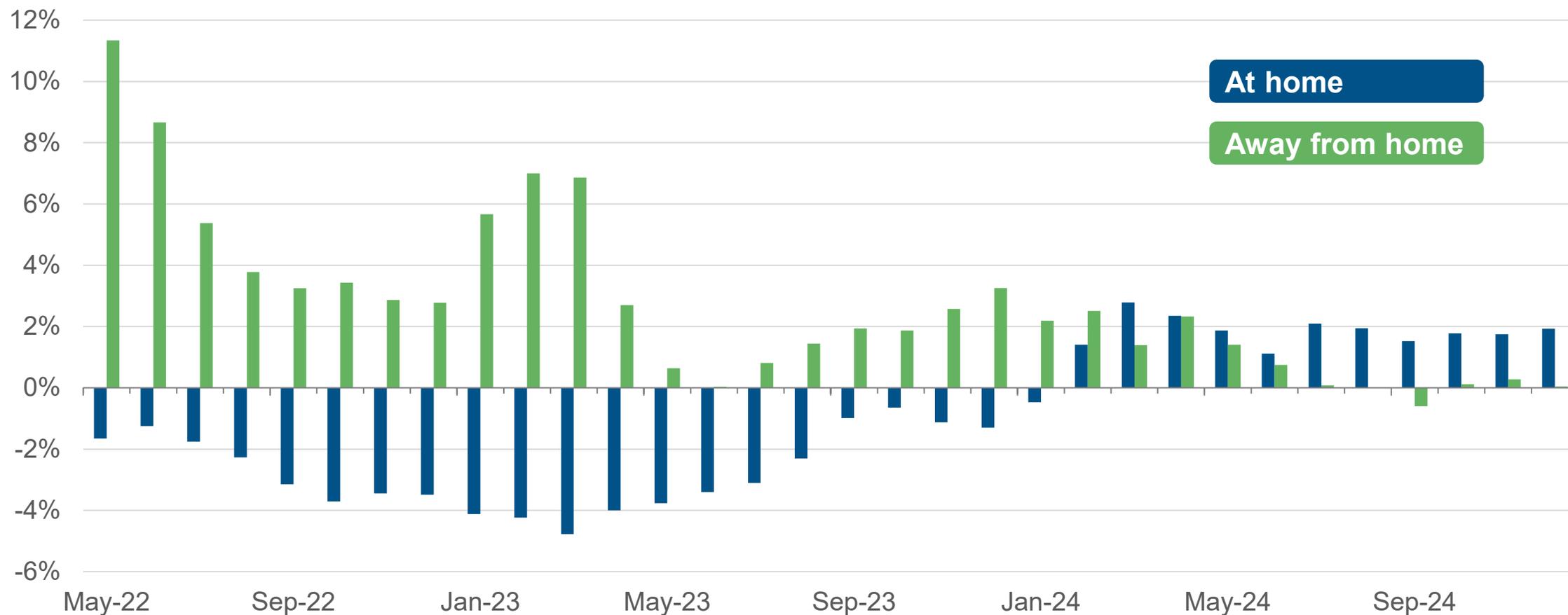


But inflation pressure on food spending remains low as disposable income has been climbing



However, consumers are adjusting purchases...

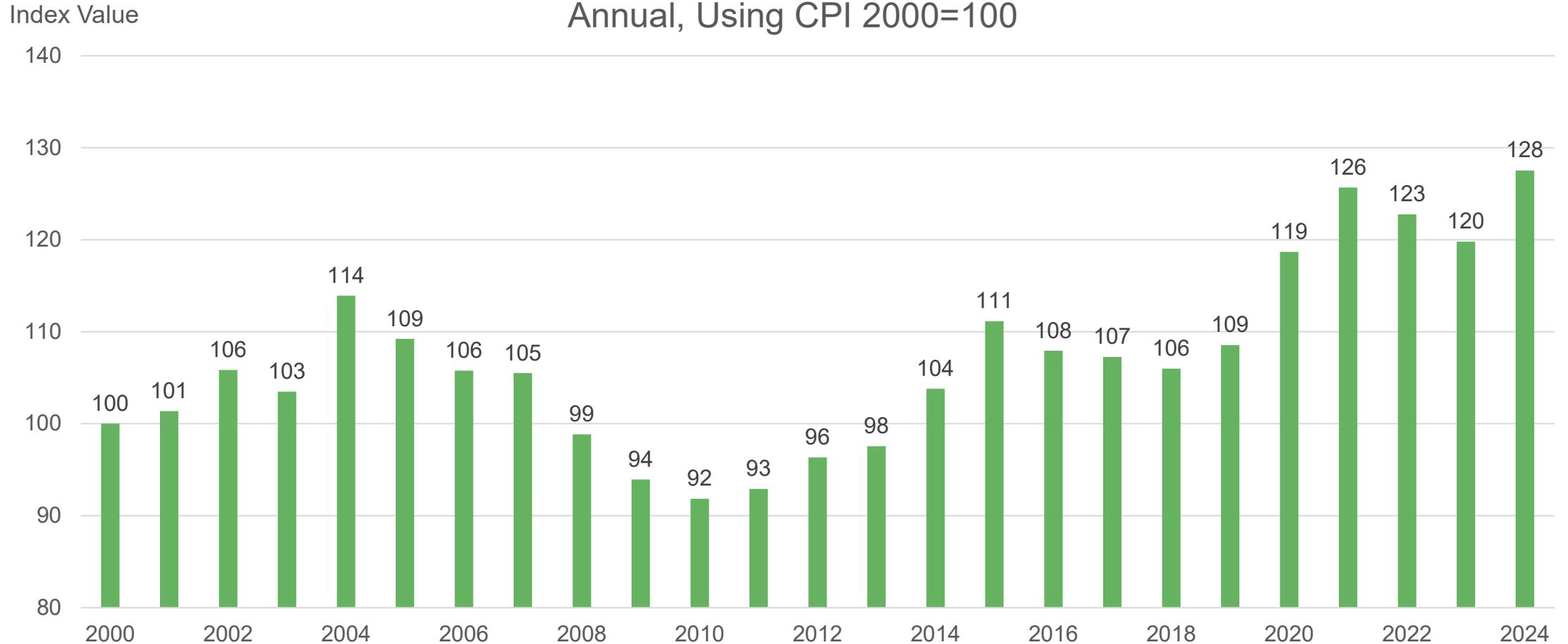
Inflation adjusted food spending YoY change (3-month moving average)



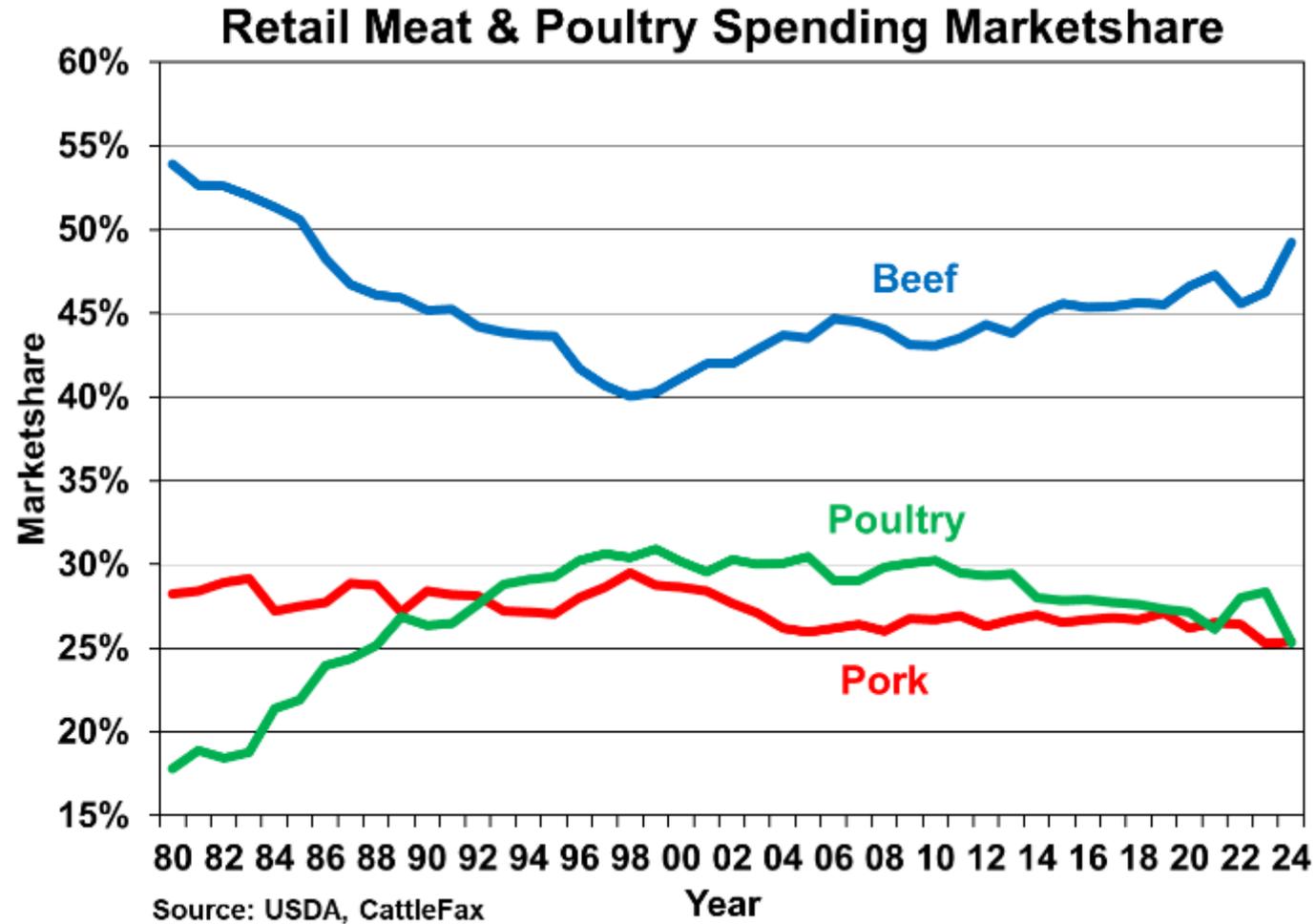
The U.S. Beef industry has moved from a supply driven market to a demand driven market

Retail All Fresh Beef Demand Index

Annual, Using CPI 2000=100



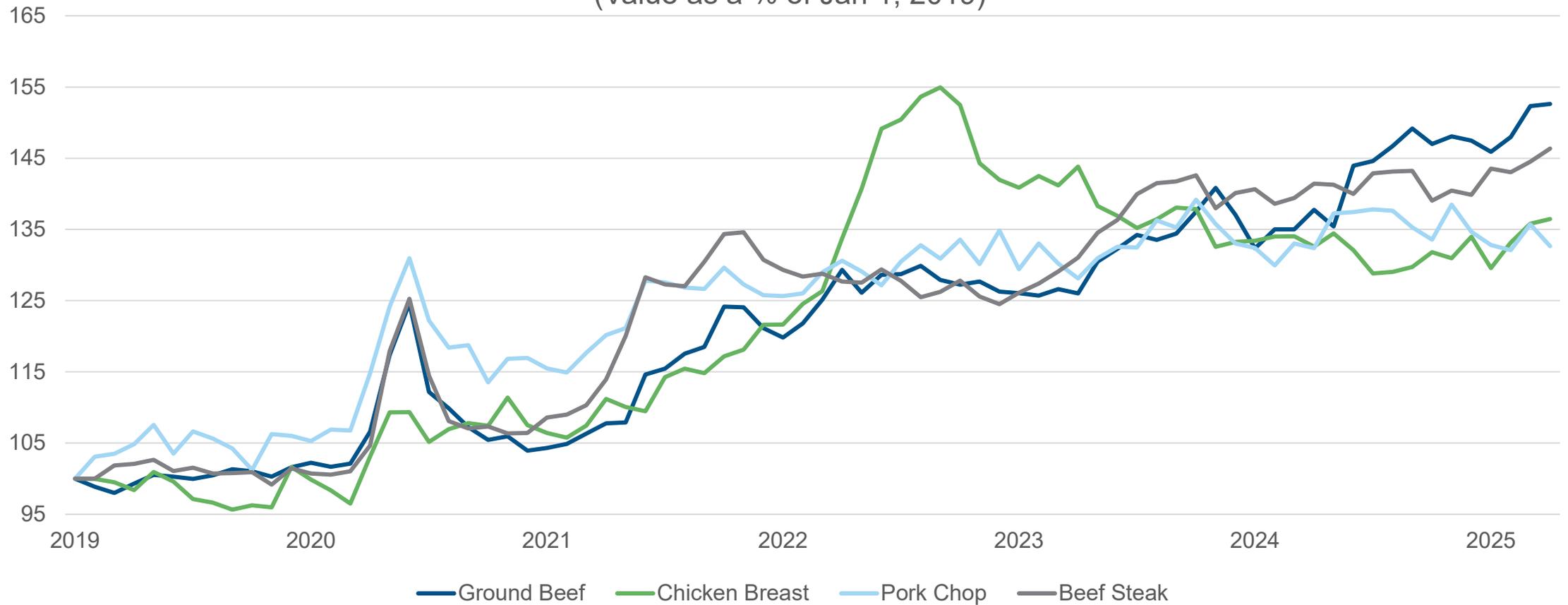
Beef has gained a 9% market share in spending at retail since 1998



Retail meat inflation cooling, but prices remain high

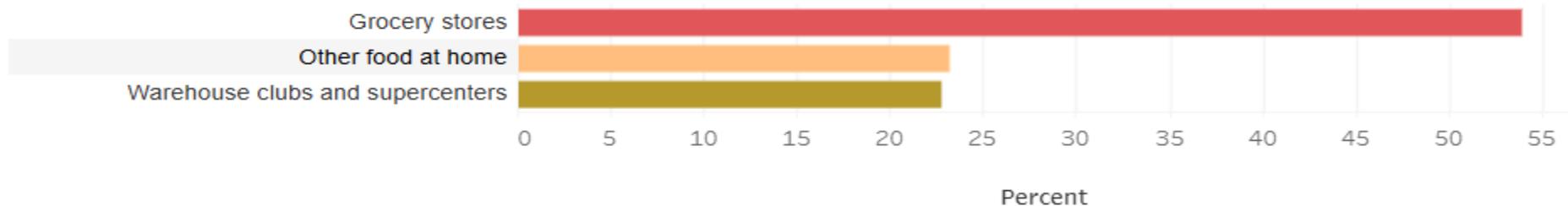
Retail Price Index

(Value as a % of Jan 1, 2019)

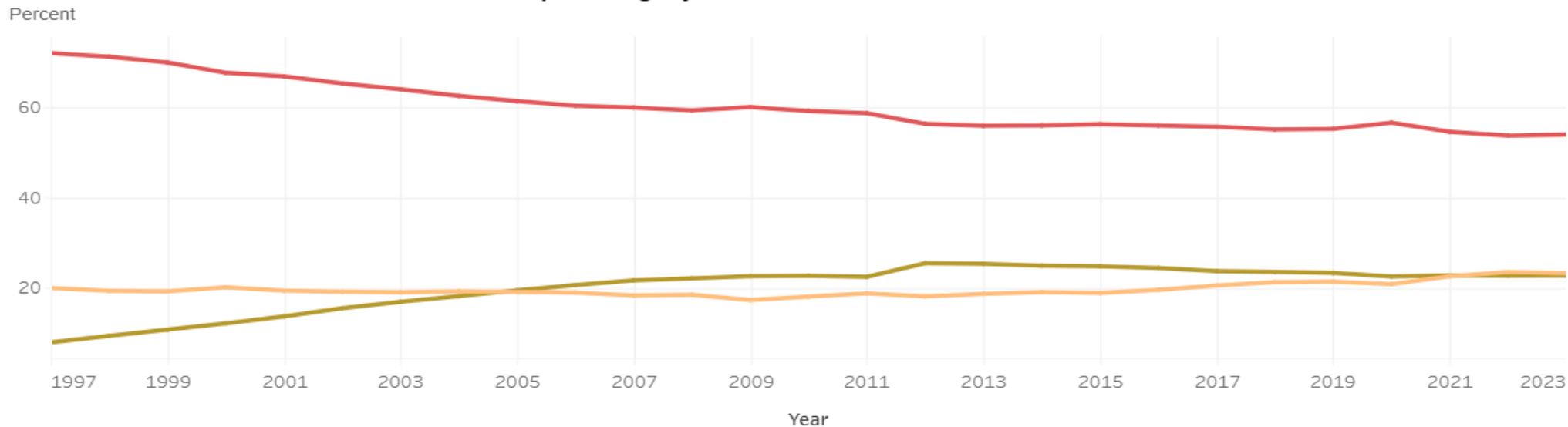


Warehouse / club popularity rising; consistency / quality

Share of food at home spending in 2023 by outlet

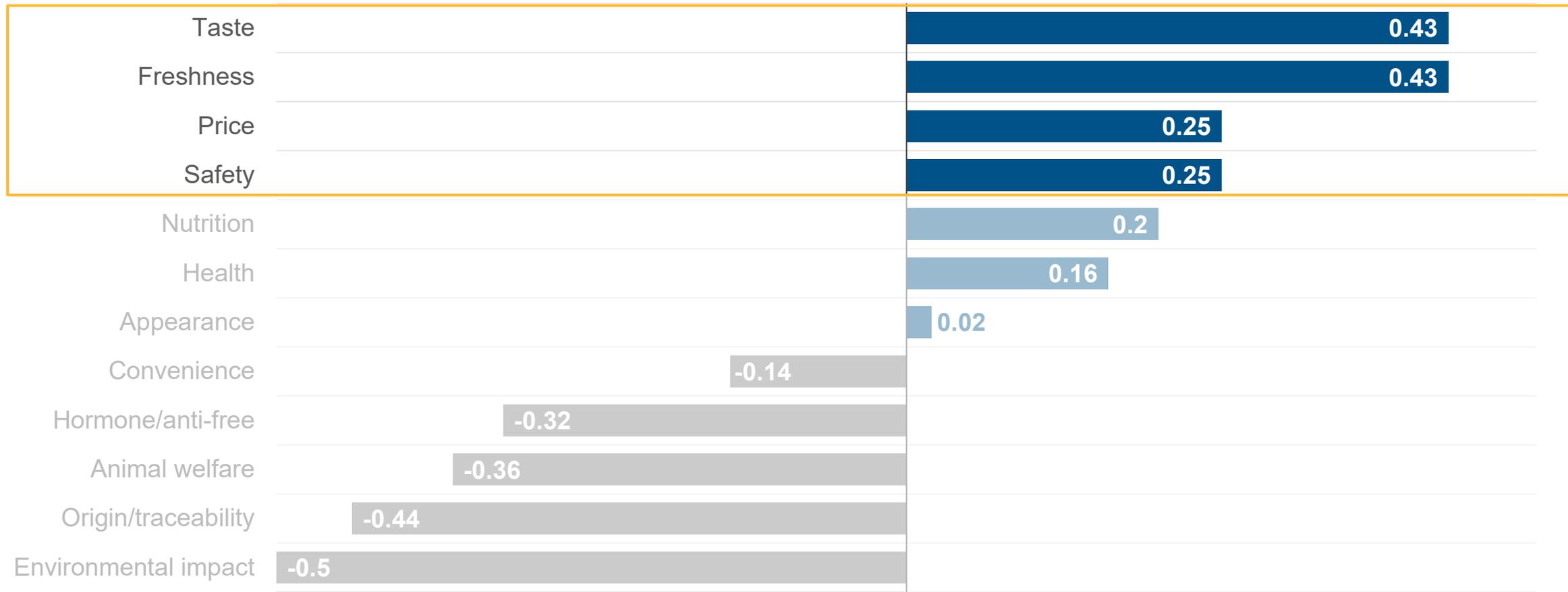


Trends in the share of food at home spending by outlet



Tangible protein benefits top consumer interest

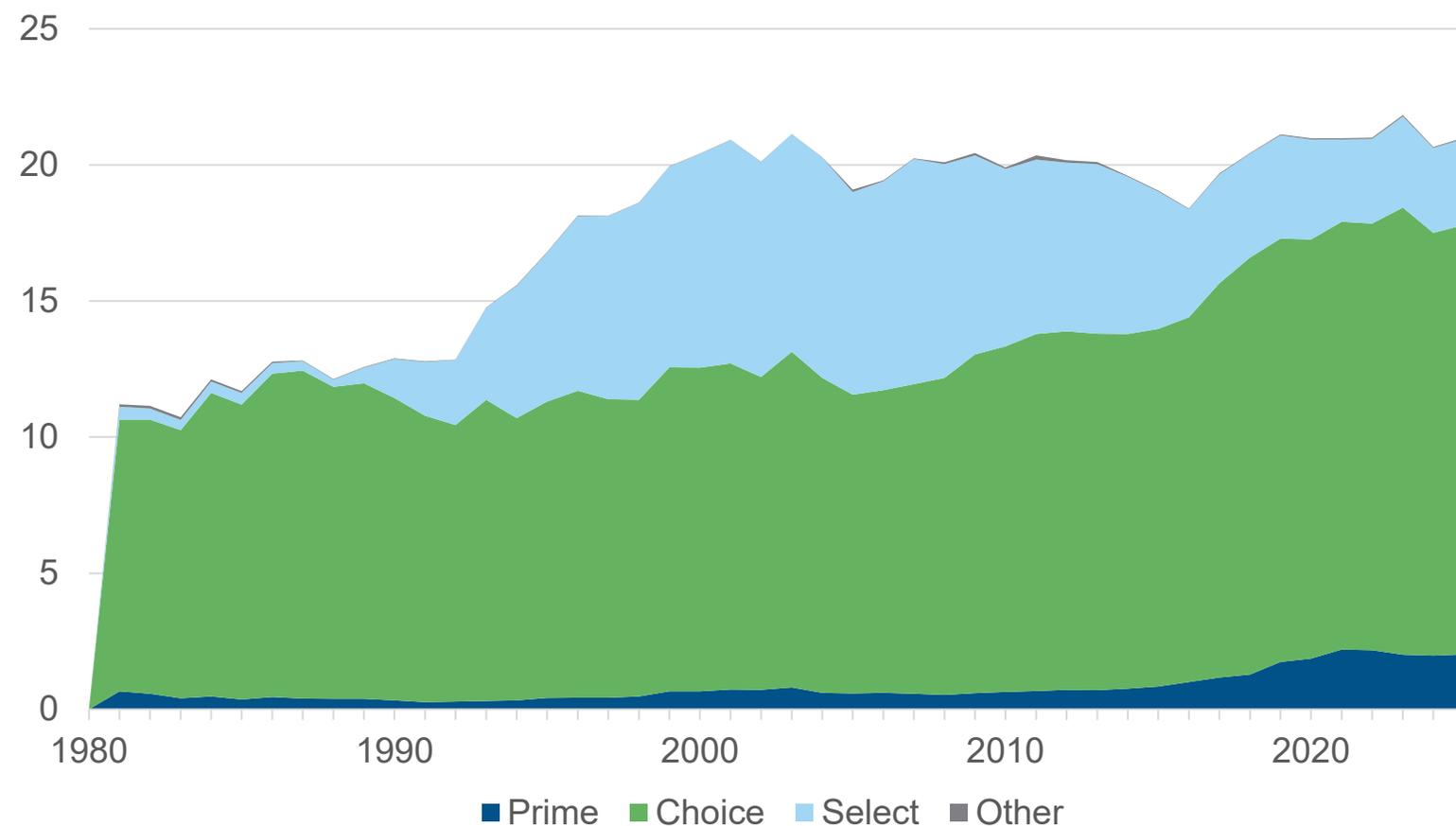
Protein values (mean importance)



Premiumization is popular



U.S. beef production by grade (billion pounds)



Key themes

Protein demand remains exceptional

Consumers are adjusting purchasing strategy

Convenience, value and quality are paramount

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