



Make Informed Decisions

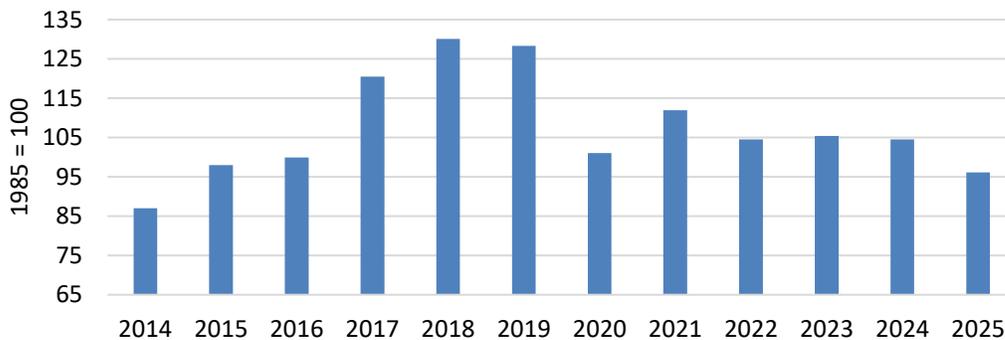
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2025 Canadian Beef Demand and Its Impact

Based on preliminary data, Agriculture Canada’s Market Information Section estimates that Canadian beef per capita consumption (pcc) declined by about a percent in 2025. Consumption of less than 22 kilograms (carcass weight equivalent) would make 2025 pcc the lowest on StatsCan’s records going back to 1960. The preliminary consumption for 2025 is 16% less than the ten-year peak of consumption which occurred in 2020.

U.S. Consumer Confidence Index
Annual 2014-2025



Source: U.S. Conference Board

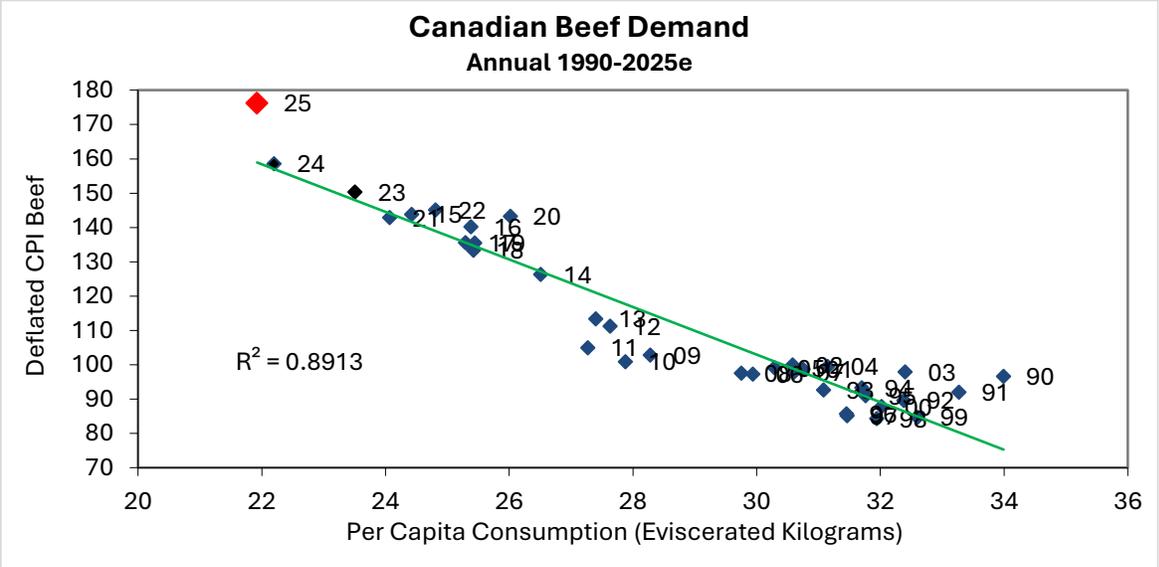
The decline in consumption is not surprising of course given the reduction in production. Even 20+% increase in beef imports during 2025 could not offset the 5% decline in production.

The decline in consumption is also not surprising given the fact that consumer beef prices increased more than 13% in 2025 compared to 2024 (Statistics Canada Consumer Price Index for beef). That compares to a 2% increase in chicken prices and a 5% increase in pork prices during 2025. Since 2020 beef prices have increased 47% in Canada compared to 30% for chicken and 22% for pork.

Canadian Beef Demand Surges Higher in 2025

The stark decline in beef consumption may be alarming to industry participants, but in fact, beef demand was very good in 2025. Beef demand is the combination of consumption and

price. When the 2025 deflated price of beef is combined with its consumption, Canadian beef demand increased last year nearly 10%. The modest decline in consumption despite the big price increase resulted in a great 2025 demand boost as seen on the graph below.



In fact, based on that methodology of measuring demand, the 2025 performance of Canadian beef demand was the best going back to at least 1990. Given how dramatically consumer prices increased last year, beef consumption could have been or should have been much worse. That assertion is based on the past relationship between price and consumption as shown on the graph above. At 2025 price levels, logic suggests that consumption should have been closer to 20kgs per person rather than the actual of about 22kgs.

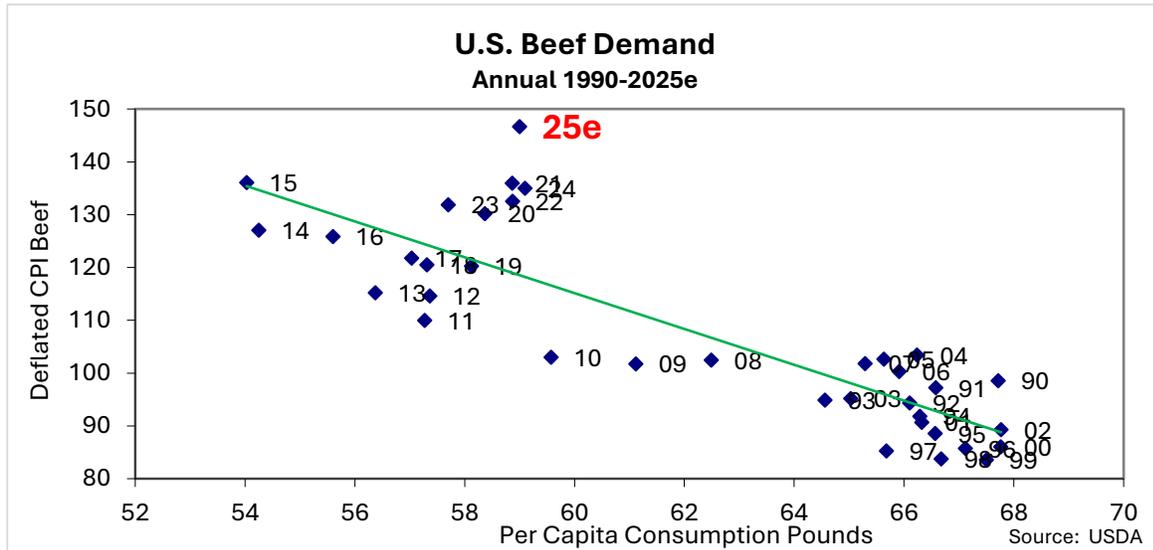
Recall from high school economics class that a normal demand performance is that consumption rises with falling prices and consumption falls with increased prices. That is the message shown on the green line on the graph above. Over time from 1990-2024, Canadian beef demand behaved as expected in along the green line.

Increased demand is when consumption increases despite higher prices. Decreased demand is when consumption falls despite lower prices. Increased demand occurs due to factors such as increasing incomes, increases in the prices of competing goods, or changing consumer preferences. Decreased demand occurs due to factors such as decreasing incomes, decreases in the price of competing goods or changing consumer preferences.

In 2025, it looks like Canada had an increase in beef demand compared to the 1990-2024 consumption-price action. That can be seen on the Canadian demand graph above as 2025 took a move off the green demand line.

U.S. Beef Demand Soars Again

As noted many times over the past several years, U.S. beef demand has been excellent. USDA estimates that U.S. beef consumption was almost unchanged last year compared to 2024. That was impressive considering that U.S. beef prices increased by 12% last year and by 40% since 2020.



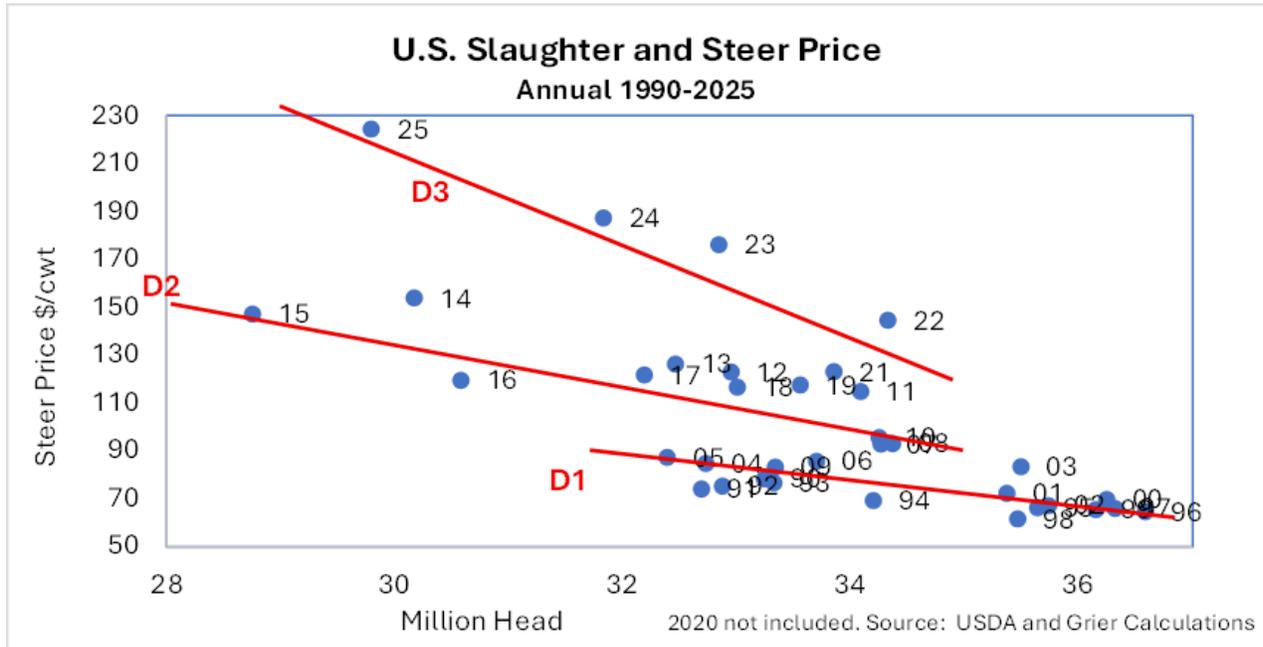
U.S. demand has been astounding in recent years because consumption has been increasing regardless of the increase in prices. This has occurred regularly between 2020-2025 as U.S. consumption increases despite the surge in consumer beef prices. That combination means that beef demand moves to the right, off the green demand line. Recall again from high school economics that a move to the right off the demand curve means increasing demand.

Demand is Raising Cattle Prices

The demand performance is critically important to cattle prices. Yes, cattle prices are higher due to shorter supplies. Demand, however, is arguably playing a bigger role. U.S. cattle prices are soaring to record highs, driven less by the nation's shrinking herd and more by unexpectedly strong consumer demand, according to Kansas State University agricultural economist Glynn Tonsor (IowaFarmBureau.com, November 11).

Tonsor's K-State colleague, Brian Coffey is quoted as saying "Demand really matters. What consumers think about beef feeds all the way back up the supply chain and determines profitability. Strong consumer demand right now is providing price support beyond what supply factors alone would explain." (Drovers.com, January 29)

Further to Tonsor and Coffey’s assertion, note the graph of annual slaughter and steer prices below.



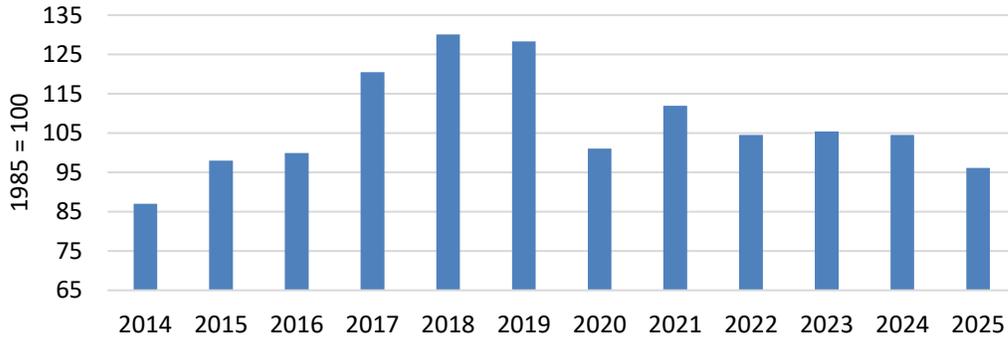
The assertion here is that from 1990-2009 there was a level of consumer demand as represented by “D1.” That level of consumer demand combined with cattle slaughter supply to generate steer prices along the D1 level as shown above. From 2010-2019 consumer demand improved and combined with cattle slaughter supply to generate steer prices as shown along line D2. Note on the graph above that in many of those years, slaughter was the same or more as in the D1 period, but steer prices were higher. Those higher prices were due to higher demand (D2 versus D1). Finally in the years 2021-2025, there was another level of consumer demand D3. That D3 level of demand was able to support much higher steer prices even though cattle slaughter supply was at times the same or more than in D1 and D2.

A good case could be made that if demand in 2025 was the same as it was in the 2010-2019 period, with the same level of slaughter, steer prices would have been closer to \$150 instead of the actual of \$224. Consumer demand is driving steer prices.

Can it Hold?

The ongoing question is whether demand can hold strong in 2026 and 2027? As noted above, one of the key drivers of increased or decreased demand is incomes. Generally, the U.S. economic forecasts appear positive for 2026. With that noted, consumers do not appear to share that optimism as shown by the Conference Board’s consumer confidence index.

U.S. Consumer Confidence Index Annual 2014-2025



Source: U.S. Conference Board

The University of Michigan’s consumer sentiment index also looked dismal in 2025. That is note a good omen for demand.

It has been a mistake to underestimate beef demand for at least a decade now. Despite the consumer angst, look for continued good demand this year and next. There is no way the currently bullish cattle futures market will reflect reality if demand does not hold.

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A version of this article first appeared in the February 9 edition of the Canadian Cattle Market Report. For a free three-month trial of that report, email, kevin@kevingrier.com

