Meat Institute
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# 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 it's been 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.

Trade policy uncertainty from proposed tariffs adds to the cost pressures on the cattle market.

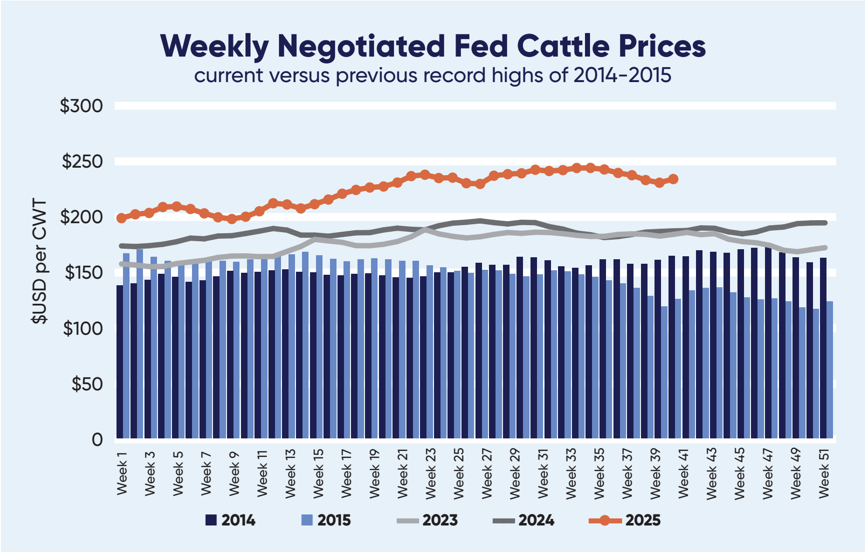
Additionally, foreign animal disease import restrictions – particularly on Mexican feeder cattle – are another contributing factor to the low cattle supply and increasing beef costs.

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, the highest nominal price on record.




Source: USDA AMS

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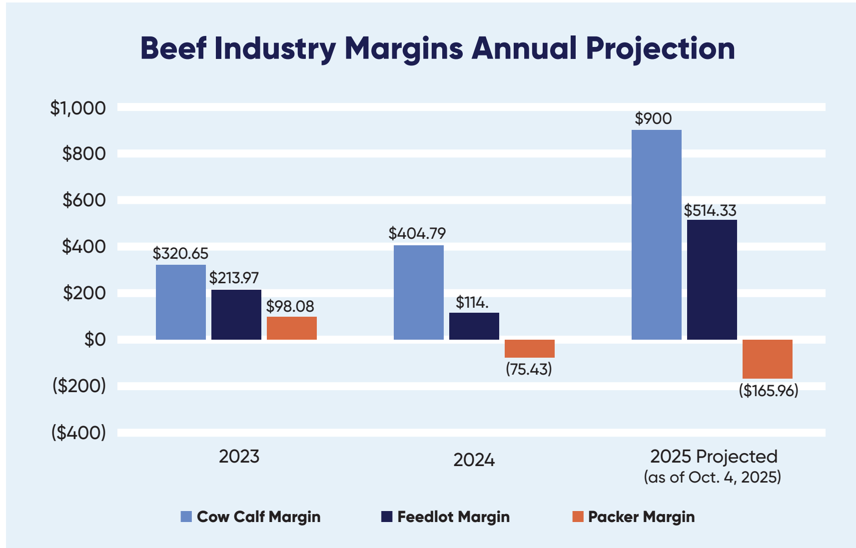
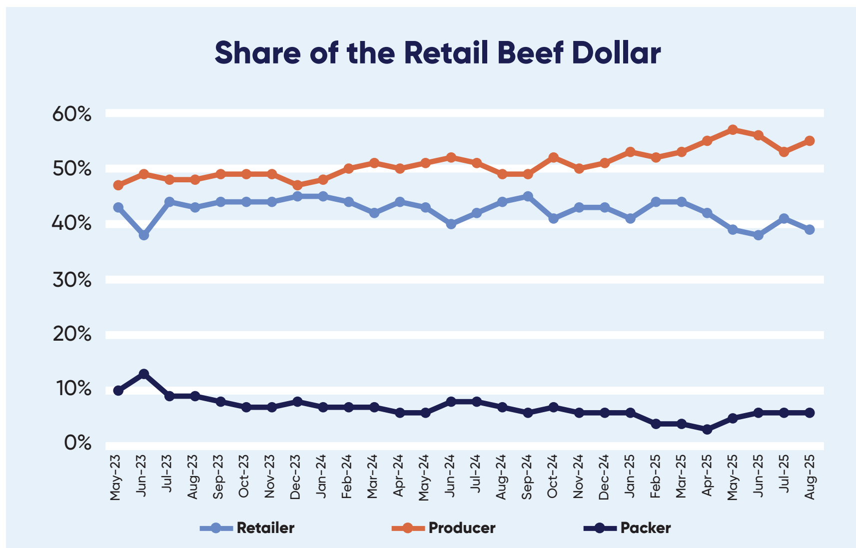
The record cattle prices have put U.S. beef packers under financial pressure. Packer margins slipped into the red in September 2024. Through the week ending Oct. 4, 2025, packer margins were a negative $126.50 per head, up slightly from a year earlier at a negative $125.65 per head, according to Sterling Profit Tracker. The outlook for the year is a packer margin of negative $165.96 per head.




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 producers' share of the retail beef dollar was 55% in August 2025 and has averaged 54% so far in 2025. The packers' share has dropped from 13% to 5%, reflecting the negative packer margins.

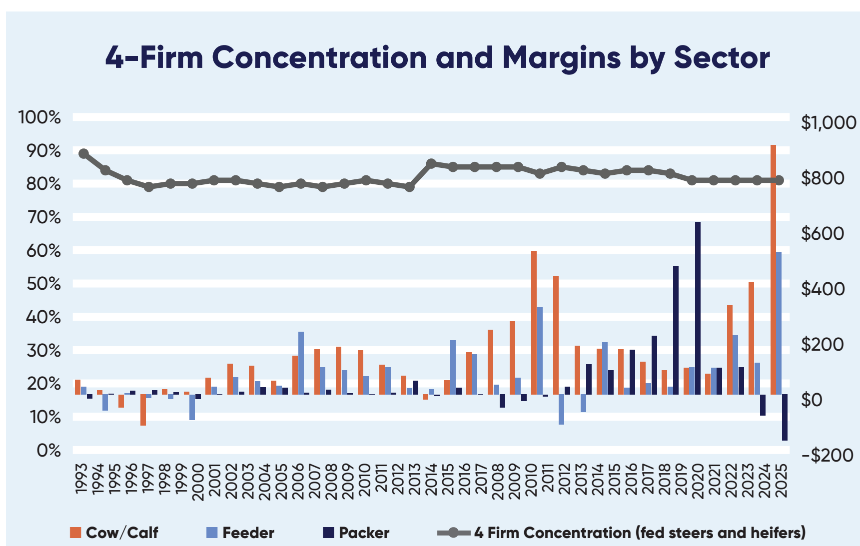



Source: USDA ERS, WPI

## 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.




Source: USDA ERS