DOMESTIC MARKET REPORT | Q1 2026

REPORT FROM CANADA BEEF

Executive Summary

The Canadian cattle herd is turning toward expansion, while the U.S. herd continues to decline. This will allow Canadian cow-calf producers to take advantage of a strong market while investing in their herds. Canada's headline inflation rate grew at its slowest rate in five years; however, food inflation accelerated in 2025. Retail beef prices increased 13% year-over-year in 2025, outpacing pork and chicken.

By January 2026, retail beef prices were right back up near record highs. Beef is in the middle of a 'protein moment', with higher retail prices and larger production to begin 2026. GLP-1, a drug initially designed to help manage Type 2 diabetes is finding a secondary market as a weight loss drug. Those on GLP-1 note they are purchasing more fruits, vegetables, and protein-rich foods, like beef. Beef demand in 2025 is estimated to be the strongest since the early 1980's. Beef imports were up 21% in volume and up 28% in value in 2025, supporting availability.

Canada and U.S. Cattle Supply

Canada's cattle herd has turned and is in the beginning stages of expansion. Meanwhile, in the much larger U.S. market, where prices throughout the supply chain are determined, their cattle herd continues to be in liquidation mode. This is expected to keep beef supplies tight through at least 2027, supporting prices for cow-calf producers.

Trade Update

Leading up to Canada-U.S.-Mexico (CUSMA) negotiations set to begin July 1st, the situation remains fluid and shifting, with several possible solutions being floated. [1]

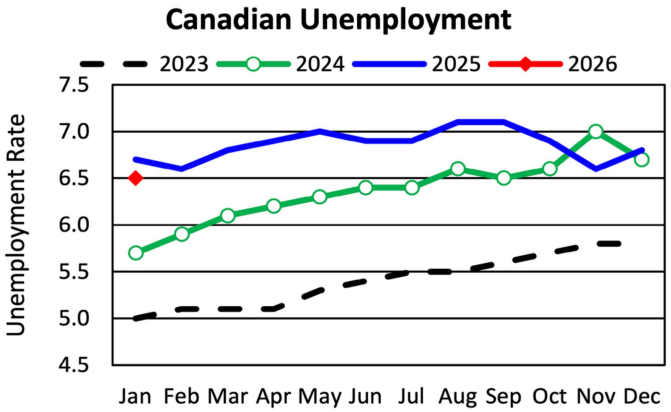
These range from no or minimal changes to the existing agreement to a series of bilateral agreements between the three countries, either within or outside of the CUSMA framework. In February, President Trump's trade representative Jameson Greer noted that any trade deal between Canada and the U.S., including the renewal of CUSMA, will include tariffs. [2]

Economic Outlook

Canada's annual headline inflation rate increased 2.1% in 2025, growing at its slowest rate in five years. [3] Retail Food inflation increased 3.2%, accelerating slightly from 2024. Pushing food inflation higher were beef (+13.5%) and pork (+4.2%). All other major food categories were below average, with increases ranging from 0.1% for fresh vegetables to 2.9% for eggs. Core inflation was near the top end of the Bank of Canada's preferred range for most of 2025, ranging from 2.5-2.8% between April and December. [4]

The annual headline inflation rate increased 1.8% in February, growing at its slowest rate since July 2025. Core inflation increased 2.3%, its slowest since March 2025.

Although Canada's unemployment rate ebbed and flowed in 2025, it remained largely rangebound between 6.6% and 7.1%, averaging 6.86%. [5] The unemployment rate rose in 2025 for all provinces except Saskatchewan. Despite the stability, the annual unemployment rate was the highest since 2021. The unemployment rate ranged from 6.5-6.7% in the first two months of 2026.



Source: Statistcs Canada

The Canadian population as of October 1st, 2025, was 41.58 million, up 0.2% from the fourth quarter of 2024. [6] This was the smallest year-over-year growth rate on record going back to 1947. A slowdown in population growth may allow beef supply and demand dynamics at the meat counter time to adjust to current conditions. And the past five years of population growth.

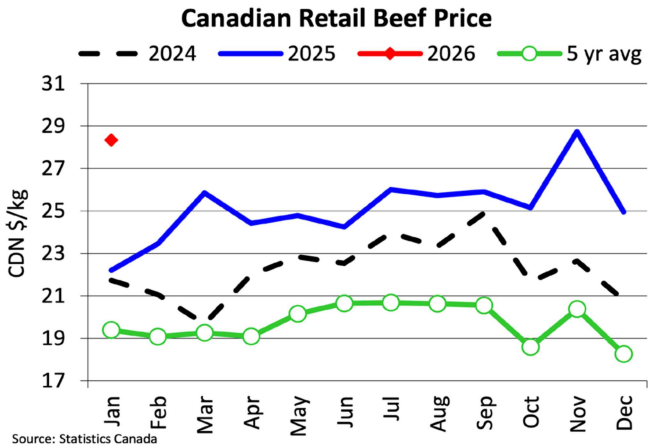
At their most recent meeting on March 18th, the Bank of Canada opted to leave the key interest rate unchanged. [7] In their decision, officials cited a weaker-than-expected economy that is now facing the prospect of higher inflation due to the U.S.-Israel-Iran conflict.

Research shows that Canadian consumer confidence is currently stable, but lackluster. [8] Consumers appear to be surviving rather than thriving. According to the fourth quarter Bank of Canada's Survey of Consumer Expectations, of consumers surveyed, a larger proportion noted that they were concerned about missing a debt payment compared to a year earlier (9.5% vs. 5.8%). [9] A larger proportion were also worried about losing their job (18.6% vs. 17.4%). Among those surveyed, employment appears to be most at risk in industries that are highly dependant on U.S. trade.

Retail Sector

Beef is in the middle of a 'protein moment'. As of January 2026, the U.S. food pyramid has been re-introduced, and inverted with those items that should be eaten in abundance, including beef, at the top of the pyramid. [10] On a deflated basis, Canadian beef prices in 2025 were up 11% from 2024 while pork and poultry prices were up 4%.

Retail beef demand for 2025 is estimated at 159, up 9.2% from 2024 and, if realized will be the strongest since the early 1980's. Higher deflated prices and a slight increase in per capita consumption have driven historically strong retail demand. Prime and AAA grading averaged 79% of A grade carcasses in 2025, allowing even those with less experience in the kitchen the confidence to create a high-quality meal with beef at the centre of the plate.



Retail beef prices averaged $25.12/kg in 2025, up 13% from 2024. [11] Leading the way were top sirloin cuts (+18%) and ground beef (+17%) representing both the top and bottom in cost options. Smaller, but still notable increases were seen on striploin (+13%), stewing beef (+12%), and rib cuts (+8%). Looking at competing meats, retail pork and chicken prices were both up 6% from 2024 at $10.23/kg and $9.88/kg respectively. The largest year-over-year increases were noted on bacon (+11%) and chicken breast (+8%), reflecting the increased flexibility in meal preparation. Smaller 2-7% increases were noted on other cuts.

On average in 2025, 3.20 pounds of beef could be purchased for every hour worked. This is around 0.25 lbs less than in 2024. Average wages increased around 3.5% in 2025, lagging behind retail beef inflation.

Retail price ratios widened again in 2025, for the third consecutive year as consumers continued vying for smaller domestic beef supplies at the grocery store.

Retail beef prices shot higher to begin 2026. Averaging $28.34/kg in January, beef is within $0.50/kg of its all-time high set in November 2025 and up 14% from last year. Average wages in January increased 3.3%, whereas retail beef prices were up 27% from a year ago. Pounds purchased per hour worked dipped to 2.89, the second smallest monthly volume on record.

Recent shifts in consumer behaviour may also re-shaping the protein landscape. A survey suggests that as many as three million Canadians may be taking GLP-1. [12] While initially meant to help manage Type 2 diabetes, it is being prescribed as a weight loss drug, with reduced food cravings. Among survey recipients who were taking the drug, approximately one-third reported they were purchasing more fresh fruits and vegetables, and protein-rich foods like beef.

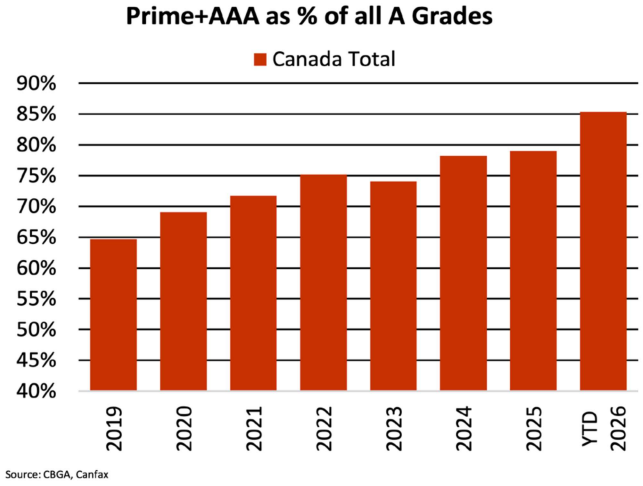
A recent study by Desjardins suggests that retail beef prices will remain elevated in 2026. [13] Supply chain disruptions, a skills divide (where the skills available do not match the skills required), and extreme weather events are anticipated to remain front-and centre. A strengthening Canadian dollar will reduce the relative cost of imports. According to Desjardins, food inflation is projected to ease to around 2% by mid-to-late 2026.

Cuts	Retail Price January 2026 (CDN)	Change from December 2025	Change from January 2025	Change from the Five-year Average for January
Beef rib	$39.33/kg	+38.6%	+35.9%	+35.1%
Beef striploin	$35.27/kg	+19.0%	+26.9%	+32.2%
Beef top sirloin	$28.95/kg	+11.8%	+24.8%	+52.2%
Beef stewing cuts	$22.79/kg	-9.0%	+26.5%	+34.3%
Ground beef	$15.36/kg	-2.7%	+17.4%	+39.6%
Total Retail Beef	$28.34/kg	+13.6%	+27.6%	+37.9%
Source: Statistics Canada				

Wholesale Sector

Total slaughter (FI only) during the first two months of 2026 is down 2% from last year and down 12% from the five-year average. However, youthful slaughter is up 1% from last year. While mature slaughter is down 13% to be the smallest on record going back to 1999. Smaller mature slaughter points to producers' intentions to rebuild the herd.

Year-to-date, fed carcass weights have averaged 24 lbs heavier than last year and 32 lbs heavier than the five-year average. Fed carcasses have been above a year ago every week so far in 2026.



Beef production year-to-date is up 1% from last year but down 8% from the five-year average. Production has been supported by youthful fed production (+3%) while mature non-fed production is down (-12%). Larger production at higher prices points to strong demand.

In 2025, Prime and AAA grading accounted for 79% of all A grade carcasses, up almost one percentage point from 2024. Prime and AAA grading has been around 84-86% of all A grades to begin 2026. Highlighting how feedlots have responded to consumer demands for a consistent supply of high-quality beef.

Cutout Values

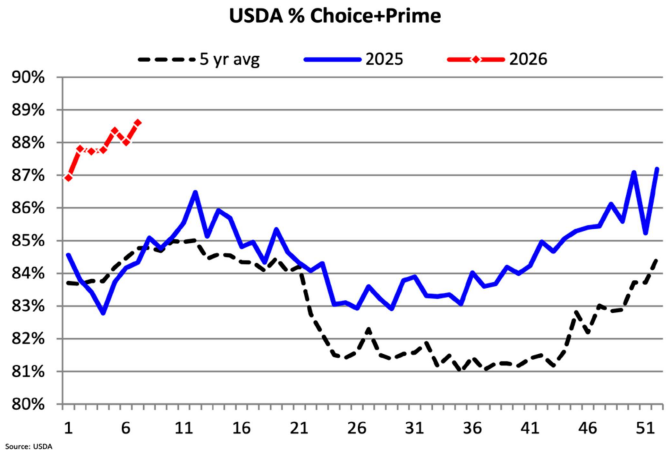
Choice and Select cutouts averaged on either side of US$365/cwt in January and February. Choice was 13% stronger than the same period in 2025. However, Select, up 17%, outperformed Choice. Primals were mostly stronger than a year ago. In January and February, Choice primals averaged 14-21% stronger than last year with the exception of ribs which were 1% softer. For ribs, the softness can be attributed to historically strong prices in January 2025. Select primals were 10-22% stronger than last year.

Trim prices are showing the effects of smaller slaughter volumes, even with heavier fed carcass weights. During the first two months of 2026, fatty 50% trim was up 40% from last year with lean 85% trim up 16%.

US packers have been working at slowing slaughter rates in an effort to support cutout values, with minimal impact until the second half of February. A packing plant in Colorado has gone on strike as of March 16th. [14] This is the first US packing plant strike since 1985. [15] Cutout values moved higher during the

first half of March on news that the strike was likely to come to fruition. Production may be shifted to other packing plants, though there may disruptions to cattle markets and increased volatility.

US Prime and Choice grading has increased notably in 2026, accounting for 87-89% of graded carcasses. Over the first eight weeks of the year, Select accounted for 9% of graded carcasses, the smallest on record. At the other end of the quality scale, Prime carcasses accounted for 15% of graded carcasses, the largest on record.



Reduced supplies of Select beef narrowed the Choice-to-Select spread in January and February to US$4.25/cwt, its narrowest point since 2020 when it averaged US$3.10/cwt. Interestingly, between 2008 and 2020, the Choice-to-Select spread ranged from US$2-7/cwt, with Select accounting for around 24% of graded carcasses.

Food Service Sector

Total restaurant dollar sales (not seasonally adjusted) in 2025 totaled just above $100 billion, up 5.6% from 2024. [16] Most sub-sectors of the restaurant industry saw a solid increase in dollar sales, ranging from 5.5-6.0%. Underperforming relative to other sub-sectors were alcoholic beverage establishments, with a 2.3% decline in dollar sales. Furthermore, drinking establishments have seen a general declining trend in sales since its peak in 2004. According to a recent CBC News article, in general, Canadians are drinking less, with younger generations leading the change. [17] The article stated that younger people are more receptive to health warnings regarding alcohol, including cancer and heart disease.

Total restaurant inflation was 2.6% in 2025. Leading the way, with a higher dependency on lean trim for burgers was fast food and take-out with inflation at 4.2%. Full-service restaurant inflation, with a more flexible menu, was a up 2%.

Imports and Distribution

Beef import volumes in 2025 were up 21% from 2024 with the value up 28%. Imports were higher from Argentina (+82%), Australia (+80%), New Zealand (+33%), Brazil (+13%), Mexico (+6%), and the U.K. (+5%), and lower from the EU (-1%), the U.S. (-6%), and Uruguay (-17%). It should be remembered that not all beef is created equal. Importing the correct cuts will support consumption and demand.

Beef exports were down 2% in volume in 2025, while domestic production was down 3%. Larger imports have supported net beef supplies, estimated to be up 2% from 2024.

1 CUSMA: a guide to the review and what it means for the agriculture sector. Alberta Farmer Express.
https://www.albertafarmexpress.ca/daily/cusma-a-guide-to-the-review-and-what-it-means-for-the-agriculture-sector/

2 Any trade deal with Canada will include tariffs, says Trump's trade rep. CBC News.
https://www.cbc.ca/news/politics/trump-tariffs-canada-trade-deal-jamieson-greer-interview-9.7104990

3 Statistics Canada. Consumer Price Index.
https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810000501

4 Statistics Canada. Core Consumer Price Index.
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810025601

5 Statistics Canada. Unemployment Rate.
https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410028701

6 Statistics Canada. Population Estimates.
https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1710000901

7 Bank of Canada holds interest rate, warns Iran war will boost inflation. CTV News.
https://www.ctvnews.ca/business/article/bank-of-canada-holds-key-rate-steady-as-middle-east-war-clouds-outlook/

8 Canadian Consumer Confidence: Monthly Update.
Ipsos. https://www.ipsos.com/en-ca/consumer-confidence-canada-monthly-update

9 Canadian Survey of Consumer Expectations—Fourth Quarter of 2025. Bank of Canada.
https://www.bankofcanada.ca/2026/01/canadian-survey-of-consumer-expectations-fourth-quarter-of-2025/

10 Old food pyramid vs. RFK Jr.'s new food pyramid. See what's different. USA TODAY.
https://www.usatoday.com/story/news/health/2026/01/07/old-food-pyramid-versus-rfk-jr-new-food-pyramid/88068047007/

11 Consumer Price Index, monthly. Statistics Canada.
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000401

12 3M Canadian adults taking GLP-1 drugs, reshaping eating and spending, survey suggests. Canadian Grocer.
https://canadiangrocer.com/3m-canadian-adults-taking-glp-1-drugs-reshaping-eating-and-spending-survey-suggests?utm_source=swiftmail&utm_medium=email&utm_campaign=CG_NL_Express&mkt_tok=ODI1LUxTU-C01NDUAAAGgV7KcNN3cvjURQ0Ou8iA5x7aOgWw4PcAzJxwXLdYy48m5gLOUzTB3StPVqrZ5iC6HlCMg7-W_PAGFayvV4wAu99sotMPQ0daBdV1ivPKkOJ9U

13 Will Food Inflation Come Back Down to Earth in 2026? Desjardins.
https://www.desjardins.com/content/dam/pdf/en/personal/savings-investment/economic-studies/canada-food-inflation-5-march-2026.pdf

14 JBS workers launch first US meatpacking strike in 40 years, union says. Reuters. https://www.msn.com/en-ca/money/topstories/jbs-workers-launch-first-us-meatpacking-strike-in-40-years-union-says/ar-AA1YOUNW?ocid=winp2fptaskbarent&cvid=8f13d3ae79e54f17ee274d5e1843fd55&ei=46

15 Nearly 3,800 JBS unionized meatpackers in Greeley plan to strike March 16. The Colorado Sun.
https://coloradosun.com/2026/03/09/jbs-meatpackers-greeley-walk-out-strike/

16 Monthly survey of food services and drinking places. Statistics Canada. https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2110001901

17 Canadians are drinking less, driving the biggest drop in alcohol sales in 20 years: StatsCan. CBC News.
https://www.cbc.ca/news/canada/alcohol-sales-drop-canada-9.7117257