
# REPORT FROM CANADA BEEF

## Executive Summary

Canadian beef demand remains exceptionally strong despite record retail prices. Per capita beef consumption increased 3.4% in 2025, supported by larger imports as domestic production remains constrained by historically tight cattle supplies.

Retail beef prices averaged $28/kg in April, up 15% from a year ago and near record highs. Consumers continue to purchase beef despite higher prices, although some evidence suggests shoppers are shifting toward lower-priced beef cuts.

On the supply side, domestic beef production is up slightly in 2026 as heavier carcass weights offset lower slaughter volumes. Quality grades remain historically strong, with Prime and AAA accounting for more than 83% of graded cattle.

Imports continue to play a critical role in balancing the market. January to April beef imports were up 18% from last year, led by Australia, New Zealand, Mercosur countries, and Mexico.

While economic uncertainty remains elevated, strong consumer demand and tight North American cattle supplies continue to support beef prices throughout the supply chain.

## Economy and Trade

Canada's economy showed modest improvement in May, with 88,000 jobs added and the unemployment rate falling to 6.6%.

Inflation remains a concern. Headline inflation rose to 2.8% in April, driven largely by higher energy prices linked to ongoing tensions in the Middle East. Core inflation, which excludes food and energy, remained relatively stable at 2.1%.

The Bank of Canada held its policy interest rate at 2.25% in June, citing weak economic growth and uncertainty surrounding U.S. trade policy.

Trade policy remains an important risk factor. In early June, the United States reduced some tariffs on steel, aluminum, and copper products used in manufacturing. However, additional tariff proposals remain under consideration and could affect North American supply chains.

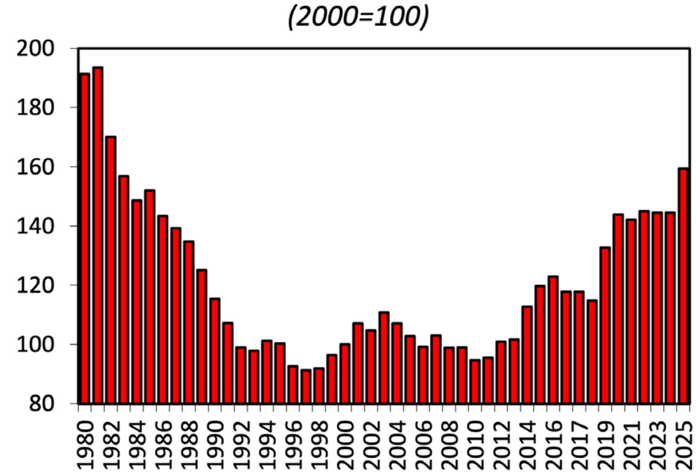
Although Canada's GDP has posted two consecutive quarters of negative growth, economists remain divided on whether the country has entered a broader recession. Employment levels and business activity remain more resilient than headline GDP figures suggest.

## Consumer Demand and Retail Performance

Consumer demand for beef remains one of the strongest areas of the food sector. The retail beef demand index reached 159 in 2025, up 10% from 2024 and the highest level since the early 1980s. Per capita beef consumption increased to 16.1 kg per person despite significantly higher retail prices. In contrast to the 1980s when demand was eroding, the current cycle with stronger demand, has left one wondering what will slow it down? The economy? Food price inflation? Or a slow fading of the current protein moment? The South Beach and Atkins high-protein diet fad was at its peak from 2003 to 2005, though they remained popular for over a decade.

Deflated spending on beef, pork, and poultry exceeded $21 billion in 2025, surpassing the previous record set in 2023. Beef gained market share from pork and seafood, reflecting continued consumer preference for beef.

**Canadian Retail Beef Demand Index**
*(2000=100)*




Source: CanFax Research

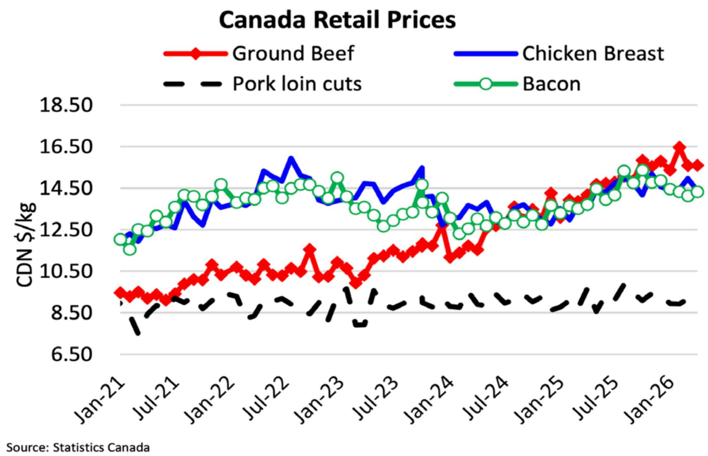
Retail beef prices averaged $28/kg in April, remaining close to all-time highs and 15% above year-ago levels. This is at a time when prices are set to seasonally increase moving into prime outdoor grilling months. The largest year-over-year increase was noted on striploins (29%). Smaller increases ranging from 8-10% were seen on stewing cuts,

| Cuts | Retail Price April 2026 (CDN) | Change from March 2026 | Change from April 2025 | Change from the Five-Year Average for April |
|---|---|---|---|---|
| Striploin Cuts | $42.42/kg | +5.8% | +29.3% | +56.4% |
| Rib Cuts | $30.56/kg | -14.4% | +8.3% | +13.9% |
| Top Sirloin Cuts | $28.94/kg | -1.0% | +10.5% | +41.2% |
| Stewing Cuts | $22.51/kg | +4.2% | +9.0% | +23.6% |
| Ground Beef | $15.59/kg | +0.1% | +10.0% | +37.2% |
| Average Price | $28.00/kg | -1.5% | +14.7% | +34.6% |

*Source: Statistics Canada*

The combination of strong quality, favourable eating experiences, and continued consumer preference has allowed beef to maintain demand despite higher prices. However, some evidence suggests consumers are adjusting purchasing habits within the beef category. Demand remains strong for value-oriented cuts such as briskets and end-meat roasts as households seek ways to keep beef on the menu while managing food budgets.

Competition from alternative proteins remains limited. Retail chicken prices were up 5% from last year, while pork prices declined 4%. Ground beef now trades at a premium to both chicken breast and bacon, creating some risk of protein substitution if beef prices continue to rise.



Source: Statistics Canada

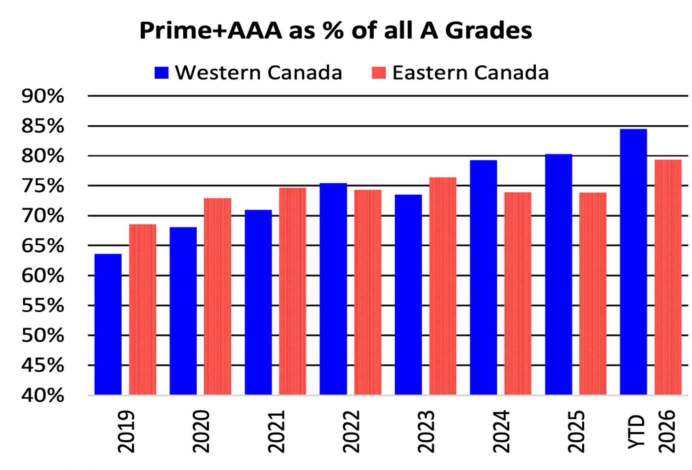
## Beef Supply and Processing

Canadian beef supplies remain tight, although production has improved slightly in 2026. Year-to-date production is up 1% from last year as heavier carcass weights offset lower slaughter numbers. Total slaughter volumes remain down approximately 2%.

Carcass weights have increased by nearly 30 pounds compared to last year, with the largest gains occurring in mature cattle. These heavier weights have helped maintain beef production despite reduced cattle availability.
Overall market ready cattle nubmers are expected to increase slightly in the second half of the year, supporting domestic beef production.

Quality continues to improve across the industry. Prime and AAA grades account for 83.4% of all A-grade cattle year-to-date, up four percentage points from last year. Western Canada is leading grading performance at 84.5% year-to-date, up four percentage points; compared to eastern Canada at 79.3% up five percentage points.

For packers and processors, larger supplies of high-quality beef provide opportunities to support premium retail and foodservice programs.



Source: CBGA, Canfax

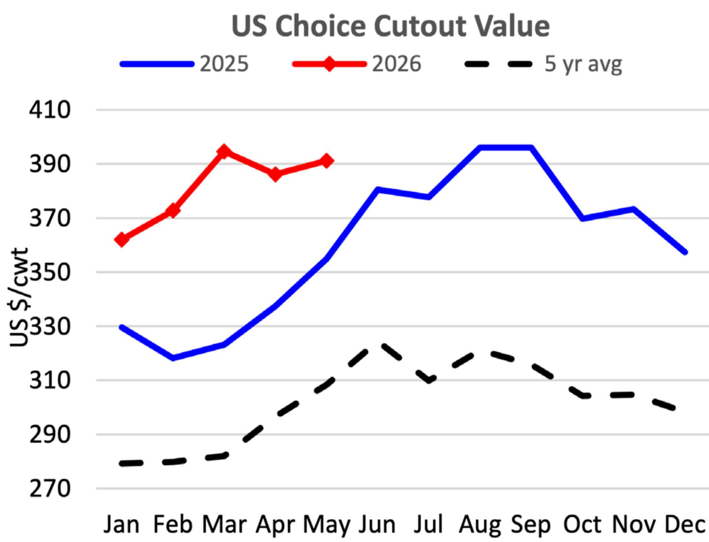
## Wholesale Market Conditions

Wholesale beef values remain historically strong; but have shown less seasonal strength than expected, with a disappointing spring rally.

Choice cutout values have traded near US$390/cwt since March and remain close to record levels. By May, cutouts averaged $391/cwt and were US$5/cwt shy of their record highs (excluding May 2020 during the height of covid) set in August and September 2025. It should be remembered that the U.S. imposed punishing tariffs on Brazilian beef totaling more than 75% from August to November, significantly limiting Brazilian imports. And forced U.S. packing plants to look to other markets, including end meats from the domestic market to source lean trim for ground beef.

Select cutouts have also remained unusually strong, narrowing the Choice-Select spread to some of the tightest levels seen in nearly two decades. Select quality grading has fallen to record lows, ranging from 8.0-10.7% since January. On the other hand, Prime grading is historically large, ranging from 14.4-17.2% of all graded carcasses.

Lean beef demand remains the strongest component of the wholesale market. U.S. 85% lean trim prices reached new record highs in May and were 21% higher than a year earlier. Strong ground beef demand across North America continues to support trim values and imported lean beef demand.




Source: USDA

### Foodservice Sector

Canadian restaurant sales reached $23.3 billion during the first quarter of 2026. Growth was strongest among caterers, food contractors, and mobile food services (+7%), followed by full-service restaurants (+6%). Fast-food (+2%) and drinking establishments (+1%) recorded more modest gains.

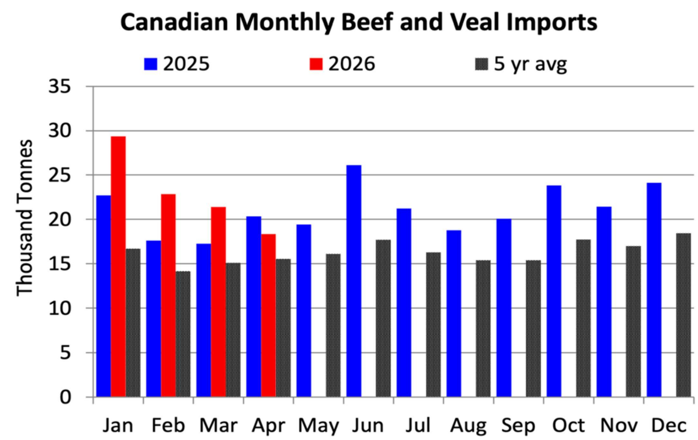
The foodservice sector continues to face mixed conditions. Larger chains are investing in growth and menu innovation, while many independent operators remain cautious due to economic uncertainty and pressure on consumer discretionary spending.

A recent industry survey by Restaurants Canada found that many operators are delaying capital investments, renovations, and expansion plans. Labour scheduling has also become more conservative as operators manage cost pressures and uncertain demand forecasts.

Despite these challenges, overall foodservice sales remain positive and continue to support beef demand.

### Imports and Market Access

Imports remain essential to balancing Canadian beef supplies. January-to-April beef imports were up 18% year-over-year, while import values increased 25%. The United States remained Canada's largest supplier, accounting for 28% of imports. Australia represented 23%, followed by Mercosur at 20%, New Zealand at 18%, and the EU at 5%.




Source: Statistics Canada

Year-to-date, imports have been above a year ago from Australia, (+85%), New Zealand (+51%), and Mercosur (+17%), smaller from the U.S. (-13%) and the EU (-17%). These larger imports have helped support retail availability and moderate price pressure during a period of historically tight domestic cattle supplies.

As Brazil and Australia reach their import quota levels into China, they are expected to shift their attention toward North America in the second half of the year. However, available supplies are still unclear as both countries appear to have pulled numbers ahead to a rush to fill the quota.

Animal health remains an area to monitor. In June, Canada temporarily suspended cattle and horse imports from Texas following the detection of New World screwworm. The direct impact on Canadian cattle feeding operations is expected to be minimal because Texas represented only a small share of total feeder imports.

### Outlook

The Canadian beef market remains supported by strong consumer demand for protein, historically high retail prices, tight cattle supplies, and growing import volumes.

For retailers, packers, processors, and distributors, the key themes for the remainder of 2026 will be slight improvement in product availability, managing input costs, and monitoring consumer response to sustained high beef prices.

While economic uncertainty and trade policy risks remain, current market fundamentals continue to support a positive outlook for the beef sector.