

# Industry projections 2025

## Australian cattle – September update

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### KEY POINTS

- Record production is expected once again in 2025, driven by successful production outcomes across much of the country.
- Changes to the composition of the herd have enabled stability in high turn-off periods.
- Exports will remain strong as Australia continues to fill the global supply shortage.



### KEY 2025 NUMBERS

- ➔ **Slaughter:**  
9.02 million head
- ➔ **Carcase weights:**  
309.5 kg/head
- ➔ **Production:**  
2.79 million tonnes cwt
- ➔ **Beef exports:**  
1.5 million tonnes swt

\*Graphic illustrates year-on-year change

## Summary

The national herd is expected to remain relatively stable across the forecast period. This is a reflection of the last four years' growth which has solidified a new turn-off capability in the herd. Varied climatic conditions continue to impact the herd differently across regions, influencing a variety of stocking decisions. Despite this, Australia moves closer to a national system. Pasture growth across regions with positive seasonal conditions has enabled a focus on stock movement and trading, over liquidation to slaughter.

### *Northern:*

- The northern herd has maintained a high stocking rate, supported by five consecutive positive seasons. This has resulted in a large, productive breeding herd that has underpinned elevated turn-off capacity with a smaller impact on the herd.

### *Southern:*

- Seasonal conditions earlier in the year led to producers turning off unproductive cows. However, increased priority placed on productivity has meant core genetics have been preserved, ensuring herd fertility and productivity are maintained into future years.

The Australian cattle herd is projected to remain steady through 2026 before easing slightly in 2027. This reflects the herd reaching a mature phase where growth slows and management priorities shift towards maintaining productivity rather than expansion. While the female slaughter rate has averaged 53% over the last 12 months, typically an indicator of liquidation, the overall herd composition has shifted.

Slaughter volumes are expected to remain well above the 10-year average. In northern Australia, favourable seasonal conditions are forecast to continue, supporting higher stocking rates and throughput. In southern Australia, slaughter is expected to ease slightly as producers focus on maintaining core breeding herds and reducing less productive cattle – a response to seasonal conditions. Australia is well positioned to achieve record production and export volumes as processing capacity has been steadily built to support our increased turn-off.

Demand for Australian beef is strong over the forecast period, underpinned by falling production in most major exporting countries and Australia's strong reputation internationally as a producer of high quality, safe beef. Although there have been shifts to the global trading environment, Australia is well placed to take advantage of opportunities as they present themselves and provide high quality beef to customers around the world as production peaks.

Table 1: Situation and outlook for the Australian cattle industry

	2019	2020	2021	2022	2023	2024	% change 2024 on 2023	2025 <sup>f</sup>	2026 <sup>f</sup>	2027 <sup>f</sup>	% change 2027 <sup>f</sup> on 2024
<b>Cattle numbers ('000 head)*</b>											
As at 30 June	28,992	27,701	28,724	29,388	30,604	31,093	1.6%	31,035	31,014	30,339	-2.42%
Percentage change	-5.8%	-4.5%	3.7%	2.3%	4.1%	1.6%		-0.2%	-0.1%	-2.2%	
<b>Slaughterings ('000 head)</b>											
cattle	8,482	7,145	6,018	5,850	7,020	8,304	18.3%	9,021	8,722	8,338	0.42%
calves	565	414	285	265	374	394	5.3%	413	419	400	1.64%
total	9,047	7,559	6,303	6,115	7,394	8,698	17.6%	9,434	9,141	8,739	0.47%
<b>Avg carcase weight (kg)</b>											
cattle	283.5	294.8	313.0	319.7	315.1	309.9	-1.6%	309.5	311.9	320.3	3.36%
calves	53.8	54.1	46.6	39.2	36.4	36.2	-0.4%	36.0	36.5	36.5	0.72%
<b>Production ('000 tonnes carcase weight)</b>											
beef	2,404	2,103	1,883	1,869	2,209	2,569	16.3%	2,792	2,721	2,671	3.97%
veal	28	20	12	9	13	13	5.3%	15	15	15	9.79%
total beef and veal	2,432	2,123	1,895	1,878	2,222	2,582	16.2%	2,807	2,736	2,686	4.00%
<b>Cattle exports ('000 head)</b>											
	1,304	1,056	772	591	677	766	13.2%	781	781	765	-0.11%
<b>Beef exports** ('000 tonnes)</b>											
total carcase weight	1,801	1,524	1,303	1,254	1,589	1,972	24.1%	2,198	2,114	2,077	5.35%
shipped weight	1,229	1,039	888	855	1,082	1,344	24.1%	1,498	1,441	1,415	5.35%
<b>Domestic utilisation ('000 tonnes carcase weight)***</b>											
total carcase weight	618	591	585	619	624	598	-4.1%	609	622	608	1.67%
kg/head***	24.4	23.0	22.6	23.6	23.6	22.4	-5.1%	23.0	23.2	22.6	0.81%

Source: Australian Bureau of Statistics (ABS), Department of Agriculture, Fisheries and Forestry (DAFF), MLA forecasts

f = forecast

\* MLA has adopted the current ABS herd model for historic figures with the exception of a 3% adjustment from 2022.

\*\* excl. canned/misc, shipped weight.

\*\*\* Domestic meat consumption is measured by removing the portion of exports (DAFF data) from total production (ABS data) and assuming the difference is consumed (or at least disappears) domestically. Imports are also added to domestic consumption when present. Per capita consumption is calculated by dividing domestic consumption by ABS population data. Please note that domestic per capita consumption is entirely a supply statistic and does not take account of waste or non-food uses of livestock meat products.

## Assumptions

### Weather and climate events

Climate and weather remain the primary drivers of the national cattle herd, slaughter rates and production volumes. Medium-term projections draw on recent weather conditions and three-month outlooks, while long-term estimates assume average seasonal conditions.

The Bureau of Meteorology's (BOM) latest outlook suggests spring conditions will diverge from the past two years. Much of the east coast has a 75% chance of above-median rainfall. If realised, the impact will vary by region.

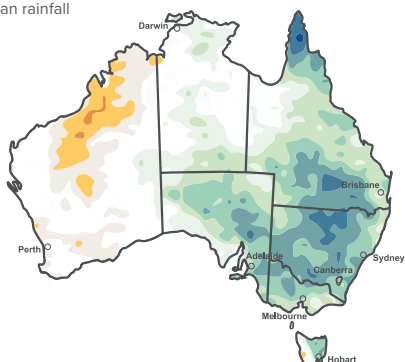
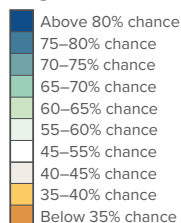
Victoria, South Australia and southern NSW have endured 18 months of poor seasonal outcomes, significantly influencing their baseline conditions. These regions will require consistent rainfall before recovery is possible, though improved pastures and water availability could see herd rebuilding start earlier than expected.

In the north, where most of the national herd is held, a delayed but effective wet season has supported herd maintenance and improved productivity. With further positive outlooks from BOM, producers should benefit from increased surface water, soil moisture and pasture growth. Across WA, average rainfall is expected to sustain the state's stable output.

Figure 1: Australian rainfall outlook – Oct to Dec 2025

Chance of exceeding the median rainfall

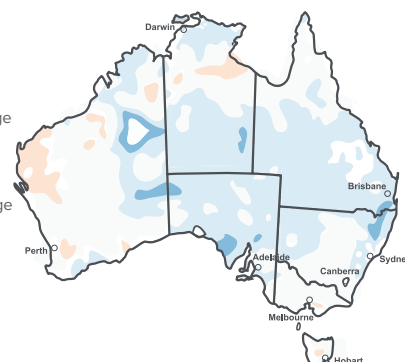
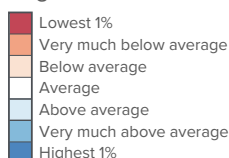
#### Legend



Source: Bureau of Meteorology

Figure 2: Forecasted root zone soil moisture – Sept 2025

#### Legend



Source: Bureau of Meteorology

# Finances

The Reserve Bank of Australia (RBA) board met on 12 August 2025 to publish the Statement on Monetary Policy. Commentary in this section is based on information available as at 20 August.

## *Interest rates*

As of the most recent meeting of the RBA in August 2025, the cash rate has been lowered by 25 basis points to 3.60% – marking the third rate cut this year and the lowest level since April 2023. This decision reflects continued moderation in inflation, which now sits within the RBA's target range of 2–3% and a slightly easing labour market.

Extended periods of previously high interest rates had placed pressure on agricultural businesses, particularly through elevated land values and costly loan financing. The recent rate cut offers some relief, and further easing is expected over the coming months.

**ANZ:** targets a cash rate of 3.35% by year-end.

**CommBank:** expects one more cut in November, aiming for 3.35% by December 2025.

**NAB:** projecting a cash rate of 3.1% by early 2026.

**Westpac:** expects a gradual easing, with the cash rate reaching 2.85% by May 2026.

## *Farm management deposits*

As of June 2025, \$1.1 billion was held in 7,626 beef farm management deposit (FMD) accounts, a similar volume to a year ago. Additionally, \$1.6 billion and \$380 million were held in grain-sheep/beef and sheep-beef, respectively.

Beef deposits have grown in the last year, although are below the 2023 peak. Thanks to a strong and stable cattle market, producers have been able to deposit money into FMD accounts, resulting in a \$403 million year-on-year (YoY) increase. This is alongside a reduction of 1,099 total number of accounts related to beef production (includes mixed production systems). This trend is driven by favourable conditions in key producing regions and a structural shift toward mixed enterprises, with the largest deposit growth in the grain and livestock enterprises.

## *Price production indices*

The Australian price production indices (PPI) track changes in the prices received for agricultural products.

The agriculture PPI stood at 162.2 in Q2 2025, 6% higher than in Q2 2024, but 4% below the peak in Q3 2022.

The PPI for sheep, beef cattle and grain farming was 165.1, 15% higher than in Q2 2024, but 15% below the peak in Q2 2022.

## *Exchange rate*

As of the RBA's August 2025 meeting, the Australian dollar is trading at A\$1.54/USD, making it slightly weaker than the five-year average of A\$1.45/USD.

This depreciation has continued to enhance the competitiveness of Australian beef exports, particularly in the United States (US) market, where it competes against subdued domestic production and growing imports from South America. Australian beef is also more competitive in North Asian markets, such as Japan, South Korea and China, particularly against US products.

# Cost of inputs

Production costs remain a significant concern for producers, with interest rates, exchange rates and other market forces affecting profit margins. While Consumer Price Index (CPI) inflation eased to 2.4% in the December quarter (down from 2.8% in the previous quarter), producers have seen little financial relief. Most of the decline in national CPI was driven by reductions in electricity, fuel and housing costs.

## *Electricity*

According to the Australian Bureau of Statistics (ABS) Monthly Consumer Price Index, electricity prices fell by 6.3% in the 12 months to June 2025, largely due to expanded government rebates and competitive market offers. However, when excluding rebates, electricity prices have risen by 17.4% since June 2023, placing them well above the five-year average. This rise is largely driven by higher wholesale energy costs and infrastructure upgrades, particularly affecting producers reliant on electric-powered irrigation, refrigeration and processing systems.

## *Fuel*

Fuel prices continue to shape the cost landscape for Australian agricultural operations. Diesel fuel prices, which are essential for transport, machinery and on-farm operations, have declined by 8.0% YoY to June 2025. This places current diesel prices 13% below the five-year average, offering some relief to producers managing large-scale logistics and field operations. Volatility, however, remains a concern, with global supply chain disruptions and geopolitical tensions posing risks to future fuel stability.

## Employment

As of June 2025, the Pacific Australia Labour Mobility (PALM) scheme supported 31,055 workers across 513 approved employers:

- 17,010 (55%) are employed in agriculture
- 11,650 (37%) are employed in meat processing, in meat processing, with 97% of these classified as long-term employees.

## Regulations

Australian farmers and cattle producers face a growing burden from regulatory costs that impact their operations across multiple fronts. According to the Productivity Commission, farm businesses are subject to a complex array of regulations, from land use and environmental compliance to biosecurity, animal welfare and transport, which collectively impose administrative and financial pressures.

# Supply

## Herd

The Australian cattle herd is projected to have eased slightly to 31 million head as of 30 June 2025, down 0.2% following an increase of 1.6% to 31.1 million in 2024. Herd numbers are expected to remain relatively stable through 2026 at around 31.0 million, down 0.1%, before declining by 2.2% to 30.3 million in 2027.

The 12-month rolling average for female slaughter sits at 53%, well above the long-term average of 47%. The composition of the herd has fundamentally evolved, favouring a higher proportion of females due to the productivity capacity of the breeding herd. This shift in herd composition has supported more targeted culling, with turn-off increasingly focused on older, unproductive females while retaining core breeding stock.

In 2025, strong seasonal conditions in northern Australia have supported higher stocking rates, while drier conditions in the south have prompted producers to reduce unproductive cattle and retain their core breeding herds. Consistent weather outcomes across large breeding and trading regions have led to stability in the herd for the forecast period. Northern Australia continues to operate near optimal capacity, supporting the productivity of its breeding herd and partially offsetting reductions in the southern herd.

In 2026, the herd will continue to remain stable as the south begins to rebuild, with more cautious stocking practices limiting the herd growth. During the forecasted period, sustained elevated slaughter, driven by demand, will result in the herd easing by 2027.

## Slaughter

Slaughter is expected to increase 8.6% in 2025 to 9.02 million head, supported by solid cattle supply and robust processing capacity.

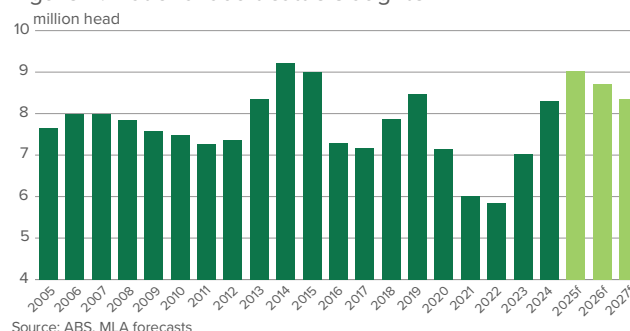
The Australian cattle sector has shifted significantly in the past five to ten years, lifting the turn-off capability of the herd. Genetic gains, pasture improvements and feedlots have meant stock are turned off younger, the movement of steers from backgrounding country to feedlots has opened space for more breeding animals, and fertility gains have caused a more efficient replacement system. This has led to a higher turn-off and a higher female slaughter having a more minor impact to the national herd.

In 2026, producers are expected to adopt more cautious stocking practices after turning off unproductive stock. Slaughter is forecast to ease 3.3% to 8.72 million head. By 2027, lower herd numbers and a stabilising of demand are expected to weigh on turn-off, with slaughter declining a further 4.4% to 8.34 million head.

Figure 3: National cattle herd



Figure 4: National adult cattle slaughter



Access MLA's NLRS weekly slaughter report: [mla.com.au/prices-markets/slaughter](https://mla.com.au/prices-markets/slaughter)

## Carcase weight

Carcase weights are expected to remain stable year-on-year, then follow long-term trends of general increases. In 2025, average carcase weight changes are forecast to be less than 1kg with an average weight of 309.5kg. Carcase weights for the first half of the year have remained relatively on trend. Elevated female turn-off does generally have an impact on average weights, however solid grainfed numbers and solid autumn rain which promoted feed availability, will encourage carcase weight stability. In 2026, average carcase weights are expected to increase by 2.4kg to 311.9kg, following the long-term trend. Similarly, in 2027, weights are expected to increase from 8.4kg to 320.3kg.

## Production

Australia continues to become a more efficient beef producing country. In 2025, production is forecast to reach a new record, increasing by 8.7% to 2.79 million tonnes (mt). Conditions have promoted stable carcase weights across the country and with the increased turn-off capability of the herd, production will lift on the 2024 record. Slaughter rates declining slightly over the following two years will impact production, however the continued trend of increased weights will counteract this. In 2026, production is expected to ease 2.6% to 2.72mt, the second highest volume on record, and a further 1.8% for 2.67mt by 2027.

## Stock turn-off ratio

The stock turn-off ratio (STR) measures the number of cattle processed and exported live, relative to herd size. Current STR sits at 32%, elevated on a longer-term average of 28%.

Moving forward, stock turn-off is expected to remain elevated, however assuming average seasons across the forecast period, the influence on the herd will not be as significant as turn-off rates from five and 10 years ago.

## Live cattle exports

Australian live cattle exports in 2025 are tracking at parity with 2024 in the January to July period. Strong demand from Indonesia has helped offset weaker performance in Vietnam and China. The increase has been driven by robust northern Australian supply and competitive pricing, though rising economic pressure in key markets is tempering growth.

Northern Australia continues to support export volumes with solid cattle availability. Seasonal conditions have been favourable and producers are holding cattle longer, resulting in heavier weights. However, the global high demand for beef is placing upward pressure on domestic cattle prices. The live export markets are highly price-sensitive markets – therefore, having attractive feeder cattle prices is essential to sustain the high demand.

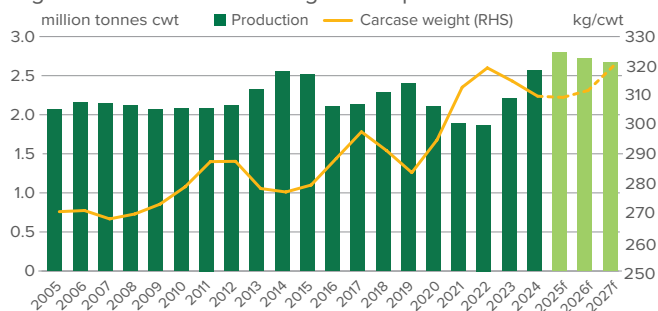
Indonesia remains the dominant market and accounted for 68% of total exports in the first half of 2025. Despite ongoing weak purchasing power and reduced government spending, demand for fresh beef has remained stable. Favourable Australian feeder prices and limited Indian buffalo meat (IBM) availability have supported the strong volume. In 2025, IBM's leftover permits from 2024 are still being realised, showing the preference for fresh beef at competitive prices. The second half of 2025 is expected to register substantial volumes into Indonesian feedlots, in preparation for high demand during Eid al-Fitr in March 2026. Demand for breeder cattle imports is expected to continue to be strong, due to the Indonesian government's programs to boost domestic beef and dairy production.

Figure 5: National carcase weights on long-term averages



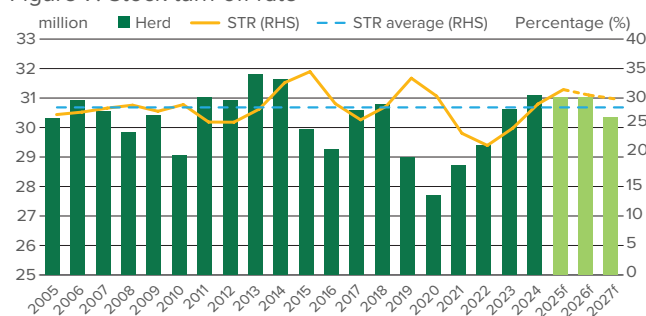
Source: ABS, MLA forecasts

Figure 6: Cattle carcase weights and production



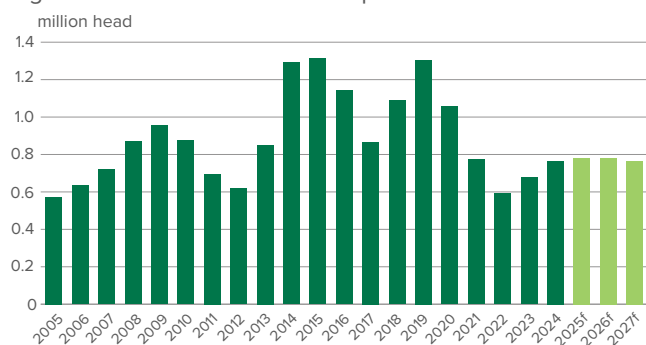
Source: ABS, MLA forecasts

Figure 7: Stock turn-off rate



Source: ABS, MLA forecasts

Figure 8: Australian live cattle exports



Source: ABS (pre-2015), DAFF (post-2015), MLA forecasts

Vietnam demand has softened in 2025, with volumes dropping to 65,797 head in January to June 2025. Government restructuring and consolidation caused massive job losses, which in addition to international trade uncertainty, have impacted consumer confidence and slowed down economic growth. Additionally, competition from regional cattle crossing the Vietnam border remains strong. Breeder cattle imports are expected to increase slightly in 2025, but overall volumes are likely to remain subdued. In 2026, demand may stabilise as domestic transitions settle, though competition from frozen imports will continue to challenge Australian cattle.

Exports to China are tracking 56% below YoY in 2025. Herd downsizing, driven by the dairy sector and cautious consumer spending have weakened demand. The situation is expected to continue and a significant rebound is unlikely in the short term.

The Philippines continues to show promise, with exports up 25% in the January to July 2025 period. Strong retail expansion, resilient foodservice channel demand and pork price parity due to African swine fever have supported growth. In 2026, demand is expected to remain strong, though rising Australian cattle prices may limit further expansion.

After almost a decade of no live trade, Mexico imported 12,771 head in the first half of 2025. While still a small share of total exports, this reflects ongoing efforts to diversify market opportunities. Continued engagement may support modest growth in 2026, especially if pricing remains favourable.

Despite mixed market signals, Australia's live cattle export sector remains supported by strong supply fundamentals and selective regional demand. The outlook for 2026 and beyond will depend heavily on seasonal conditions, domestic pricing and evolving trade dynamics across key markets.

## Key and emerging issues

### Shifting herd composition reshapes stocking rates and turn-off

Over the past decade, the composition of Australia's cattle herd has undergone a notable transformation, with important implications for stocking rates and turn-off strategies.

In 2014, calves made up just 23% of the herd. By 2024, this had risen to 31% – an eight-percentage point increase. This growth has been driven by more productive breeding cows and ongoing investment in herd genetics. A larger calf population expands the pool of replacement heifers, supporting future breeding capacity and enabling producers to continue improving genetic performance. Aligning with this trend, the *Beef Producers Intentions Survey* found 39% of producers planned to adjust their herds, with 17% indicating a shift toward more breeding-focused production systems – reflecting the higher proportion of calves in the herd.

Selecting for higher growth rates in calves can lift carcass weights and increase slaughter value. Additionally, faster growth requires higher feed intake, placing pressure on carrying capacity – a critical consideration in pasture-based systems.

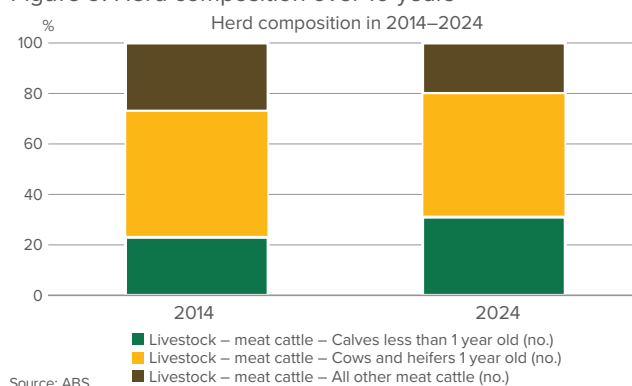
While the proportion of cows and heifers aged one-year and over has remained relatively stable – 51% in 2014 versus 49% in 2024 – the herd has become more productive, enabling it to support a larger number of calves. Meanwhile, the share of other meat cattle has fallen from 27% to 20%. Higher turn-off numbers, shorter growth periods to market weight and increased use of feedlots have all contributed to this trend. Cattle are now reaching specifications earlier, but higher-energy diets in feedlots are reducing reliance on pasture and potentially lowering on-farm stocking rates. These rich diets may be acting as an effective drought mitigation method.

Sustainable production hinges on matching stocking rates to available feed resources. Reducing stocking rates to an optimal level should be the first step before implementing supplementary feeding programs. While supplements can fill short-term feed gaps, relying on them as a long-term solution is costly and may mask underlying grazing pressure.

Practical turn-off decisions can be implemented to avoid carrying excess non-productive stock. Turning off surplus heifers early helps maintain grazing balance. Culling fat, dry cows can also improve herd performance, as these animals often calve out of season and may include less fertile breeders. Many of these cull animals subsequently enter feedlots for finishing.

The changing shape of the herd reflects progress in breeding efficiency and market responsiveness. However, with more calves moving through the system, producers will need to carefully consider how this affects feed demand, carrying capacity, and the timing of turn-off. Striking the right balance between herd growth and resource sustainability will be key to maximising profitability in the years ahead.

Figure 9: Herd composition over 10 years



# Global trade landscape

The global trade landscape for beef has shifted noticeably over the past year, with numerous changes evident in the trading environment. These changes pose a range of challenges, but also opportunities for the Australian beef industry.

Australian beef exports in the year-to-July are currently running at record levels, driven by strong consumer demand. Whilst an overwhelmingly positive scenario, large export volumes also increase the certainty that free trade agreement (FTA) safeguard provisions will be triggered earlier than in previous years. Notably, the Australia-China FTA beef safeguard was triggered on 24 July 2025, raising the 0% preferential tariff to 12% for the remainder of the calendar year.

Similarly, Australian beef exports have already filled 89% (as at 15 August 2025) of the 192,206 tonne Australia-Korea FTA beef safeguard, with triggering likely in early September and the tariff consequently rising from 8% to 24% for the remainder of the year. This poses challenges to both exporters and importers in terms of inventory management and cost allocation.

Over the next two years, the triggering of safeguard provisions in both China and Korea will be similarly determined by the robustness of in-market demand, coupled with Australian supply conditions, and the slight annual increases in the safeguard volumes that are built into both agreements.

Contrary to the tariff-free provisions of the Australia-US FTA, Australian beef exports are currently facing a 10% 'baseline' tariff. Unfortunately, this increases the cost of our product in the US market, although at current levels Australian exports are not facing a competitive disadvantage.

An additional challenge is the Ministry of Commerce in China's ongoing safeguard investigation into beef imports (from all sources), initiated following a petition from several Chinese beef associations. This investigation is due to report on 26 November 2025 – with the Australian red meat industry being an active participant via promoting the importance of ongoing trade during the proceedings.

Outside of Australia, our international competitors are making progress on improving their technical access. In June 2025, the World Organisation for Animal Health (WOAH) recognised Brazil as being free of foot-and-mouth disease without vaccination. This is the highest form of certification available and makes it possible for Brazilian beef to meet the stringent technical market access requirements evident in markets like Japan and Korea.

As a relatively low-cost producer, Brazilian beef would likely be immediately competitive at the commodity end of the global beef market. However, despite Brazil potentially gaining technical market access, it still lacks the preferential or FTA market access that Australia has gained over several decades through signing multiple trade deals with our largest trading partners. This means the tariffs Brazil would face in new markets will be set at 'most favoured nation' rates, which are usually substantially higher than the more favourable rates Australian exports face under numerous high-quality FTAs.

Alongside Australia's suite of FTAs, the key advantage Australia has in the global market is its strong reputation and longstanding relationships with customers around the world. Australia has been a major beef exporter for decades and is well regarded for its quality and safety credentials. This experience and reputation mean Australia is well positioned to continue to supply global customers, as shown by the consistently high demand for Australian beef and record exports over the past year.

## Global supply and forecast

### United States (US)

Since April 2025, the US cattle herd has started to show signs of rebuilding. While remaining in a technical destock, overall slaughter has fallen markedly, with heifer slaughter coming down after being a crucial part of the record production seen in 2024.

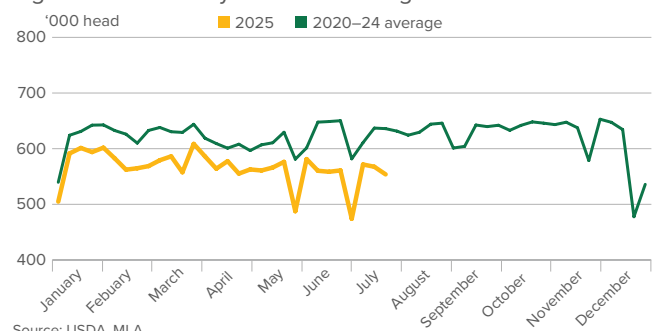
While still dependent on improvements to soil moisture in some regions, the beginnings of a herd rebuild are now within sight in the US cattle herd. At the same time, the restriction of Mexican cattle imports due to new world screwworm infections has further restricted cattle supply. Taken together, this points to a tighter supply of beef in 2026 and 2027, while demand is expected to remain resilient.

#### *Slaughter*

In the first half of 2025, US beef production fell by 5% from 2024 to 2.89mt. This is the most significant decline in production in several years and is notable in that it comes from a decline in both the 'fed' and 'non-fed' segments of the market.

In broad terms, cows and bulls are not usually sent into feedlots prior to slaughter, while steers and heifers usually are. Given this, production from cows and bulls can be thought of as 'non-fed', while steer and heifer production can be thought of as 'fed' production.

Figure 10: US weekly adult cattle slaughter



With that in mind, ‘non-fed’ slaughter has been down 9%YoY to 410,000 tonnes (t) in the first half of the year. This is in line with the trend over the last few years – non-fed production is down 25% since the cyclical peak back in 2022.

By contrast, fed production is down 4% YoY to 2.47mt. This is important because fed production has not moved much since 2022, due to slightly lower slaughter being matched by higher carcass weights. Additionally, the number of heifers entering feedlots meant the supply of cattle was relatively solid in 2023 and 2024, even though it prolonged the herd destock.

At this point, even though carcass weights are still at record levels, the increased weight can no longer compensate for short cattle supply and lower slaughter numbers. Cattle placements into feedlots have fallen markedly, and the regional, sporadic rebuilding that has been reported in some parts of the country has meant some producers are electing to retain cattle that would have previously been sold.

## Mexico

Over the past decade, the US has imported an average of 1.2 million cattle from Mexico each year. These cattle are usually imported into feedlots across the Southern US, entering the fed beef supply chain.

The re-emergence of new world screwworm in Mexico, after its previous eradication north of the Darien Gap, has seen this trade shrink substantially, with on-off closures over 2025 and a more long-lasting import moratorium placed in early July 2025. The effects of this have been substantial – in the first six months of 2025, the US has only imported 224,000 head from Mexico, which is 69% less than 2024 and down 64% from the ten-year average.

These imports are significant – imports from Mexico typically equal 5–7% of feedlot placements and represent an important part of the feedlot supply chain, especially during rebuilding periods. The cessation of these imports will put further pressure on the supply chain and compress beef supplies further.

## Looking forward

Taken together, the US beef industry is likely to see lower production for the next several years. Moreover, this is likely to expand from the lean beef shortages we have seen since 2023 into broader demand uplift, as production of fed beef shrinks.

This will have two effects for Australia. Firstly, it will reduce the supply of beef in the US, lifting demand for Australian product in the US market directly. Secondly, it will reduce supply of US beef in North Asian exports markets where we compete with the US for market share. In both instances, this will offer Australia a substantial opportunity, especially as local production is likely to peak at the same time as US production declines.

## Brazil

Beef production and exports in Brazil reached record highs in 2024 and have continued lifting in the first half of 2025. While slaughter has increased in the first half of 2025, the rate of increase has been noticeably slower than 2024 and increasing exports have largely been reliant on lower domestic consumption compared to the production-driven growth seen in 2024.

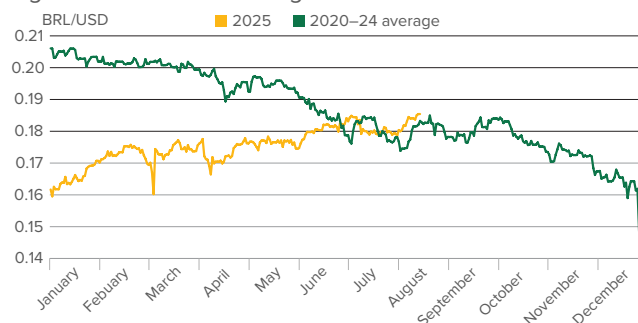
As Brazil continues to recover from drought conditions and the cattle cycle turns, production is likely to fall, either in the second half of 2025 or over 2026.

## Production

Overall beef production rose 2% in the first half of 2025 to 5.1mt – a new record. This was primarily driven by a 4% YoY increase in slaughter to 20.3 million head, as carcass weights fell to 253kg, the lowest figure since 2019.

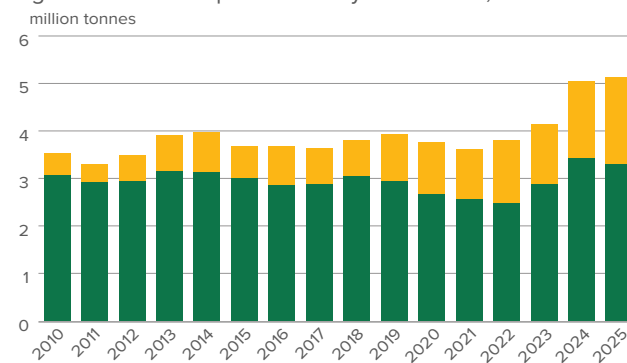
The heavy pace of slaughter has led to herd destocking – the female slaughter rate was an estimated 44.8% in FY2025, well above the ten-year Brazilian average of 40%, as dry conditions across much of the country led to heavy cow turn-off. This has manifested in a smaller herd. According to the United States Department of Agriculture (USDA), the Brazilian cattle herd shrunk 4% since 2023 to 186.9 million head in January 2025.

Figure 11: BRL/USD exchange rate – 2024 versus 2025



Source: XECD, MLA

Figure 12: Brazilian production by destination, Jan–June



Source: IBGE, TDM, MLA

## Exports

Brazilian beef exports have remained strong so far in 2025, with overall exports rising 13% YoY to 1.83mt carcase weight equivalent (cwe) over the first six months of the year. China remained the largest market for Brazilian beef, with exports lifting 12% YoY to 902,415t cwe, but the largest increase was seen in the US, with exports rising by 132% YoY to 223,557t cwe.

Exports peaked in April, with volumes rising 870% YoY to 63,081t cwe in that month, before falling back over May and June. July volumes have shrunk further and the imposition of an additional 40% tariff on Brazilian exports by the US in August (amounting to a total charge of 74.6%) will likely make further exports uneconomical.

The substantial lift in exports came at the expense of domestic consumption, which fell 4% YoY over the first half of 2025. A substantial depreciation of the Brazilian real over 2024 cut into the spending power of Brazilian consumers and increased the retail price of Brazilian beef (when denominated in reals) by 18–25% between June 2024 and June 2025.

## Looking forward

In the short term, export volumes are likely to be substantially affected by changes to the exchange rate, which could affect the amount of beef retained in the domestic market. However, what is clear, is that the decline in the Brazilian cattle herd, alongside very high slaughter since 2024, show a production system at a cyclical high. Easing drought conditions and lower cattle availability are likely to lead to lower production over the coming months and years, which in turn, will constrain the amount of beef available for export.

# Prices

## Price forecasts

MLA's cattle projections include an aggregate price estimate from analysts (excluding MLA) for the three major indicators. By aggregating these estimates an average target price is calculated, along with a price range that reflects the variation in analysts' forecasts, based on their respective upper and lower predictions.

- The National Young Cattle Indicator (NYCI) is forecast to trend sideways, declining by 1% to 446¢/kg liveweight (lwt) by 31 December 2025.
- The National Feeder Steer Indicator (NFSI) is forecast to slightly ease 2.5% to 443¢/kg lwt by 31 December 2025.
- The National Heavy Steer Indicator (NHSI) is forecast to stabilise and ease by 2% to 398¢/kg lwt by 31 December 2025.

Figure 14: Aggregated industry average heavy steer price forecast

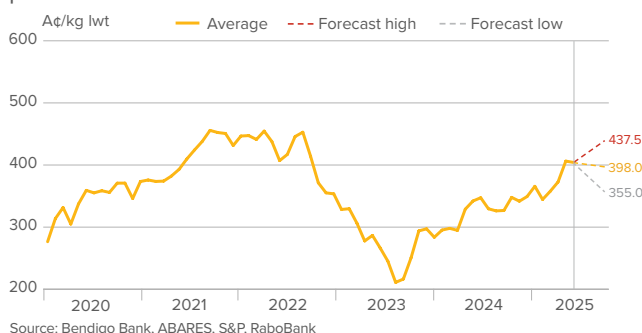


Figure 13: Aggregated industry average feeder steer price forecast

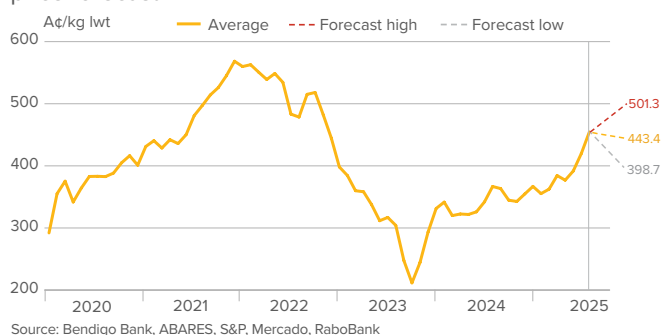
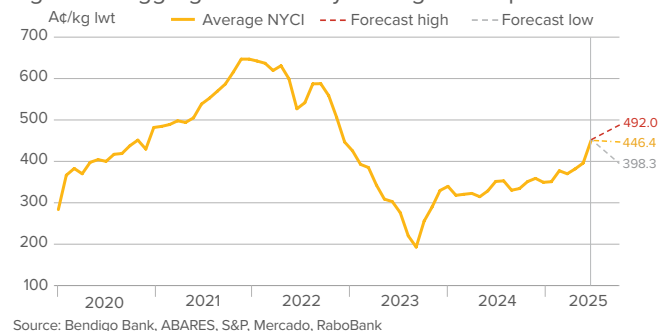


Figure 15: Aggregated industry average NYCI price forecast



► Access MLA's Market reports page for all domestic livestock prices and reports: [mla.com.au/prices-markets](https://mla.com.au/prices-markets)

# Looking ahead

The last two years of unexpected and varied seasonal outcomes have reinforced the Australian cattle sector's adaptability. With the assumption of average seasons, the national herd is expected to remain stable through 2026, before easing slightly in 2027. Slaughter above 8.5 million will become the new normal, rather than these volumes seen only in drought seasons. Australia remains well positioned for record production and export volumes, supported by improved herd efficiency and processing capacity.

Global trade dynamics present opportunities and risks. Reduced US beef production and constrained Mexican imports are expected to boost demand for Australian beef in North America and North Asia. However, safeguard triggers in China and Korea, and Brazil's improving market access, may challenge competitiveness.

Prices remaining solid over the last 12 months has highlighted the impact of strong demand from export markets, as well as domestically, from processors. Despite elevated volumes, prices have not turned. Demand is expected to remain relatively strong alongside supply, highlighting the positive outlook for the sector.

## 2024 State of the industry report

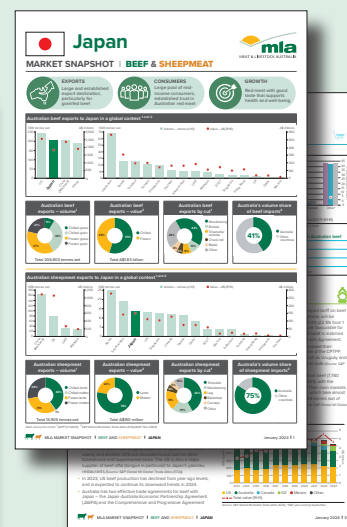
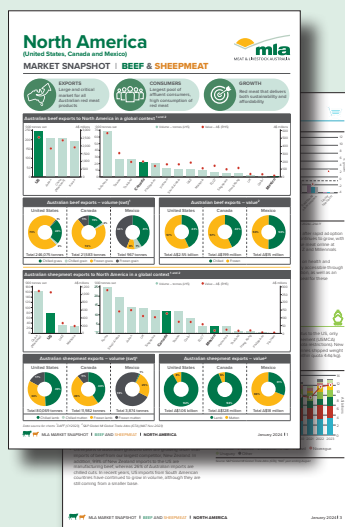
► To access the 2024 State of the industry report *The Australian red meat and livestock industry*:  
[mla.com.au/prices-markets/Trends-analysis/state-of-the-industry-reports](https://mla.com.au/prices-markets/Trends-analysis/state-of-the-industry-reports)

## Market Snapshots

MLA's market snapshots aim to give a better understanding of Australia's main red meat markets along with insights into what's driving consumer demand.

Covering 14 markets the snapshots provide industry stakeholders access to topline insights on:

- consumer demographics, perceptions, habits and trends
- Australian export data and analysis
- foodservice and retail sector trends
- trade access and competitive landscape



► Access the latest market snapshots: [mla.com.au/prices-markets/overseas-markets](https://mla.com.au/prices-markets/overseas-markets)

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