

REPORT FROM CANADA BEEF

Executive Summary

The Canadian economy continues to show resilience. Annualized GDP growth reached 3.3% in the second quarter, while unemployment held near a two-year low. However, consumer confidence weakened in August, pointing to continued pressure on household budgets.

For the beef industry, the key question is whether consumers are reaching their price limit. Retail beef prices averaged more than \$28.50/kg in July and have remained near \$28/kg since November 2025. This stability is notable after several years of rapid price increases. However, the seasonal spring-to-summer increase in beef prices was smaller than normal, suggesting some resistance at the meat counter.

Consumer purchasing power also remains stretched. In July, an hour of work bought less than five pounds of ground beef, down 8% from a year earlier. At the same wage level, consumers could purchase 4% more bacon or 3% more chicken breast. This widening affordability gap could increase competition between proteins.

Wholesale markets face greater pressure heading into fall. Additional access for imported lean trim is expected to reduce domestic demand for end meats diverted to grinding, putting pressure on cutout values. In early September, the 85% lean trim price fell 12% in one week, reaching its lowest level since May 2025.

At the same time, beef imports are expanding. Year-to-date imports are up 9%, with increased supplies from Australia, New Zealand, Mexico and Mercosur more than offsetting lower U.S. imports. The combination of increased imports, stable domestic production and consumer price sensitivity will be important to monitor through the fall.

Economy and Trade

Canada's annualized GDP growth reached 3.3% in the second quarter, highlighting the resilience of the Canadian economy

despite continued trade uncertainty with the United States. First-quarter growth was also revised higher, from an initial estimate of a 0.1% contraction to 0.3% growth.

Other economic indicators point to some stabilization. The unemployment rate remained at 6.4% in August, its lowest level in more than two years. Headline inflation (3%) and core inflation (2%) will provide an important read on household purchasing power.

However, consumers remain cautious. Consumer confidence declined from July to August, suggesting that economic growth has not translated into stronger consumer sentiment. Trade uncertainty also remains a risk. Talks between Canadian Trade Minister Dominic LeBlanc and U.S. Trade Representative Jamieson Greer broke down in August, while steel and aluminum remain among the products most affected by the latest trade measures. Beef and cattle exports remain insulated from the latest measures. Canada's targeted response to the U.S. tariffs implemented in the second half of August is also intended to limit the impact on consumer prices.

Retail Performance and Competing Meats

Beef prices remain high—but consumers are showing early signs of resistance.

Retail beef prices averaged \$28.63/kg in July, up 0.5% from June and up 10.1% from July 2025. Prices have remained close to \$28/kg since November 2025, marking the longest period of price stability since January 2023 to April 2024, when beef prices averaged closer to \$21/kg.

The seasonal increase also provides an important signal. Retail beef prices increased only 5% from April/May to July, compared with a five-year average increase of 8%. A smaller seasonal price response may indicate that retailers and consumers are becoming more price sensitive.

Ground beef remains particularly strong, with July prices up 11.6% from a year earlier. This compares with a 10.1% increase across the overall beef basket.

Cuts	Retail Price July 2026 (CDN)	Change from June 2026	Change from July 2025	Change from the Five-year Average for July
Striploin Cuts	\$38.36/kg	+0.8%	+26.9%	+35.4%
Rib Cuts	\$33.75/kg	-2.3%	+5.5%	+17.5%
Top Sirloin Cuts	\$28.22/kg	+1.0%	-4.0%	+26.4%
Stewing Cuts	\$26.31/kg	+4.0%	+11.4%	+33.5%
Ground Beef	\$16.49/kg	-0.7%	+11.6%	+40.2%
Average Price	\$28.63/kg	+0.5%	+10.1%	+29.1%

Source: Statistics Canada

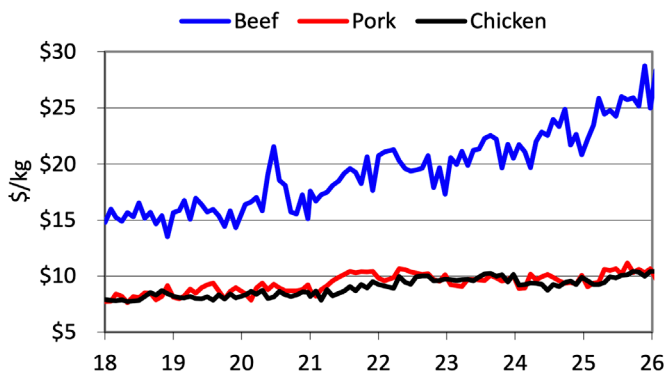
Protein competition is becoming more important.

Pork prices have remained near \$10/kg since mid-2021. Canadian pork producers continue to operate in a well-supplied market, which may limit upward pressure on retail prices.

Chicken prices have also remained relatively stable, near \$10/kg since early 2022. In July, bacon prices were down 2% from a year earlier, while chicken breast prices were unchanged.

The affordability gap is more telling. In July, an hour of work bought less than five pounds of ground beef, an 8% decline from a year earlier. By comparison, consumers could purchase 4% more bacon or 3% more chicken breast at the same wage level.

Canadian Retail Meat Prices (Nominal)



Source: Statistics Canada

For retailers and foodservice operators, this creates an opportunity for value positioning. Beef remains competitive when quality, convenience and eating experience justify the price premium, but consumers have more affordable protein alternatives when price becomes the primary consideration.

Beef Supply and Grading

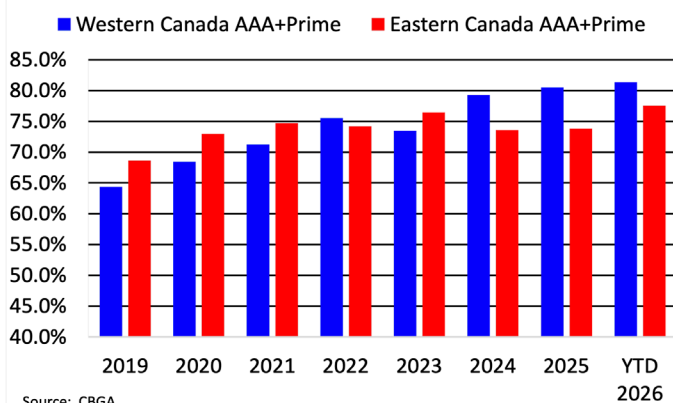
Canadian beef production is steady with last year, but the composition of supply has changed. Youthful production, which supplies steaks and roasts, is steady, while mature production, which contributes more heavily to ground beef supply, is up 3%.

Regional differences are significant:

- **Western Canada:** Total production is steady. Mature production is up 4%, offsetting a 1% decline in youthful production.
- **Eastern Canada:** Total production is up 3%, supported by a 4% increase in youthful production. Mature production is down 1%.

For Western retailers and processors, the shift toward mature production means more grinding supply and fewer youthful cattle entering the beef chain.

Prime+AAA as % of all A Grades



Source: CBGA

Heavier carcasses are also increasing beef tonnage. Year-to-date youthful carcasses are 25–27 pounds heavier than last year, while mature carcasses are 25–42 pounds heavier.

Beef quality remains a key strength for the Canadian market. Western Canadian Prime and AAA cattle account for more than 81% of A grades year-to-date, up almost one percentage point from last year. Eastern Canada is at 77.5%, up nearly two percentage points. High grading supports the eating experience and gives retailers and foodservice operators an important advantage when competing against lower-priced proteins and imported beef.

Wholesale Market Conditions

The wholesale market is entering fall with increased pressure on cutout values.

Through July and August, U.S. Choice cutout values were generally near US\$375/cwt. August provided only modest seasonal strength ahead of the final summer grilling weekend. This was also the first time since April and May 2024 that cutout values were below the previous year for two consecutive months.



Lean trim imports add pressure.

When packing margins are favourable, chuck and round primals can be diverted into grinding programs to support ground beef production. This provides an important source of demand for end meats and supports the overall cutout.

integrated North American supply chains, creating potential exposure to higher costs. Even where Canadian alternatives exist, domestic supply may not be sufficient to support a rapid shift.

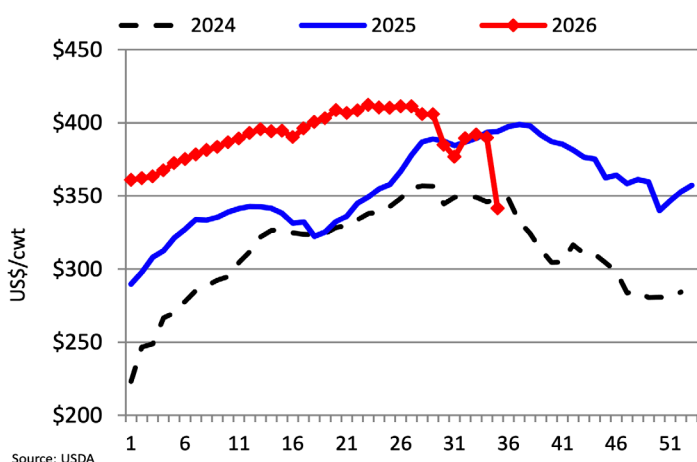
Higher prices for Canadian-produced alternatives are another concern in an industry with limited room to absorb additional costs. Despite these pressures, Canadians continued to spend at restaurants in the second quarter. Dine-in restaurant dollar sales increased 6% from a year earlier, the strongest increase across dining categories. Fast food sales followed closely, up 5%. Special food services increased 4%, while bar sales rose 2%.

The foodservice market remains resilient, but operators will continue to balance consumer demand for affordable meals against higher operating and input costs.

Imports and Market Access

Canadian beef imports are providing additional supply to the domestic market. Year-to-date imports are up 9% from last year. U.S. imports are down 16%, but this decline has been more than offset by increased imports from other suppliers: Australia: +52%, New Zealand: +21%, Mexico: +22%, Mercosur: +18%.

US Weekly 85% Trim Values



The announced duty-free access for 300,000 tonnes of lean trim imports from September through November into the U.S. changes that balance.

Additional imported lean trim reduces the need to divert domestic end meats into grinding. That removes an important source of support for chuck and round values and could weigh on the overall cutout this fall.

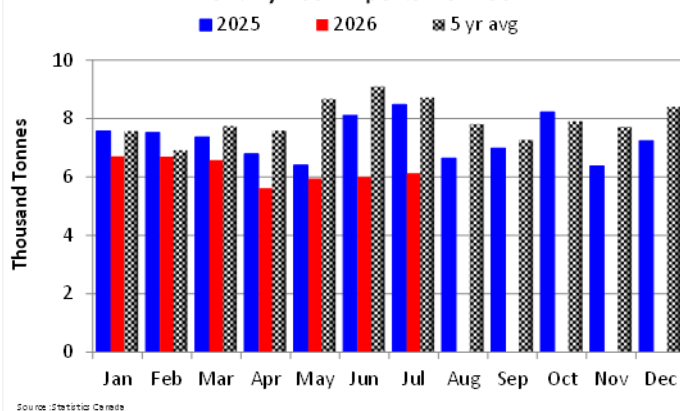
The market reaction was immediate. In early September, 85% lean trim prices fell 12% in one week, reaching their lowest level since May 2025.

For packers and processors, the key watch point is how quickly lower trim values flow through to the broader cutout. For retailers and foodservice operators, lower wholesale values could create opportunities for margin recovery or promotional pricing if retail prices remain firm.

Foodservice Sector

The latest round of Canada-U.S. tariffs is not expected to directly increase the cost of food products significantly. However, input costs remain a concern for foodservice operators. Food-grade packaging and restaurant equipment have highly

Monthly Beef Imports from US



For retailers, processors and foodservice operators, the source of imported beef is changing—but the overall supply available to the Canadian market is increasing. Greater import availability has helped maintain beef supplies despite stable domestic production.



However, product specifications and consumer expectations remain important. Imported beef can differ from the domestic product in production system, feeding program, marbling and eating characteristics.

Grass-fed imports are one example. As imports from Mercosur increase, retailers and foodservice operators may encounter more grass-fed product in the marketplace. Brazil accounts for the majority of Mercosur beef imports, and a significant share of Brazilian cattle are finished in grass-based production systems.

The key market question is whether consumers view these products as an alternative form of beef or as a different product altogether. Clear product positioning and communication will be important where production system or eating characteristics differ from what Canadian consumers typically expect.

Global and Canadian Protein Supply Projections for 2026

Global beef production is projected to decline 1–2% from last year's record high. Grain-fed production is expected to decline 1–4%, while grass-fed production is projected to fall 2–3%.

In contrast, global pork production is projected to increase 1% and chicken production 3%, with both reaching record levels.

This creates an important protein-market dynamic: tighter global beef supplies are occurring alongside larger pork and chicken supplies.

Beef prices will therefore need to remain competitive with alternative proteins despite tighter beef availability.

Canada's outlook differs somewhat from the global picture. Canadian beef production is projected to increase 2% in 2026. However, this increase will have little impact on global supply because Canada accounts for only about 2% of global beef production and ranks tenth among beef-producing countries. Canadian pork production is projected to increase 2%, while chicken production is expected to increase 3%.

Market Outlook

The Canadian beef market enters fall with three competing forces:

1. **Stable domestic beef production** and strong grading provide a solid supply of high-quality product.
2. **Consumer affordability** pressures and increased protein competition could limit further retail beef price increases.
3. **Growing imports** and additional lean trim supplies are expected to increase competition in the wholesale market.

For the remainder of 2026, the key question is how much price consumers and downstream buyers are willing to absorb before they change their purchasing behaviour.