MEAT & LIVESTOCK AUSTRALIA

Industry projections 2026

Australian cattle

MLA's Market intelligence – insights@mla.com.au

KEY POINTS

- Highest slaughter since the 1970s.
- Herd remains above 30 million head.
- Record beef production forecast – close to 3 million tonnes.

KEY 2026 NUMBERS

Slaughter: **9.45** million head

Carcase weights: **307.5** kg/head

Production: **2.9** million tonnes cwt*

Beef exports: **2.3** million tonnes swt**

Note: Graphic illustrates year-on-year change
*cwt = carcase weight, **swt = shipped weight

Summary

Meat & Livestock Australia's (MLA) latest cattle projections show the national herd is in a very strong position. Following the highest production, slaughter and export levels experienced since the 1970s during 2025, the herd is expected to remain broadly stable despite similarly high levels of production and slaughter being forecast for 2026.

Despite slightly lower carcase weights in 2026 – driven by a higher proportion of grassfed cattle being turned off – beef production is expected to approach record levels and exceed 2.9 million tonnes. This increased production will support record export volumes as the industry moves into 2027.

The outlook also points to sustained high slaughter levels, forecast at 8.8 million head – well above the long-term average. The national herd is, however, expected to begin declining between 2027–28 due to elevated slaughter gradually reducing the pool of available cattle. Production is expected to taper through 2027 and 2028 as slaughter declines, despite carcase weights returning to trend and gradually increasing during this period due to a greater share of grainfed cattle being turned off.

Strong seasonal conditions in northern Australia since February 2026 have helped underpin herd numbers for the 2026 financial year and will support the strength of the northern production cycle into the first half of the 2027 financial year.

The projections assume average seasonal conditions over the outlook period, including a recovery in southern Australia in the latter half of the forecast horizon and some moderation in northern production conditions. Overall, exports are expected to grow on the back of increased production. Slaughter is likely to remain above long-term averages due to ongoing productivity gains across the industry, including improvements in genetics and management practices which will support continued strong export performance.

2025 State of the industry report

Click here to read the 2025 State of the industry report:
Explore key insights into Australia's red meat and livestock industry across production, market performance, trade, and the trends shaping the sector.

Table 1: Situation and outlook for the Australian cattle industry

	2020	2021	2022	2023	2024	2025	% change 2024 on 2025	2026f	2027f	2028f	% change 2028f on 2025
Cattle numbers ('000 head)*											
As at 30 June	27,701	28,724	29,388	30,604	31,093	31,052	-0.1%	*30,783*	*29,986*	*28,895*	*-6.9%*
Percentage change	-4.50%	3.70%	2.30%	4.10%	1.60%	-0.10%		*-1.0%*	*-2.6%*	*-3.6%*	
Slaughterings ('000 head)											
cattle	7,145	6,018	5,850	7,020	8,304	9,278	11.7%	*9,450*	*8,856*	*8,042*	*-13.3%*
calves	414	285	265	374	394	409	3.9%	*500*	*480*	*460*	*12.4%*
total	7,559	6,303	6,115	7,394	8,698	9,688	11.4%	*9,950*	*9,336*	*8,502*	*-12.2%*
Avg carcase weight (kg)											
cattle	294.8	313	319.7	315.1	309.9	310	-0.1%	*307.5*	*310.7*	*318.7*	*3.0%*
calves	54.1	46.6	39.2	36.4	36.2	36	-0.7%	*36.5*	*36.5*	*37*	*2.8%*
Production ('000 tonnes carcase weight)											
beef	2,103	1,883	1,869	2,209	2,569	2,792	8.7%	*2,906*	*2,751*	*2,563*	*-8.2%*
veal	20	12	9	13	13	15	10.7%	*18*	*18*	*17*	*15.6%*
total beef and veal	2,123	1,895	1,878	2,222	2,582	2,807	8.7%	*2,924*	*2,769*	*2,580*	*-8.1%*
Cattle exports ('000 head)											
	1,056	772	591	677	766	792	3.4%	*705*	*765*	*800*	*1.0%*
Beef exports ('000 tonnes)**											
total carcase weight	1,524	1,303	1,254	1,589	1,972	2,268	15.0%	*2,301*	*2,161*	*1,977*	*-12.8%*
shipped weight	1,039	888	855	1,082	1,344	1,546	15.0%	*1,568*	*1,472*	*1,347*	*-12.9%*
Domestic utilisation ('000 tonnes carcase weight)***											
total carcase weight	591	585	619	624	598	601	0.4%	*605*	*591*	*586*	*-2.4%*
kg/head***	23	22.6	23.6	23.6	22.4	22.3	-0.6%	*22.2*	*21.5*	*21.2*	*-5.0%*

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 are the primary factors influencing the national cattle herd, slaughter rates and production figures. The forecasts in this document are based on several key assumptions, including a short and long-term climate outlook from national and international agencies. Because these forecasts are probabilistic, they indicate the likelihood of specific conditions occurring rather than a guarantee of a particular outcome.

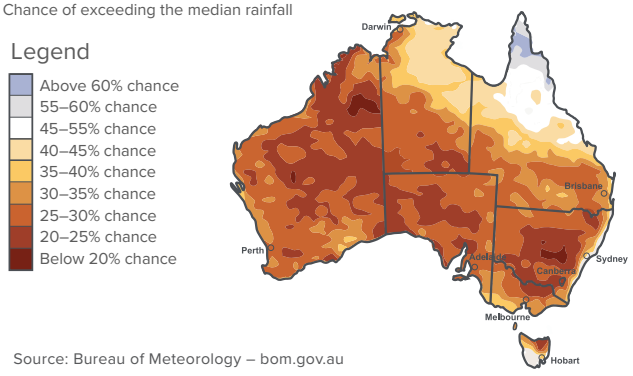
Short-term assumptions

At the local scale, forecasts are based on the Bureau of Meteorology's (the Bureau) three- to six-month forecasts of rainfall, temperature and soil moisture across key cattle producing regions.

Northern Australia: Above average rainfall from late 2025 and into early 2026 provided a strong feedbase across key breeding regions in northern Australia. This is expected to help buffer the impact of a drier winter outlook, particularly given the favourable seasonal conditions seen across much of the north over the past four years. However, the Bureau's latest April to June 2026 outlook indicates rainfall is likely to be below average across most of Australia, with the main exception being parts of the far north, where there is no strong shift away from typical rainfall patterns. Overall, the seasonal outlook suggests northern producers are entering winter with a stronger foundation than in southern regions, although rainfall conditions are expected to become less supportive as the year progresses.

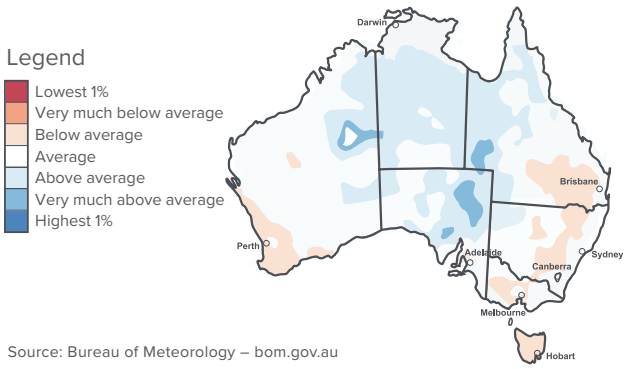
Figure 1: Australian rainfall outlook – April to June 2026

Chance of exceeding the median rainfall



Source: Bureau of Meteorology – bom.gov.au

Figure 2: Forecasted root zone soil moisture – April 2026



Source: Bureau of Meteorology – bom.gov.au

Southern Australia: Climate conditions in the southern regions continue to be challenging for producers. Towards the end of February and start of March 2026, moderate rainfall for many parts of drought-affected areas across South Australia, Victoria and southern NSW alleviated deficits in soil moisture levels. These regions, however, continue to experience a sustained period of below average rainfall, which is forecast to continue. Some areas of South Australia have been in drought since 2023.

Long-term assumptions

National Oceanic and Atmospheric Administration's (NOAA) latest 2026 climate outlook indicates wetter conditions earlier in the year are likely to ease by autumn, with a higher risk of drier conditions developing from winter and continuing into the second half of 2026. This suggests the strong seasonal conditions seen in northern regions early in the year may become less supportive as the year progresses.

Finances

The Reserve Bank of Australia (RBA) board met on 17 March 2026 to publish the Statement on Monetary Policy. Commentary in this section is based on information available as at 17 March 2026.

Interest rates

Australia's cash rate is currently 4.10%. At both the RBA's February and March meetings, the cash rate was increased. Interest rates affect the borrowing capacity and cost of current debt obligations for producers, processors and exporters.

The RBA made the decision to raise the interest rate after data analysis showed evidence of rising inflation, as well as the potential for a sustained conflict in the Middle East to cause further inflation. The RBA's commitment to keeping inflation within the target range of 2–3%, means further rate rises will depend on the economy's ability to slow inflation.

Following the RBA meeting, the major banks have forecast interest rate hikes in the medium term. ANZ, CommBank, NAB and Westpac forecasts for end of 2026 align at 4.35%.

Farm management deposits

As of February 2026, $1.02 billion was held in 7,197 beef farm management deposit (FMD) accounts – an increase of 3.2% in holdings from the same time last year. Additionally, $1.35 billion and $322 million were held in grain-sheep/beef and sheep-beef, respectively – similar levels to those held one year ago.

Beef deposits have decreased slightly in the last year by 2%, across all beef-exposed enterprises. Thanks to a strong and stable cattle market, producers on a whole have been able to limit drawing from FMD accounts, despite varying conditions across the country. This has resulted in a $68 million year-on-year (YoY) decrease. This occurred alongside a reduction in the total number of accounts related to beef production (including mixed production systems) by 804. Favourable conditions in key producing regions have driven this trend.

Price production indices

The Australian producer price indexes (PPI) track changes in prices received for agricultural products. The agriculture PPI reached 164.8 in Q4 2025, up 8.2% from Q4 2024 but 2% below the Q3 2022 peak. The PPI for sheep, beef cattle and grain farming hit 172.3, 17.5% higher than Q4 2024. This reflected strong livestock export demand, although it was 12% shy of the Q2 2022 high.

Exchange rate

As of the RBA's March 2026 meeting, the Australian dollar is trading at A$0.71/USD, making it 8.5% higher than the five-year average of A$0.66/USD.

The currency has appreciated sharply since November 2025, rising 8.6%, although it has since stabilised. This appreciation has reduced the competitiveness of Australian beef exports, particularly in the United States (US) market, where Australian beef competes against subdued domestic production and the threat of rising production levels from South America, particularly Brazil. However, the Australian dollar (AUD) and Brazilian real (BRL) have moved closely against the US dollar over the same period, with both currencies recording similar gains. Since this time last year, the AUD has climbed 14.6%, while the BRL has climbed 14.7%. This has resulted in beef imports into the US from both Australia and Brazil being more expensive.

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

Cost of inputs

Production costs remain a major challenge for cattle producers, with higher interest rates, exchange rate volatility and sudden input cost shocks continuing to squeeze margins. Inflation remained out of the targeted range, with the Australian Bureau of Statistics (ABS) reporting annual Consumer Price Index (CPI) growth of 3.8% through January 2026. Fertiliser costs have also risen sharply in 2026, as conflict in the Middle East has disrupted key urea supplies. Higher diesel prices have added further pressure to transport and delivery costs.

Electricity

Electricity remains critical across the cattle supply chain – from on-farm irrigation, water pumps and cold storage – to the heavy power use of feedlots and processing plants. Electricity prices were volatile in the 12 months to January 2026, largely due to the end of government rebates and relief measures. However, excluding these rebates, underlying price growth was more moderate and rose by around 4.5%. Even so, higher power costs continue to put pressure on cattle businesses.

Fuel

Fuel is a major input cost across the cattle supply chain, both on farm and in logistics – moving cattle from farms to feedlots, to processing plants, and then on to retailer shelves or boats and planes for export.

Fuel prices have remained relatively subdued since the start of 2026, however there remains some caution around fuel prices and fuel availability following the outbreak of the Iran conflict in early March. At the time of writing this report, the conflict was in an early stage, so its potential impacts have not been incorporated into the current projection numbers. However, MLA acknowledges the rapid evolution of this conflict may radically change the operational environment.

Employment

Labour pressures in the processing sector have eased compared with the previous year, reflecting the success of several migration programs, including the Pacific Australia Labour Mobility (PALM) scheme. As of January 2026, the PALM scheme supported 31,970 workers across 533 approved employers. Around 55% (17,500) were employed in agriculture and 37% (11,800) in meat processing, with more than 97% engaged in long-term placements. However, labour shortages across the broader cattle sector, including feedlots and production, remain structural, driven by an ageing workforce, strong competition from other industries, and ongoing population movement towards metropolitan centres.

Regulations

Australian cattle producers continue to face an escalating regulatory burden from evolving compliance requirements across environmental, biosecurity, animal welfare and transport domains. Recent developments, including mandatory Scope 3 emissions reporting under climate disclosure rules effective from January 2026, are imposing extra administrative demands on producers, as processors require farm-level carbon data for their supply chains. These pressures build on longstanding complexities highlighted by the Productivity Commission, which are compounded by updates to animal welfare standards, such as the requirement for video surveillance in accredited abattoirs from 2026.

Supply

Herd

The Australian cattle herd is currently characterised by two distinct regional dynamics. In southern Australia – including NSW, South Australia and Victoria – the herd has been contracting due to severe drought conditions. In some areas, the drought has been in effect since 2023 and is among the worst on record.

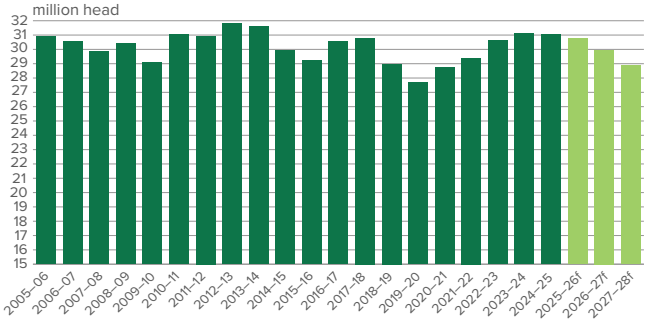
In contrast, northern Australia has experienced a markedly different seasonal environment. Consecutive rainfall events and solid seasonal conditions since late January 2026, have supported herd expansion across much of the northern production system.

The Maranoa-Darling Downs, Central Australia and parts of the NT were dry until recently however the February rainfall events have boosted soil moisture in these areas.

When these two regional trends are combined, the national herd is broadly balanced, resulting in an overall herd size that is expected to remain relatively stable through to 30 June 2027.

Several key factors are influencing the composition and performance of the national herd. One of the most significant is the current female slaughter rate (FSR), which measures the proportion of adult cattle slaughter that are female. Currently, the FSR is sitting around 53% – well above the long-term technical equilibrium level of approximately 47%.

Figure 3: National cattle herd



Source: ABS, MLA forecasts

An FSR over 47% has historically indicated a herd contraction. However, the current situation is different. Strong global demand for lean, grassfed beef – due to low US herd numbers – has driven very strong prices for female cattle. As a result, many older and less productive cows have been drawn into the slaughter market.

This elevated female turn-off is not necessarily indicative of herd liquidation. Instead, it reflects the clearing out of older or less productive breeding animals that accumulated during the 2020–24 rebuild phase.

Despite the stable herd size, the high female slaughter rate can also be explained by the increase in surplus heifers (those above the required replacement breeder numbers) due to the higher calf population from subsequent good seasons. Southern breeders being sold due to drought are also contributing to the higher FSR, highlighted by the fact more females were processed in Victoria than Queensland in two quarters of 2025.

Compared with a decade ago, there are now fewer unproductive cows in the Australian herd. Over recent years, producers have benefited from favourable seasons and strong profitability, which has enabled significant investment in genetics, fencing, water infrastructure and herd management. These improvements have lifted reproductive performance and overall herd productivity in the north. The expansion of Wagyu breeding herds is one clear example of this structural shift toward higher productivity and more specialised production systems.

Looking further ahead, projections suggest the national herd will begin to decline significantly toward 2028. This decline will largely be a consequence of the slaughter reaching 48-year highs in 2025 and 2026, followed by above average slaughter in 2027. Higher turn-off reduces the pool of animals available in subsequent years, which places downward pressure on overall herd size over the medium term.

Floods impact

Recent flooding in northern Australia is also influencing the outlook, although the overall impact on the herd is expected to be positive. While floods inevitably result in some livestock losses, the scale of losses in current events appears smaller than those experienced in 2019. Importantly, the benefits of improved pasture growth and feed availability following widespread rainfall are likely to outweigh the immediate livestock losses. Strong pasture growth across northern production regions will support higher carrying capacity and improved weight gain, reinforcing herd rebuilding in those areas.

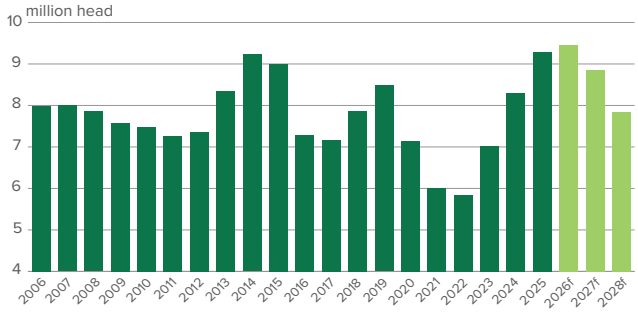
Taken together, these factors suggest that Australia's national cattle herd will remain close to 30 million head for much of the current forecast period – out until 2027. At no point will it reach the lows of 2020. While regional conditions and elevated slaughter rates are influencing herd composition and future growth, the overall trajectory points to a broadly stable national herd in the near term, followed by an easing in herd size toward the latter part of the decade. By 2028 the herd is projected to total 28.5 million head.

Slaughter

Adult cattle slaughter in Australia reached 9.28 million head in 2025, the highest level recorded since 1978. Earlier projections released in September 2025, anticipated slaughter would begin to decline in 2026. Weekly slaughter data through to the end of February, however, has shown a different trend, with year-to-date throughput running approximately 5% higher than the same period last year.

Current MLA forecasts place total cattle slaughter in 2026 at 9.45 million head – an increase of around 172,000 head, or roughly 2%. While this represents another historically high year for processing volumes, it is expected slaughter will begin to ease slightly in the latter half of the year and into 2027. Despite this retraction, processing activity is projected to remain elevated compared with historical norms. Slaughter is forecast to reach approximately 8.8 million head in 2027 and around 8 million head in 2028. Both figures remain above the long-term average of approximately 7.8 million head per year.

Figure 4: National adult cattle slaughter



Source: ABS, MLA forecasts

Several structural factors are contributing to these elevated slaughter levels. Since 2020, the Australian cattle herd has become significantly more productive and efficient – allowing producers to generate a greater number of slaughter animals from a smaller breeding base. Improvements in genetics, herd management and infrastructure have lifted productivity, enabling higher levels of turn-off, even when the overall herd size is relatively stable or declining.

The expected easing in slaughter volumes toward 2027 and 2028 largely reflect the reality that the record processing levels observed in 2025 and those projected for 2026, cannot be sustained indefinitely. At current rates, the industry is drawing down on available cattle numbers, meaning that slaughter volumes will gradually adjust lower as the herd contracts.

Strong price signals are also playing an important role in maintaining high slaughter volumes in 2026. Demand and pricing for finished cattle remain firm, encouraging producers to market female cattle and unproductive cows. At the same time, the heavy steer market has had a near record start since the beginning of 2026, providing additional incentive for producers to turn off well-finished grassfed bullocks.

Feedlot activity has also been exceptionally strong, with feedlot turn-off exceeding 900,000 head in each of the final two quarters of 2025. These all-time records are expected to drive momentum and continue to support high processing numbers.

Seasonal conditions remain an important variable. Should dry conditions persist across southern regions during the forecast period, additional cattle could be brought forward for slaughter, temporarily pushing processing volumes even higher. Regardless of short-term seasonal fluctuations, the current outlook indicates that cattle slaughter across the forecast period will remain above the long-term historical average.

Access MLA's National Livestock Reporting Service weekly slaughter report: mla.com.au/prices-markets/slaughter

Carcase weight

Carcase weights in 2025 remained stable, averaging 309 kilograms per head (kg/head) – the same level recorded in 2024. In 2026, carcase weights are expected to ease slightly, by just under 1%, falling to around 307kg/head. The primary driver of this modest decline is the increase in slaughter volumes, with total turn-off forecast to reach approximately 9.45 million head. Much of the additional kill is expected to come from grassfed cattle, which typically present lighter carcase weights than grainfed animals and therefore pull down the national average.

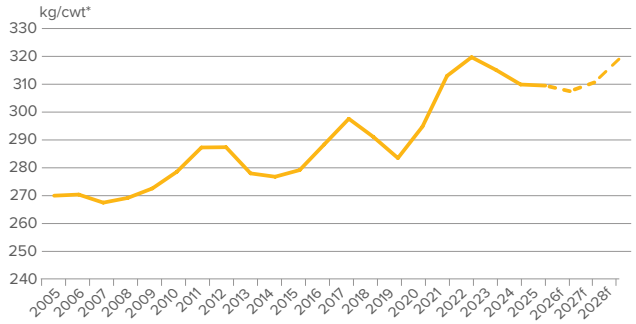
At the same time, dry seasonal conditions across parts of southern Australia are expected to contribute to slightly lighter finished weights, further influencing the national average in 2026.

In 2026, grainfed production will continue to provide a stable and consistent base of heavier cattle, but the incremental lift in slaughter is largely being driven by grassfed supply responding to strong international demand for lean manufacturing beef. Demand from the US remains particularly strong, supporting the processing of leaner grassfed cattle.

Looking ahead, carcase weights are forecast to recover through 2027 and 2028, as slaughter volumes begin to decline and the proportion of grainfed cattle within the kill increases again. Average carcase weights are expected to rise to around 311kg in 2027 before reaching approximately 319kg in 2028. This recovery will reflect lower overall slaughter levels, the ongoing contribution of grainfed production, and the longer-term productivity gains from improved genetics that were introduced during the herd rebuild following the 2020 cycle.

While weights are expected to strengthen over the forecast period, they are unlikely to reach the exceptional highs recorded in 2022, when slaughter volumes were low and grainfed cattle made up a larger share of total production.

Figure 5: National carcase weights on long-term averages

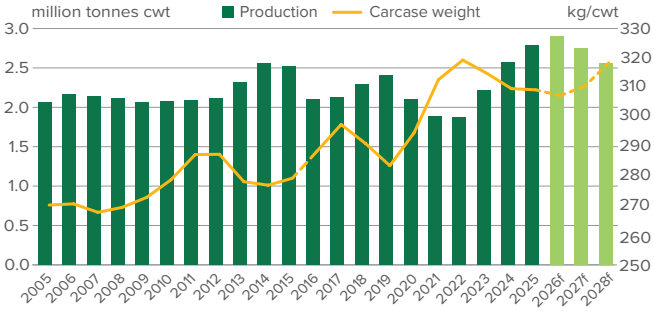


Source: ABS, MLA forecasts
*cwt = carcase weight

Production

Improved production efficiency and another year of record turn-off are set to underpin cattle production in 2026. Production is forecast to rise 4% to a new record of 2.9 million tonnes. Seasonal conditions in northern Australia are supporting relatively stable carcase weights, despite elevated turn-off, while tighter global red meat supply is expected to support demand for Australian beef and lift production above the 2025 record. Slaughter is then forecast to decline over the following two years as the herd responds to a sustained period of high turn-off, although rates are expected to remain high by historical standards and continue to support production. The ongoing trend toward heavier carcase weights is also expected to offset some of this decline. In 2027, production is forecast to ease 5.3% to 2.7 million tonnes, still the second-highest volume on record, before declining a further 6.8% to 2.56 million tonnes in 2028.

Figure 6: Cattle carcase weights and production

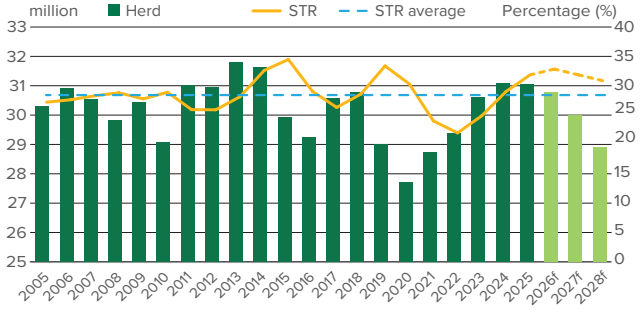


Source: ABS, MLA forecasts

Stock turn-off ratio

The stock turn-off ratio (STR) measures the number of cattle processed and exported live relative to herd size. The 2025 STR sat at 32% and the 2026 forecast predicts this indicator will hit 33% – well above the longer-term average of 28%. Looking ahead, turn-off is expected to remain elevated over the forecast period, which will place increasing pressure on the herd. Combined with a high FSR, this points to tighter herd dynamics over the medium term.

Figure 7: Stock turn-off rate (STR)



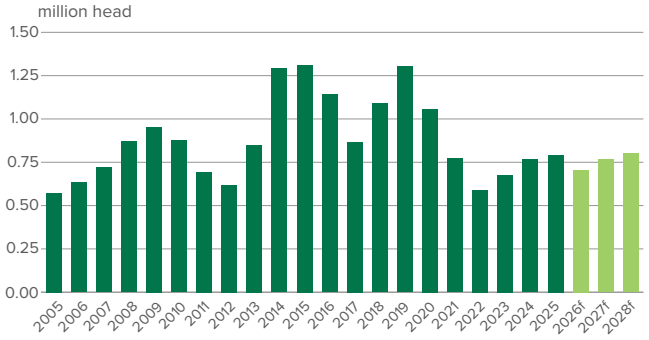
Source: ABS, MLA forecasts

Live cattle exports

Australian live cattle exports in 2025 recorded the highest export volumes since 2020, seeing a total of 791,959 cattle exported for the year – a slight increase on 2024 volumes. Strong demand from Indonesia underpinned the trade as we saw Vietnam and Mainland China again displaying diminished demand. Strong supply in northern Australia, as well as competitive pricing, created a positive environment for live cattle exports to occur, however shipping capacity and economic pressure in key markets are tempering growth.

Strong supply in northern Australia through 2025 supported live cattle export numbers. Domestic price increases towards the end of 2025 – due to strong global meat prices and demand for Australian beef – led to a softer than usual start to the 2026 trade. Margins in export markets can be thin and pricing in northern Australia is often heavily correlated with live export volumes.

Figure 8: Australian live cattle exports



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

Indonesia continues to be the backbone of the live cattle export trade and accounted for approximately 74% of total exports in 2025. Demand in Indonesia has remained strong for Australian cattle. Reduced volumes of Indian buffalo meat available in the local market and a subsequent increase in pricing, a reduced domestic herd and favourable Australian cattle prices, have supported volumes. Ramadan and Eid Al Fitr (generally the highest volume period of the year) move around ten days earlier each year. In 2026 Eid Al Fitr fell in March. The timing of the festival last year, supported a strong end to 2025 export figures, with Indonesian lot feeders generally holding cattle for a few months before processing. Strong Australian cattle prices will impact volumes of cattle to Indonesia in the first half of 2026 and competition from increased quota allocations for Brazil (for frozen beef, including offals) and a sustained quota for Indian buffalo meat will stimulate challenging conditions.

Vietnam remains the second largest export destination for Australian live cattle, however it recorded 30% lower volumes compared to 2024, taking only 84,837 head. Competition from cross-border trade of regional cattle, low domestic cattle prices and an abundance of frozen alternatives are outcompeting Australian cattle. Since the start of 2026, we have seen domestic cattle prices in Vietnam and cross border trade prices rise, potentially signalling a reduction in supply. Equally, however, Australia has recorded its lowest January live cattle export figures to Vietnam since 2022. Vietnam exports in 2026 will be heavily dependent on price dynamics within Australia.

Demand for cattle in Mainland China in 2025 was stifled by domestic policies to increase domestic livestock/dairy prices. While prices for dairy and domestic beef production have stabilised and are on the rise, it's likely that demand for Australian live cattle will take time to recover.

The industry's diversification of markets has supported the trade's growth in 2025. The Philippines, Mexico, Jordan and Türkiye all took strong volumes (comparatively to previous years) and Türkiye received Australian cattle for the first time since 2018, which has continued into 2026.

Demand for affordable beef across Australia's main live export markets remains stable and domestic supply across the Asia region appears to be tightening. Volumes for 2026 and beyond will be influenced significantly by seasonal conditions, domestic pricing and vessel availability.

▶ Access MLA's LiveLink interactive dashboard for export statistics: mla.com.au/prices-markets/Trends-analysis/livelink

Key and emerging issues

Iran war

The escalation of conflict involving Iran has introduced a degree of uncertainty into the outlook for Australia's cattle industry. While MLA's current projections were finalised at the start of the conflict and more time is needed to assess the real impact on the broader industry, the situation has the potential to influence the operating environment for the sector if it persists or expands.

One of the primary risks relates to input costs. Any sustained increase in oil prices would likely flow through to higher freight costs, increased transport expenses and higher prices for agricultural inputs such as fertiliser and fuel. These pressures could contribute to broader inflation across the supply chain, increasing the cost base for producers, feedlots, processors and exporters.

There is also the potential for disruptions to logistics and global supply chains. Instability in key regions can affect the reliability and cost of shipping routes, particularly if major trade corridors face delays or increased insurance and freight costs. This could impact the ability of processors and exporters to move product efficiently into international markets. Domestically, higher fuel and freight costs may also affect the movement of cattle within Australia, particularly the long-distance transport of animals to processing facilities or feedlots.

The conflict could also influence international aviation routes and flight availability if airspace restrictions expand across parts of the Middle East. While most Australian beef exports move via sea freight, aviation disruptions can still affect high value chilled exports, broader freight capacity and the efficiency of global logistics networks.

As mentioned earlier, the Iran conflict began close to when MLA finalised its projections, meaning the potential economic and logistical implications were not incorporated into these forecasts. At present, the conflict is still in its early stages, and the duration and extent to which it spreads geographically remain uncertain.

Female slaughter rate: still useful, but telling a more complex story

The FSR by itself has long been used to assess the direction of the Australian cattle herd. Historically, sustained periods of high female slaughter have aligned with herd contraction, while lower rates have aligned with herd rebuilding.

In the current cycle, the relationship has been less immediate. Despite an elevated FSR in recent years, the national herd has remained relatively stable. This reflects a period where high female slaughter was not heavily reducing the productive breeding base.

A key factor has been the composition of female turn-off. Much of the elevated female slaughter has come from unproductive or lower-performing females, particularly in northern production systems. Strong demand for lean manufacturing beef, especially from the US, supported high cow prices and encouraged the sale of older and less efficient females that may previously have remained in the herd for longer.

This lifted female slaughter while also improving herd efficiency. Removing unproductive females freed up pasture, labour and management capacity for more productive breeders. In this environment, a higher FSR did not translate into the same immediate herd decline seen in earlier cycles, because the breeding herd was supported by a larger share of productive females.

Broader productivity gains have also supported herd resilience. Improved genetics, stronger fertility outcomes, expanded feedlot and backgrounding capacity, and a run of favourable seasons across northern Australia, have lifted output per breeder. These gains increased the herd's ability to sustain a high slaughter rate in the short term.

The recent period of herd stability does not remove the link between FSR and herd direction. It simply indicates that the impact has been moderated by structural improvement and the availability of unproductive females for turn-off.

That capacity, however, is expected to narrow over the projection period. The pool of unproductive females is finite, and as it tightens, a sustained high FSR will increasingly draw from more productive parts of the herd. At the same time, demand for lean beef is expected to remain firm, maintaining processor demand for cows.

As these conditions continue, the herd is expected to come under greater pressure. The ability to sustain elevated female slaughter without materially affecting the breeding base is likely to weaken. This is expected to result in a more visible herd decline over the outlook period.

The recent cycle shows that FSR remains a useful indicator, but its signal is shaped by herd composition and production efficiency. High female slaughter has so far been partly absorbed through the removal of unproductive females and stronger productivity settings. As those buffers diminish, the relationship between sustained high FSR and herd decline is expected to become more pronounced.

For the outlook period, the implication is clear. Recent herd stability reflected temporary support from efficiency gains and female herd clean-up. With those supports expected to fade, sustained high female slaughter is expected to place downward pressure on national herd numbers.

Global trade landscape

United States (US)

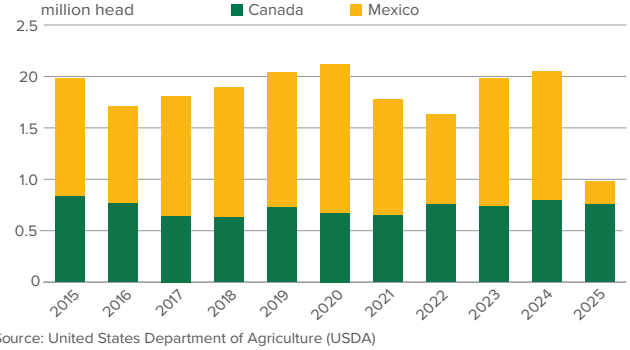
Production:

At the start of 2026, the US cattle herd totalled 86.2 million head, slightly smaller than in 2025 and the smallest in more than 75 years. The reduction in cattle numbers means the herd destock that began in 2019 has not ended, and rebuilding has not begun at any meaningful scale. The pace of decline, however, has noticeably slowed since 2023.

Despite the ongoing destock, US adult cattle slaughter fell by 6% in 2025 to 29.3 million head. With a herd at historically low levels, the availability of cattle is too low to maintain high slaughter numbers, even as the destock persists.

Alongside the domestic herd destock, restrictions placed on Mexican cattle imports due to the emergence of New World Screwworm in Mexico, have removed an estimated one million cattle from the US supply chain. Under normal circumstances, Mexican cattle would be imported into the US as feeder cattle and contribute to US production. Since the emergence of New World Screwworm close to the US border, this trade has ceased, reducing the number of available feeder cattle and ultimately reducing supply.

Figure 9: US live cattle imports



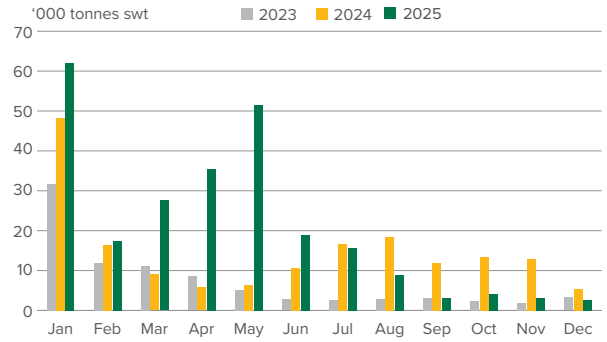
Source: United States Department of Agriculture (USDA)

Lower slaughter rates have been partially compensated for by record high carcase weights. Overall adult cattle carcase weights rose 12kg in 2025 to 398kg – a new record – and meant that even as slaughter fell by 6%, production of beef only fell by 4% to 11.6 million tonnes, with additional weight making up the shortfall.

Trade:

Demand for beef was very strong in 2025, with domestic consumption reaching new record highs. The gap between production and demand was met by imports, which rose 18% over the year to 1.78 million tonnes.

Figure 10: US Imports of Brazilian beef



Source: Trade Data Monitor

Australia was the largest exporter into the US market over the year, followed by Canada and Mexico. Brazil was the fourth largest exporter, with exports rising by 43% despite the imposition of additional tariffs for much of the year that effectively made trade uneconomic. In the months where tariffs were not prohibitive, Brazil was often the largest exporter, and in 2026, Brazilian exports filled the 65,000 tonne 'all other' quota in a record six days.

Alongside lower imports, US beef exports also fell by 14% to 826,659 tonnes. This combination of lower exports and higher imports meant the US had a beef deficit of 949,000 tones – the biggest deficit since 2005 – when the US was unable to export to most markets due to a Bovine Spongiform Encephalopathy outbreak.

Looking forward:

A period of herd rebuilding in the US will be required for a meaningful increase in slaughter. This means it is unlikely that US beef production will rise over 2026, and at some point in the future it is likely that production will fall further if and when rebuilding takes place.

Given this, US imports should remain high while exports are likely to remain low, reducing the total volume of beef available in global markets and lifting demand generally.

Brazil overview

Production:

Total slaughter of Brazilian cattle reached 42.7 million head in 2025, 8% higher than 2024 and the highest number on record. At the same time, this elevated slaughter came with an estimated 5% herd destock to 178 million head (according to the United States Department of Agriculture (USDA) and a slight easing of carcase weights as female turn-off rose disproportionately.

Intensifying drought conditions across the east of the country have affected crop production and incentivised higher turn-off in those regions. Drought conditions lessened in the west, however, with subsoil moisture levels improving across much of the west and south of the country. These drought conditions, alongside higher female slaughter, led to carcase weights falling by just over 2kgs to 259kg for the year overall – the lowest figure since 2019. This decline is slightly smaller than expected, as increasing numbers of Brazilian cattle are going through feedlots before slaughter, lifting average carcase weights.

Figure 11: Brazil beef production

Source: Brazilian Institute of Geography and Statistics (IBGE)

Trade:

Alongside higher production, beef exports reached a new record of 3.1 million tonnes in 2025. As has been the case for several years now, slightly over half of that export volume went to Mainland China, with exports rising by 25% to 1.6 million tonnes. Outside of Mainland China, exports rose to a wide range of markets, including the US (+21%), Chile (+23%), Mexico (+156%), and the European Union (+73%).

Exports have lifted consistently since 2021, and records have consistently been set each year since 2022. The bulk of this additional product has gone to Mainland China, meaning that exports excluding Mainland China have remained relatively stable since 2021.

Looking forward:

Looking ahead, it is unlikely that slaughter numbers will continue to lift over 2026, as volumes are already elevated and strong live cattle prices are likely to incentivise breeders. Beef exports to Mainland China are likely to fall due to the beef safeguard announced in late 2025, which will potentially redirect beef into other markets. This will be dependent, however, on production. At the same time, as Brazil only exported around 40% of production in 2025, the strength of the Brazilian Real and domestic consumer demand will also have a substantial role in determining export volumes as domestic consumption may rise.

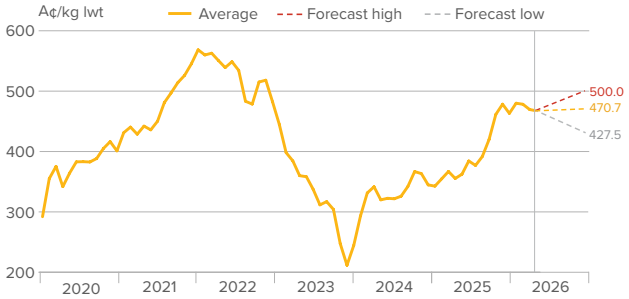
Prices

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.

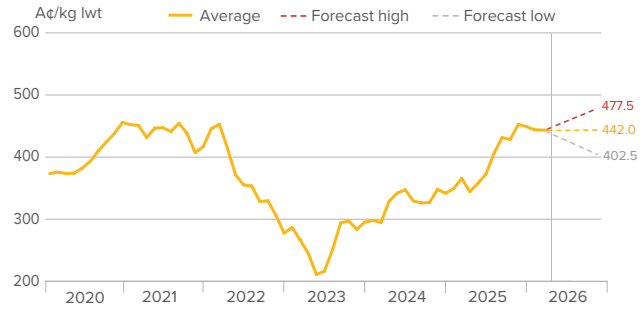
- The National Young Cattle Indicator (NYCI) is forecast to lift moderately, rising by 3% to 475¢/kg liveweight (lwt) by 30 June 2026.
- The National Feeder Steer Indicator (NFSI) is forecast to trend sideways, lifting by 0.7% to 471¢/kg lwt.
- The National Heavy Steer Indicator (NHSI) is forecast to stabilise, easing by 0.3% to 442¢/kg lwt.

Figure 12: Aggregated industry average feeder steer price forecast



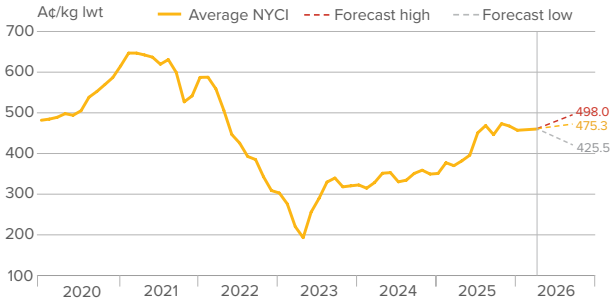
Source: Bendigo Bank, Australian Bureau of Agriculture and Resource Economics (ABARES), S&P Global

Figure 13: Aggregated industry average heavy steer price forecast



Source: Bendigo Bank, ABARES, S&P Global, Episode3

Figure 14: Aggregated industry average NYCI price forecast



Source: Bendigo Bank, ABARES, S&P Global

Access MLA's Market report's page for all domestic livestock prices and reports: mla.com.au/prices-markets

Looking ahead

MLA's 2026 cattle projections show the national herd is entering the year from a position of strength, following the highest slaughter, production and export volumes since the 1970s in 2025. Over the medium term, the key areas to watch will be the pace of herd decline as elevated slaughter gradually reduces the available cattle pool, and how long historically high turn-off can be maintained without adding further pressure to future supply.

Productivity gains will remain central to this outlook. Improvements in genetics, management practices and feeding systems are expected to continue supporting beef production, even as slaughter begins to ease. Processing capacity will also be a key factor in 2026. Strong international demand, record turn-off and heavy carcase weights are expected to underpin another all-time high of beef production this year, keeping pressure on a supply chain already operating at high utilisation. In this environment, domestic supply chain disruptions will remain an important risk. Extreme weather events or international conflicts that affect key industry inputs have the potential to disrupt production, particularly when processing and logistics systems are operating close to capacity. International trade conditions will also remain critical to monitor. Export performance is expected to stay central to the outlook, meaning any change in global demand, market access, trade policy or competitor activity will directly influence Australia's ability to maintain strong export volumes and values over the forecast period.