

# Industry projections 2025

## Australian cattle

MLA's Market intelligence – [insights@mla.com.au](mailto:insights@mla.com.au)

### KEY POINTS

- In 2025 the national herd is forecast to ease due to another year of elevated slaughter reaching 8.5m head.
- Record production and exports are expected once again in 2025 as carcase weights remain high.
- Global demand will stay strong due to reduction in supply from a rebuilding US herd.



### KEY 2025 NUMBERS

- ➔ **Herd:** 30.1 million head
- ➔ **Slaughter:** 8.54 million head
- ➔ **Carcase weights:** 307 kg/head
- ➔ **Production:** 2.62 million tonnes cwt

\*Graphic illustrates year-on-year change

## Summary

Varied climatic conditions across Australia have contributed to herd stability over the past 18 months.

MLA projections indicate that southern states will continue to turn-off large numbers of cattle due to tough seasonal conditions in large production areas, driving a decline in the national herd through to June 2025.

Conversely, northern Australia experienced a strong wet season in 2024, strengthening the northern herd and supporting production. However, models suggest conditions in the north could shift over the forecasted period, supporting projections that turn-off will remain high, resulting in three years of herd reduction.

Producer concern remains focused on production costs. Businesses that have invested in efficiency measures have experienced some relief, however rising input costs – such as labour, fuel, transport and utilities – continues to constrain profitability.

Emerging concerns regarding compliance costs, rates and market volatility may also contribute to future uncertainty within the sector.

Global demand for beef remains strong. A continued reduction in the United States' (US) herd, with varying forecasts of a rebuild, will sustain US demand for Australian lean beef and preserve access to high value markets. Additionally, a projected decline in Brazilian slaughter may reduce competition in commodity-focused markets.

Australia is well-positioned to achieve record production and export volumes once again. However, limitations in processing capacity could hinder domestic processors' ability to meet demand.

A productive herd, combined with significant increases in carcase weights, has resulted in record beef production, despite fewer cattle. Processors have resolved many labour and throughput limitations, but cold storage and logistics constraints have emerged due to higher production per animal.

Despite potential capacity limitations, processors have historically adapted to volatile supply conditions. Strong global demand aligns with a projected period of high turn-off, placing the Australian cattle industry in a cautiously optimistic position.

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	28,532	29,388	30,604	30,561	0%	30,145	29,215	28,814	-5.7%
Percentage change	-5.8%	-4.5%	3.0%	3.0%	4.1%	-0.1%		-1.4%	-3.1%	-1.4%	
<b>Slaughtering ('000 head)</b>											
cattle	8,482	7,145	6,018	5,850	7,020	8,304	18%	8,535	8,135	7,850	-5.5%
calves	565	414	285	265	374	394	5%	406	442	376	-4.6%
total	9,047	7,559	6,303	6,115	7,394	8,698	18%	8,941	8,577	8,226	-5.4%
<b>Avg carcase weight (kg)</b>											
cattle	283.4	294.3	312.9	319.5	315.1	309.8	-2%	307.4	309.8	318.2	2.7%
calves	53.8	54.1	46.6	39.2	36.4	36.2	0%	36.5	36.2	35.2	-2.7%
<b>Production ('000 tonnes carcase weight)</b>											
beef	2,404	2,103	1,883	1,869	2,209	2,571	16%	2,624	2,520	2,498	-2.8%
veal	28	20	12	9	13	13	6%	15	16	13	-2.3%
total beef and veal	2,432	2,123	1,895	1,878	2,222	2,584	16%	2,639	2,536	2,511	-2.8%
<b>Cattle exports ('000 head)</b>											
	1,304	1,049	772	600	677	766	13%	803	971	958	25.1%
<b>Beef exports** ('000 tonnes)</b>											
total carcase weight	1,801	1,524	1,303	1,254	1,589	1,972	24%	2,035	1,930	1,901	-3.6%
shipped weight	1,229	1,039	888	855	1,082	1,344	24%	1,388	1,316	1,296	-3.5%
<b>Domestic utilisation ('000 tonnes carcase weight)***</b>											
total carcase weight	618	591	585	619	624	598	-4%	604	606	610	2.0%
kg/head***	24.4	23.0	22.6	23.6	23.6	22.4	-5%	22.4	22.3	22.2	-0.9%

Source: ABS, DAFF, MLA forecasts

\* 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 (DAWR 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.

<sup>f</sup> = forecast

# 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 long-term climate outlook.

### Short-term assumptions

**Northern Australia:** The 2024–25 wet season, though delayed, has provided a solid foundation for some breeding regions. Updated March–May forecasts, however, suggest a poor end to the season which could impact decision making in the first round. Rainfall across central Queensland will impact feedlot utilisation, female turn-off and live exports.

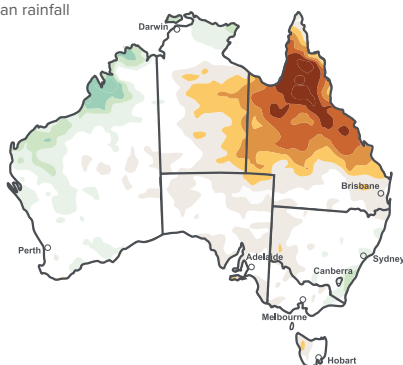
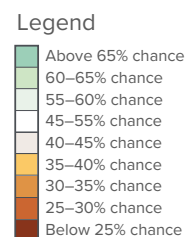
**Southern Australia:** Climate conditions have varied across southern regions, contributing to a national herd decline. South Australia and Victoria continue to experience a challenging season, now dependent on an autumn break. Mid-range Bureau of Meteorology (BOM) forecasts indicate a neutral season, which is unlikely to reverse the effects of the past two years. In contrast, northern NSW and parts of WA have a strong production base, supporting some cattle relocation.

### Long-term assumption

Mid-range forecasts suggest the national climate conditions in 2025 will resemble those of the past 12 months. Looking further ahead, cyclical models based on historical averages indicate that 2026 and 2027 could be average to dry. These assumptions underpin the forecasts in this document.

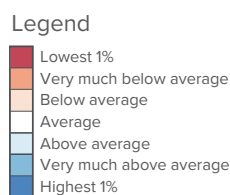
Figure 1: Australian rainfall outlook – March to May 2025

Chance of exceeding the median rainfall



Source: Bureau of Meteorology

Figure 2: Forecasted root zone soil moisture – April 2025



Source: Bureau of Meteorology

# Finances

The Reserve Bank of Australia board met on 18 February 2025 to publish the Statement on Monetary Policy. Commentary in this section is based on information available as at 21 February.

## *Interest rates*

Australia's cash rate is currently 4.10%, marking the first reduction since November 2020 and a return to October 2023 levels. Interest rates affect producers' borrowing capacity and influence industry investment in infrastructure and business growth.

The major banks have forecast interest rate reductions in the medium term. Their forecasts for end of 2025 are outlined below:

- ANZ: 3.85%
- CommBank: 3.35%
- NAB: 3.35%
- Westpac: 3.35%

## *Farm Management Deposits (FMDs)*

As of late 2024, \$994 million was held in 7,209 beef Farm Management Deposit (FMD) accounts. Additionally, \$1.4 billion and \$353m were held in grain-sheep/beef and sheep-beef respectively.

Beef accounts have declined significantly. In 2023, for the first time since the scheme's inception, the total value of accounts fell. Over the 12 months since, producers have continued to withdraw money out of FMD accounts, resulting in a \$164 million (14%) reduction. This is alongside a reduction in the total number of beef accounts. This trend is driven by dry conditions in key producing regions and a structural shift toward mixed enterprises, leading to financial holdings being distributed across different accounts.

## *Price production indices (PPI)*

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

- The agriculture PPI stood at 152 in Q4 2024, 8% higher than in 2023, but 2% below the five-year average.
- The PPI for sheep, beef cattle and grain farming was 152.8, recovering 21% from the same period last year.

These improvements align with the livestock market's recovery since the lows of Q4 2023.

# Cost of inputs

Production costs remain a significant concern for producers, with interest rates, exchange rates and other market forces affecting profit margins. While CPI inflation eased to 2.4% in the December quarter (down from 2.8% 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.

## *Fuel*

Fuel remains one of the largest on-farm expenses, impacting transport (livestock trucking, feed delivery and beef distribution) and machinery operation costs. CPI data shows a 7.9% decline in automotive fuel prices over the 12 months to the December quarter, reflecting lower global oil prices.

## *Electricity*

Electricity prices dropped 9.9% in the December quarter and 25.2% over the past 12 months. Despite this, businesses continue to prioritise cost-saving measures.

## *Maintenance*

Rising maintenance costs remain a challenge, with producers focusing on prolonging machinery and infrastructure lifespan. Service costs have increased significantly compared to goods.

## *Insurance*

Insurance prices have increased by 5% since early 2024 and by 18% over the past two years, adding further pressure on businesses.

## 2024 in review

*After a turbulent 2023, the cattle market got back on its feet during 2024.*

▶ To read the 2024 Year in review click here



## Employment

The Pacific Australia Labour Mobility Scheme (PALM), and Meat Industry Labour Agreement have been instrumental in supporting the processing sector. As of December 2024:

- 27,260 workers were participating in the PALM scheme across 493 employers.
- 15,265 (56%) were employed in agriculture.
- 9,745 (36%) were employed within meat processing, with 97% classified as long-term employees.

PALM workers have been crucial to industry growth over the past four years. However, the sector's reliance on long-term employment has increased fixed labour costs, placing pressure on businesses to adapt to variable processing capacity.

## Supply

### Female slaughter rate

The female slaughter rate (FSR) measures the proportion of female cattle processed each quarter relative to total cattle throughput. A 47% FSR is the industry benchmark for determining whether the national herd is in a restocking, stable or destocking phase. In December 2024, FSR was 51.8% – marking the third consecutive quarter above the benchmark – confirming a sustained destock.

Herd estimates are adjusted based on the FSR, alongside additional factors, including the age of cows at turn-off and whether turn-off is driven by drought or herd cycle dynamics.

### Herd

The Australian cattle herd is projected to decline by 1.4% to 30.1m by 30 June 2025, with further declines expected through the forecast period to 2027.

This reduction is primarily driven by an increased proportion of female slaughter. The movement in the FSR has been influenced by drier conditions across southern producing regions, higher numbers of retired breeding stock exiting the system, and a relatively strong market for cows. Meanwhile, Northern Australia, operating at optimal capacity, has maintained the productivity of its breeding herd, helping offset the impact of herd liquidation in the south.

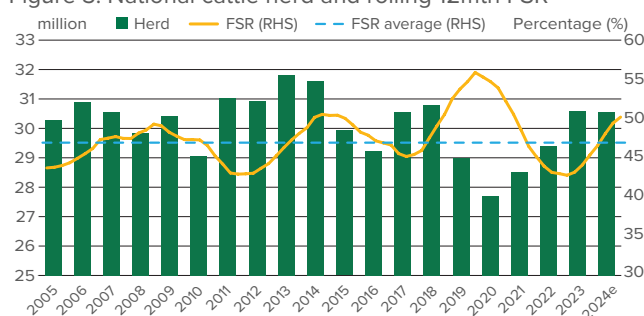
Looking ahead, MLA forecasts an increase in turn-off to manage carrying capacity, leading to a projected 3.1% decline in the herd to 29.2m in 2026, followed by another 1.4% decrease to 28.8m head in 2027.

### Slaughter

The decline in herd size is primarily attributed to elevated slaughter rates. In early 2025, processors have sustained the high throughput levels seen throughout 2024.

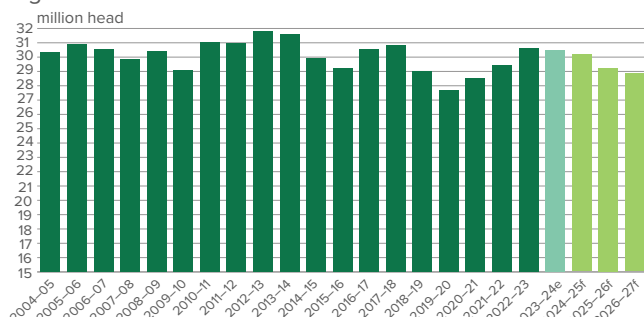
Supply is expected to remain solid through 2025. With the herd's increased turn-off capability and a slight rise in stock turn-off rates, slaughter is projected to increase 2.8% to 8.54m head. However, as the herd shrinks, turn-off capability will be impacted, leading to an estimated 4.7% reduction in slaughter to 8.13m head in 2026, followed by a further 3.5% decrease to 7.85m in 2027.

Figure 3: National cattle herd and rolling 12mth FSR



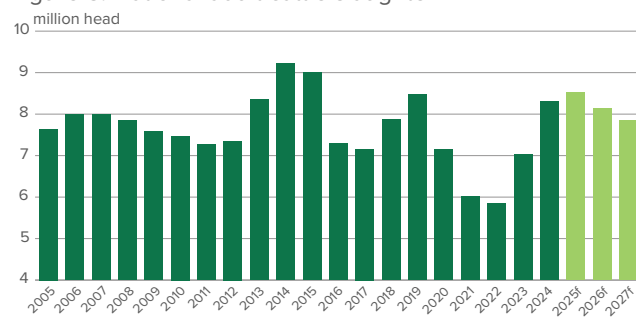
Source: ABS, MLA forecasts

Figure 4: National cattle herd



Source: ABS, MLA forecasts

Figure 5: National adult cattle slaughter



Source: ABS, MLA forecasts

▶ 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 closely linked to female slaughter rates and the proportion of grainfed production. In 2025, average carcase weights are expected to decline by 2.4kg to 307.4kg/head in due to the increased total turn-off, including higher numbers of females. The timing and impact of the northern wet season could also influence grassfed cattle's ability to reach target weights or necessitate feedlot entry.

Carcase weights are forecast to increase by 2.4kg in 2026, back to 309.8kg/head with another 8.4kg rise in 2027 to 318.2kg.

Beyond seasonal variations, long-term increases in carcase weights are expected as the industry continues investing in genetics, the feedlot sector, and growth in *Bos taurus* breeds.

# Production

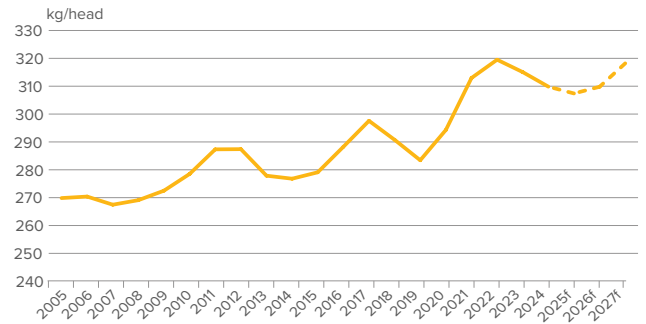
Despite 2024 slaughter numbers being 7% below the 2014 record, Australia achieved its highest-ever beef production, largely due to increased carcase weights.

In 2025, production is forecast to reach a new record, increasing by 2% to 2.62m tonnes. While carcase weights are expected to slightly decrease, the rise in slaughter volume will offset this. However, as slaughter rates decline over the following two years, production is expected to drop by 3.9% to 2.52m tonnes in 2026, and by another 0.9% to 2.50m tonnes in 2027.

# Stock turn-off ratio

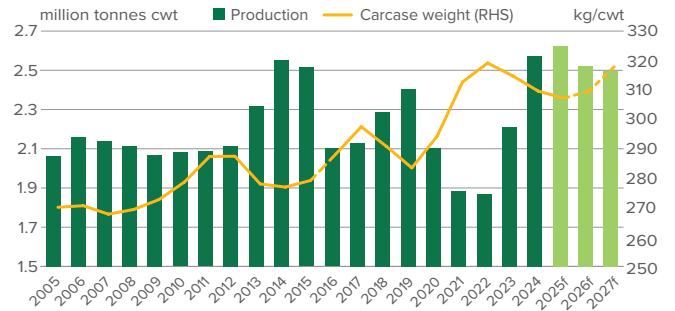
The stock turn-off ratio (STR), a key indicator measuring the number of cattle processed and exported live relative to herd size, is expected to remain above average. Elevated slaughter rates and strong live cattle demand will contribute to this trend. The primary driver of high turn-off levels is the expectation of drier conditions in northern Australia. Moving forward, as supply remains high, cattle quality will become an increasingly important price determinant. The higher availability of stock will enable buyers to be more selective when purchasing stock.

Figure 6: National carcase weights on long-term averages



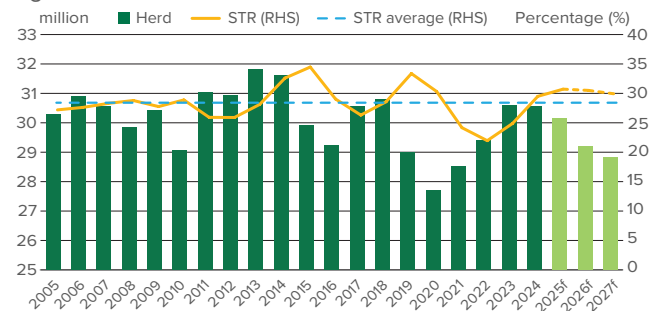
Source: ABS, MLA forecasts

Figure 7: Cattle carcase weights and production



Source: ABS, MLA forecasts

Figure 8: Stock turn-off rate



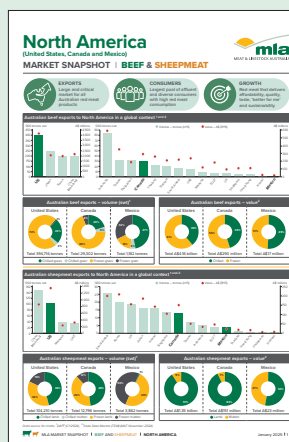
Source: ABS, MLA forecasts

## 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)

# Live export

In 2024, Australia’s live cattle exports increased by 13% year-on-year to 766,044 head, marking a second consecutive year of overall growth, though performance varied across key markets.

In 2025, Australian cattle supply for live export is expected to remain strong, aligning with 2024 levels. The historically late onset of the northern wet season has contributed to this stability. Consequently, cattle prices are projected to remain steady. While Australian cattle are highly valued for their quality, consistency and health status, live export markets remain price-sensitive.

**Indonesia:** In 2024, Indonesia accounted for 70% of Australia’s total cattle exports, marking a 49% year-on-year increase. A significant volume was shipped in December 2024 to meet peak seasonal demand. Australian cattle have filled supply gaps caused by disease impacts on Indonesia’s domestic herd, and reduced imports of Indian buffalo meat. Exports to Indonesia in 2025 are expected to remain consistent with 2024 levels, with some potential for growth depending on Indonesia’s domestic herd conditions.

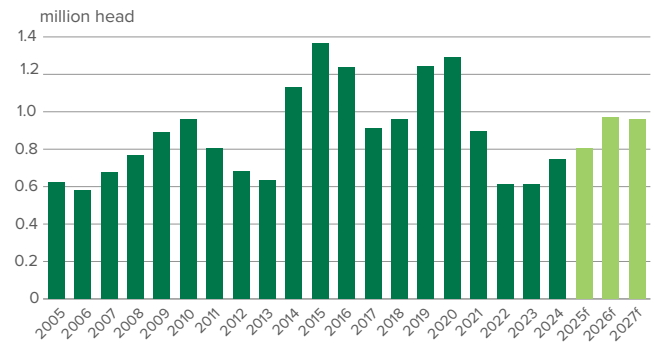
**Vietnam:** As Australia’s second-largest live cattle export market, Vietnam has experienced a slow post-pandemic recovery, with consumer demand for high-quality products still lagging. Australian cattle face increasing competition from Thailand and Cambodia, which benefit from lower production costs, proximity and relaxed import requirements. With no expected changes to Vietnam’s border policies and continued supply from neighbouring countries, demand for Australian cattle in 2025 is likely to remain steady.

**China and Israel:** Two historically large markets for Australian cattle saw significant declines in 2024. China’s demand for breeder cattle has weakened due to profitability challenges in its dairy and beef sectors, coupled with cautious consumer spending. As a result, exports to China are expected to remain subdued in 2025. Meanwhile, exports to Israel have been disrupted by regional conflict, with future trade volumes dependent on improved security conditions and vessel availability.

**The Philippines:** The Philippines has emerged as a promising growth market, increasing its imports of Australian cattle by 28% year-on-year in 2024. With demand expected to remain strong, trade volumes may see a slight increase in 2025.

Long-term industry sustainability depends on maintaining competitiveness in existing markets while diversifying into new ones. MLA is collaborating with industry, government and customer partners to explore and develop additional market opportunities.

Figure 9: Australian live cattle exports



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

▶ Access MLA's LiveLink interactive dashboard for export statistics: [mla.com.au/prices-markets/Trends-analysis/livelinke](https://mla.com.au/prices-markets/Trends-analysis/livelinke)

# Key macro issues

## Record supply and processing capacity

Australia produced more beef than ever in 2024, despite slaughter volumes being 10% below the previous record in 2014.

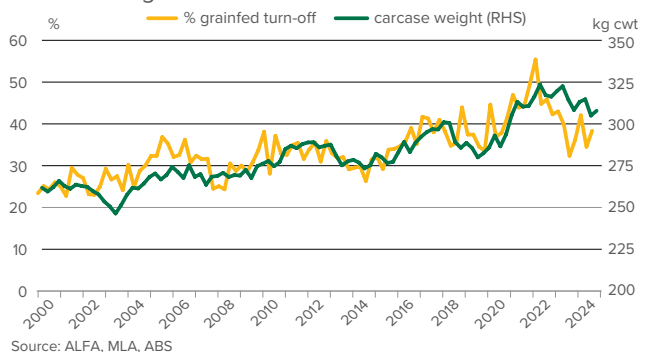
In 2014, severe drought conditions led to record slaughter of 9.23m head, producing 2.55m tonnes of beef. The 2024 production record was achieved with nearly 900,000 fewer cattle, thanks to higher carcass weights and increased grainfed production.

### Carcass weights and cold storage

Over the past 10 years, carcass weights grew by 11% (see Figure 10), while grainfed turn-off increased by 9%. The shift toward long-fed programs and marbling development has further diversified carcass weights. Larger carcasses mean more beef per animal, increasing storage requirements and logistical pressures. Processors have responded by:

- Investing in additional cold storage to accommodate higher production.
- Focusing on chilled beef with faster turnaround times to free up space.
- Optimising product mix to ensure storage is used for the most profitable cuts and co-products.

Figure 10: Grainfed turn-off proportion against average carcass weights



Source: ALFA, MLA, ABS

As record production continues into 2025, efficient logistics and supply chain management will become even more critical.

## Labour constraints have changed

Labour access remains a key challenge, exacerbated by the disruptions caused by COVID-19. Labour shortages were a limiting factor in 2019, preventing the industry from achieving record processing volumes during the drought. Since then, processors have heavily invested in workforce retention. Processors have relied on PALM labour, and have invested in accommodation and pastoral care to support it as a sustainable workforce. While this has provided greater stability, it has also introduced a fixed labour cost, making it harder for processors to adjust workforce levels in response to supply fluctuations.

## High supply, strong demand, supply chain

Cattle supply is expected to remain strong over the forecast period, while global demand for beef is set to rise. The fact that Australia achieved record production in 2024 without a national drought demonstrates the sector's ability to sustain high output levels. However, if conditions turn dry, turn-off could increase even further, placing additional strain on processor capacity. Historically, the industry has adapted by adjusting labour strategies and altering carcass processing methods, but with record-breaking production levels, the key constraint is shifting from processing capacity per head to total beef volume and the efficiency of cold storage and logistics.

As Australia enters another year of high production, the focus will be on ensuring the supply chain can keep pace. The ability to manage storage, streamline logistics, and maintain a flexible workforce will be essential in navigating the challenges of record beef output.

## Exchange rates

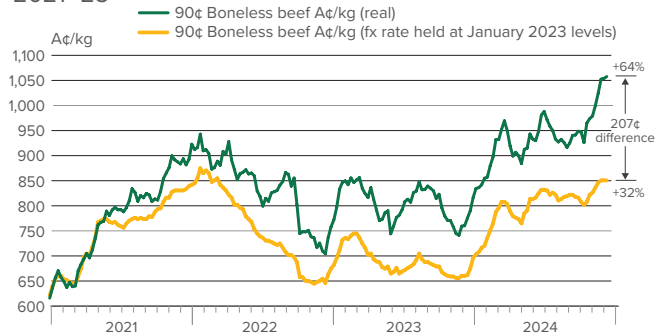
### Soft Australian dollar a competitive advantage on export

In 2024, Australian red meat production increased alongside several favourable macroeconomic factors – rising global demand, constrained global meat supply, improved market access and a soft Australian dollar (AUD). Over the past four years, the AUD has steadily depreciated, providing a competitive advantage to the industry. At the start of 2025, the AUD dipped towards US\$0.60, its lowest level since 2020.

A weaker AUD makes Australian beef more affordable for overseas buyers in key markets such as the US, Japan, South Korea and China. Amid the ongoing global cost-of-living crisis, price advantages support demand, making Australian beef more competitive against meat from countries with stronger currencies, such as the US dollar (USD).

However, the financial benefits of currency depreciation are distributed across the entire supply chain – producers, processors, exporters, and importers – each seeking to maximise their share.

Figure 11: Exchange rate effect on beef export prices, 2021–25



Source: Steiner Consulting, RBA, MLA

## Global supply and forecast

### United States (US)

At the start of 2025, the US cattle herd stood at 86.6 million head, 0.6% below 2024 and the smallest herd in 74 years.

This is the culmination of a herd destock that has been ongoing since 2019. Despite the smaller herd, the rate of decline notably slowed over 2024, and the likelihood that the US herd enters a period of stability or a slight rebuilding phase in the second half of 2025 is reasonably high.

Any rebuild would be slow and high carcass weights have maintained production volumes even as slaughter has fallen. As such, the opportunity for Australian beef is likely to unfold more slowly than in other US rebuild periods and persist over a longer period of time.

### 2024 review

Due to the smaller herd, US slaughter fell by 3% over 2024 to 31.7 million head. Despite this considerable decline, total production (as measured in tonnes) held steady at 24.3 million tonnes.

There are two reasons for this disparity. First, most of the decline in overall slaughter came from lower cow numbers. Cow slaughter declined by 15% year-on-year to 5.6 million, while heifer slaughter remained stable at 10 million head. In fact, steer slaughter lifted 1% to 15.2 million head. The shift in slaughter composition contributed to a shift in total carcass weights, as heavier steers and heifers made up a much larger proportion of total slaughter.

Second, actual carcass weights rose sharply as processors removed penalties for heavy cattle from grids in an effort to maximise production as measured in tonnes. Steer carcass weights lifted by 10kg to 422kg, a new record, and carcass weights overall rose by 12kg to 386kg.

Taken together, this meant that while overall production held steady, the volume of lean beef produced declined markedly, while the volume of fed beef increased.

Further, imports increased over the year to fill the gap in lean supply, while exports were much steadier. US beef imports rose 26% over the year to 2.08 million tonnes cwe, largely due to increased volumes from Oceania and South America. Australia became the largest supplier into the US market as imports rose 68% to 525,980 tonnes cwe and exports from Brazil doubled to 250,011 tonnes cwe.

At the same time, US exports were reasonably firm as the supply of fed beef lifted. Overall exports fell by 2% to 1.31 million tonnes cwe, largely due to a 6% decline in exports to South Korea to 284,743 tonnes cwe and a 5% decline in exports to China to 214,134 tonnes. Exports to Mexico lifted 7% to 150,657 tonnes cwe as the Mexican domestic herd encountered its own destocking event and the number of US export markets increased.

### Likely outlook

Given the size of the cattle herd, meaningful rebuilding will take years. It is not clear if herd numbers will ever return to their previous peak of 94.7 million head as seen at the start of 2019.

Assuming a 'normal' season in the US, the current trajectory is for the US to exit its technical destock towards the end of 2025. If this were to happen, it would be due to a considerable reduction in heifer slaughter numbers, with higher female retention on-farm as breeders, leading to progressively largely calf crops over time.

Thus, a meaningful impediment to rebuilding is the high price of heifers entering feedlots. Current record prices for feeder heifers are ensuring a strong supply of fed beef but are also diverting female cattle out of breeding operations and towards feedlots. This is preventing the buildup of a future beef cow herd which could rebuild numbers over coming years.

Given strong beef demand in the US, it is unlikely that feeder heifer demand will decline over 2025. This means that any rebuild will be slow.

At the same time, the US herd appears to have become more productive over the destock. The 2024 calf crop stood at 33.5 million, unchanged from last year, even as cow and heifer numbers fell. Additionally, high carcass weights and reported increases in beef on dairy genetics have contributed to a higher beef supply off a smaller herd.

Taken together, this suggests 2025 will not see meaningful rebuild, but that beef production is likely to stay relatively strong over the year. Demand for imported lean trim is likely to remain very strong and potentially strengthen further, while demand for other imported beef is likely to rise more moderately as the destock eases.

Of course, this assumes that other conditions remain static. Disease, geopolitics, exchange rates and supply chain disruptions are ongoing risks. These risks have always existed, and will continue to exist for the foreseeable future. Despite this, the current supply situation suggests the US will remain a primary driver of demand in the global beef market over 2025.

## Brazil

In 2024, Brazil exported 3.6 million tonnes cwe of beef – the most beef any country has ever exported. At the same time, Brazilian beef production also reached a new record of 10.5 million tonnes cwe.

Over 2024, supply conditions were aligned to maximise production, with drought across the country combining with long-running productivity increases. In 2025, production is set to fall as conditions improve for Brazilian producers. However, the longer-term increases in productivity, alongside an increasing focus from processors on exports, suggest that Brazil is likely to remain the largest beef exporter in the world for the foreseeable future.

Figure 12: US steer carcass weights, 2015–2024

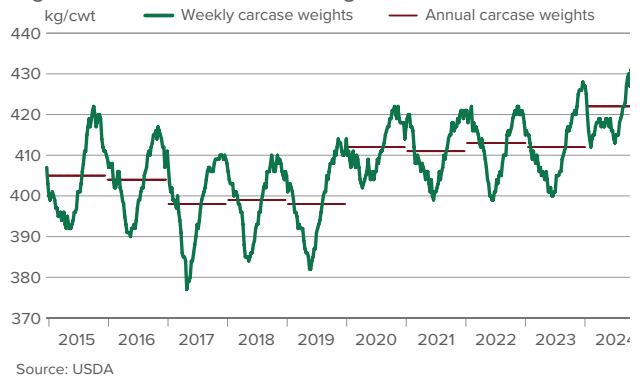
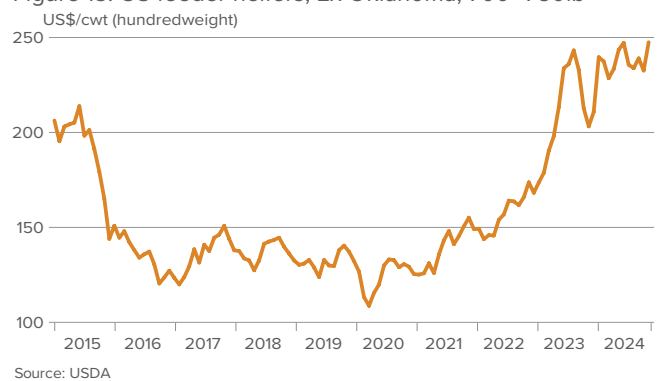


Figure 13: US feeder heifers, Ex Oklahoma, 700–750lb





## Production

Slaughter rose by 17% in Brazil during 2024, to just over 40 million head. This broke the record for highest Brazilian slaughter and translated into a record year of beef production; 10.5 million tonnes cwe is 17% above the previous record for Brazilian beef production, also set in 2023.

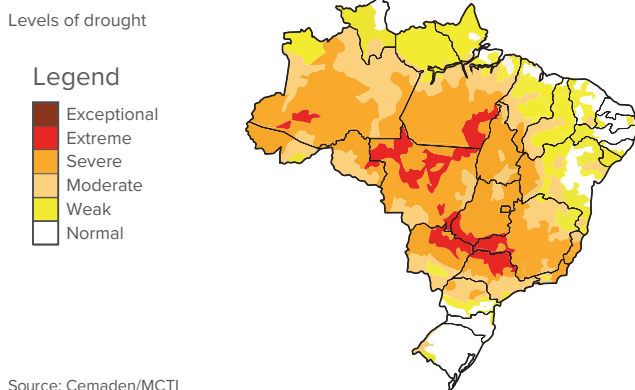
Widespread drought across the country, with intense drought in much of the south and west, led to elevated female turn-off and herd destocking. The female slaughter rate (FSR) for the 12 months to September 2024 was 43%, well above the long-running average of 40%.

Despite this, carcass weights did not meaningfully decline from 2023. In 2024, Brazilian carcass weights averaged 262kg, only 1kg less than in 2023 and not enough to meaningfully affect production volumes.

The increase in female slaughter should have dragged overall carcass weights down, but improvements in production efficiency and genetic gains across the herd have improved productive capacity.

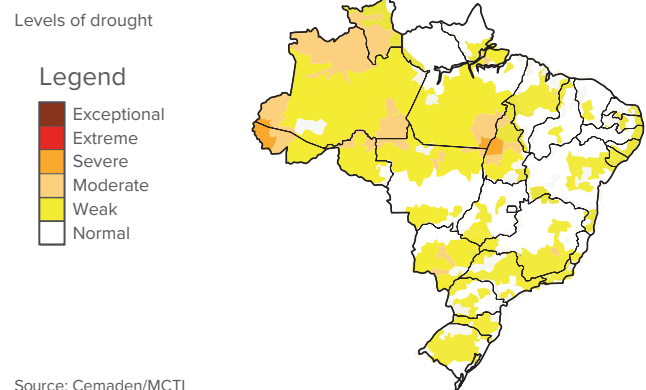
In the final quarter of 2025, even as slaughter remained high, drought conditions eased substantially and the rate of increase in slaughter fell. December 2024 slaughter numbers were only up 7% compared to 17% for the year as a whole, and carcass weights actually rose 5kg year-on-year, suggesting that active destocking was considerably less intense, or had ceased altogether in parts of the country.

Figure 14: Brazil drought monitor – July 2024



Source: Cemaden/MCTI

Figure 15: Brazil drought monitor – January 2025



Source: Cemaden/MCTI

## Exports

Between 2014 and 2024, Brazilian beef exports rose a remarkable 110% to 3.6 million tonnes cwe. The primary driver of export growth over that period has been a massive rise in Brazilian exports to China, after regaining access to the market in 2015.

While China remained the largest market for Brazilian beef by far, volumes increased less than the overall increase. Exports to China lifted by 11% over the year, to 1.89 million tonnes cwe, compared to the overall 27% increase. This meant China only made up 52% of Brazil's export mix, the lowest figure since 2021 when an atypical bovine spongiform encephalopathy (BSE) detection caused exports to cease for three months.

That gap was filled by a wide variety of markets; the United Arab Emirates, the Philippines, Russia, Turkey, Mexico and Algeria – which all saw very substantial lifts in export volumes. Most importantly, exports to the US rose 94% to 270,353 tonnes cwe. This lift to the US made Brazil a substantial supplier of frozen trim for the first time, and some mince manufacturers and end users have adjusted their product specifications to include South American beef.

The increase in exports, despite the slower growth to China, suggests that Brazilian processors have made strategic decisions to invest more heavily in export markets going forward.

## Looking forward

The easing of drought conditions in Brazil is likely to drive some rebuilding activity in 2025, which would see slaughter numbers drop over the course of the year. This will drive reductions in production, although these will be muted somewhat by higher carcass weights.

However, it does not necessarily follow that exports will come down. Domestic consumption rose 12% over 2024 to 6.8 million tonnes cwe, and previous periods of high demand have seen domestic consumption eroded in favor of export growth. Brazilian export volumes are more demand driven than is the case for Australia or the US, although lower slaughter will somewhat reduce available volumes.

In the longer-term, rising carcass weights and an export orientation from processors mean that Brazil's productive capacity is now higher than it once was and exports are likely to remain high over the medium-term.

# Prices

## Price forecasts

MLA's cattle projections include an aggregate analyst price estimate (excluding MLA) for the three major indicators.

The National Young Cattle Indicator (NYCI) is forecast to trend sideways, declining by 1% to 358¢/kg live weight (lwt) on 30 June 2025.

The National Feeder Steer Indicator is forecast to rise 1% to reach 364¢/kg lwt on 30 June 2025.

The National Heavy Steer Indicator is forecast to remain stable, easing by 1% to 351¢/kg lwt on 30 June 2025.

Figure 16: Aggregated industry average NYCI price forecast

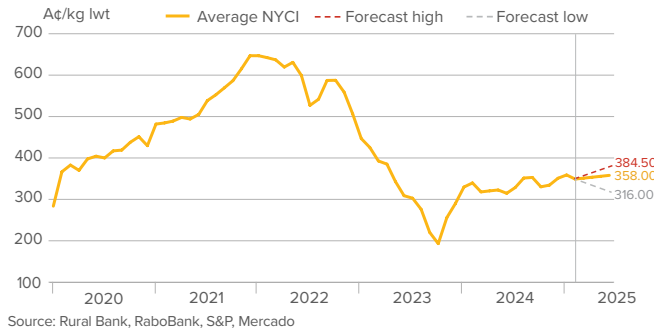


Figure 17: Aggregated industry average feeder steer price forecast

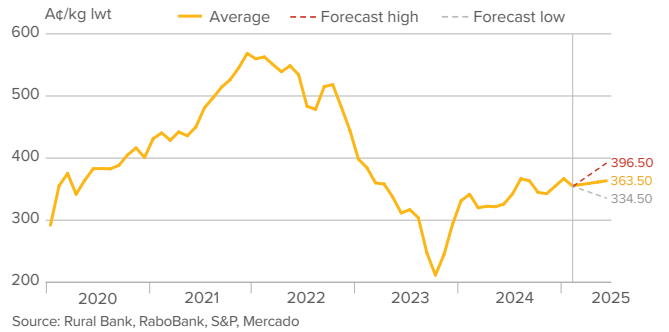
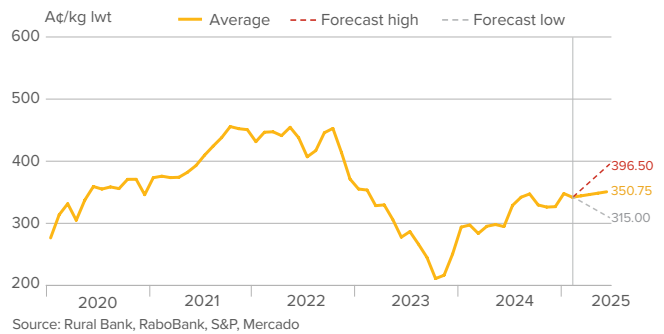


Figure 18: Aggregated industry average heavy steer price forecast



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

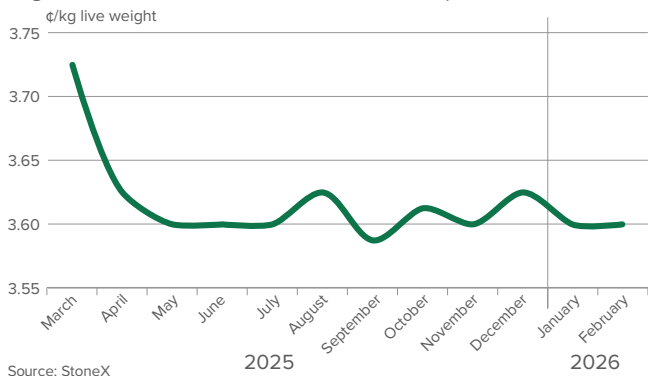
## StoneX

The StoneX Australian Cattle Swap is a price risk management tool designed to help cattle market participants hedge against price fluctuations. It enables users to lock in prices by trading a monthly contract on a 12-month rolling basis, allowing them to manage price and market exposure. This provides protection against unfavourable market movements – whether these be an increase for buyers or a decline for sellers.

The StoneX Cattle Swap settles against the monthly average of the Argus Northern Feeder Steer Index and is cash settled, meaning no physical cattle are exchanged. Instead, users continue to buy or sell cattle in the physical market as usual. The anonymity of trades is maintained to protect credit risk, with StoneX acting as the counterparty on both the buy and sell sides.

As Figure 19 illustrates, forward bids and offers from active users indicate that the StoneX Cattle Swap is pricing the market inversely, with forward monthly contracts trading below the current spot price (February 2025). Swaps for settlement through to September 2025 are trading at a 20¢/kg lwt discount to today's spot price. Users highlight the Swap's importance in managing risk exposure and have increasingly engaged with it as a hedging tool to mitigate market volatility.

Figure 19: StoneX Australian Cattle Swap forward curve



# Looking ahead

The Australian cattle industry is entering a three-year forecast period with strong supply and demand fundamentals. The supply of finished cattle is expected to remain high, even when excluding potential climate or drought impacts.

Global demand for beef is robust, and is anticipated to strengthen further. Australia is currently in an opposite supply cycle to major beef-producing competitors such as the US and Brazil. As the US begins its long-overdue herd rebuild and drought conditions in Brazil ease, global beef supply is expected to tighten. This coincides with a stable outlook for Australian slaughter and production, positioning the country to take advantage of global trade opportunities.

However, the capacity of the domestic processing sector to handle high supply levels remains a key factor. Processors have made significant investments to expand capacity in response to elevated cattle supply. While labour constraints have previously been an issue, workforce programs have improved reliability and operational efficiency, making throughput per head less of a limiting factor.

Instead, cold storage and logistics have emerged as potential bottlenecks in production. With increasing carcass weights, storage space has become more valuable, and efficient logistics are now essential to maintaining processing flow and to prevent bottlenecks. Historically, processors have demonstrated resilience in managing market volatility, and have adapted to changing supply conditions.

Looking ahead, Australia's investments in domestic production, processing capacity, and global trade relationships have positioned the cattle sector on solid footing for the forecast period.

## 2024 State of the industry report



Click here to read the 2024 State of the industry report:  
*The Australian red meat and livestock industry*



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