Industry projections 2026

Australian cattle – September update

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

KEY POINTS

- Better seasons support a more resilient herd.
- Higher productivity sustains high turn-off.
- Beef production to reach a record 3 million tonnes.

KEY 2026 NUMBERS

Slaughter: **9.6** million head

Carcase weights: **313** kg/head

Production: **3** million tonnes cwt*

Beef exports: **1.6** million tonnes swt**

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

Summary

The national cattle herd is forecast to ease to 29.7 million head by 2028, representing a more gradual contraction than projected in March. Seasonal conditions proved more favourable than anticipated through much of 2026, with improved rainfall supporting pasture growth and water availability across southern regions following two years of severe dry conditions. Northern Australia also retained the benefit of several favourable seasons and a strong 2025–26 wet season, although parts of eastern Queensland and northern NSW remained drier through winter.

Adult cattle slaughter is forecast to reach around 9.6 million head in 2026, before easing gradually while remaining historically elevated through to 2028. Despite sustained female turn-off, the herd has proven more resilient than in previous cycles. Improved reproductive performance, supported by long-term gains in genetics, herd management and infrastructure, is allowing more calves to be produced from a given breeding base. Expanded feedlot and finishing capacity is also accelerating cattle movement through the production system. Together, these factors are supporting elevated turn-off without an equivalent reduction in future cattle supply, although continued high slaughter is expected to progressively reduce cattle availability through the outlook period.

Beef and veal production is forecast to exceed 3 million tonnes carcase weight in 2026, setting a new record as historically high slaughter combined with carcase weights close to the 2022 peak. As slaughter moderates through 2027 and 2028, rising carcase weights, supported by grainfed finishing, genetic improvement and seasonal conditions, are expected to play a greater role in maintaining production.

Strong global red meat demand and tighter beef supply are expected to continue supporting Australian exports and cattle turn-off. Countering this, a stronger Australian dollar, safeguard tariffs and evolving trade settings are reducing competitiveness in some price-sensitive markets. Similar pressures are evident in the live cattle trade, where high Australian cattle prices, exchange-rate movements and rising shipping and input costs have reduced importer margins and contributed to lower export volumes in 2026.

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%	*30,764*	*30,139*	*29,662*	*-4.5%*
Percentage change	-4.5%	3.7%	2.3%	4.1%	1.6%	-0.1%		*-0.9%*	*-2.0%*	*-1.6%*	
Slaughterings ('000 head)											
cattle	7,145	6,018	5,850	7,020	8,304	9,278	11.7%	*9,600*	*9,190*	*8,880*	*-4.3%*
calves	414	285	265	374	394	409	3.9%	*420*	*426*	*429*	*4.9%*
total	7,559	6,303	6,115	7,394	8,698	9,688	11.4%	*10,020*	*9,616*	*9,309*	*-3.9%*
Avg carcase weight (kg)											
cattle	295	313	320	315	310	310	-0.1%	*313*	*315*	*319*	*3.1%*
calves	54	47	39	36	36	38	4.6%	*43*	*45*	*49*	*29.3%*
Production ('000 tonnes carcase weight)											
beef	2,103	1,883	1,869	2,209	2,569	2,792	8.7%	*3,005*	*2,895*	*2,833*	*1.4%*
veal	20	12	9	13	13	16	16.5%	*18*	*19*	*21*	*35.6%*
total beef and veal	2,123	1,895	1,878	2,222	2,582	2,808	8.7%	*3,023*	*2,914*	*2,854*	*1.6%*
Cattle exports ('000 head)											
	1056	772	591	677	766	792	3.4%	*640*	*690*	*710*	*-10.4%*
Beef exports ('000 tonnes)**											
total carcase weight	1,524	1,303	1,254	1,589	1,972	2,268	15.0%	*2,415*	*2,319*	*2,261*	*-0.3%*
shipped weight	1039	888	855	1082	1344	1546	15.0%	*1,646*	*1,580*	*1,541*	*-0.3%*
Domestic utilisation ('000 tonnes carcase weight)***											
total carcase weight	591	585	619	624	598	601	0.4%	*589*	*576*	*571*	*-4.9%*
kg/head***	23.0	22.6	23.6	23.6	22.4	22.3	-0.6%	*21.6*	*20.9*	*20.6*	*-7.4%*

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 seasonal conditions remain key drivers of cattle supply, herd movements, slaughter and production. The forecasts in this report incorporate the Bureau of Meteorology's (the Bureau) and other agencies short-term rainfall and temperature outlooks, while recognising that seasonal forecasts are probabilistic and can change as climate drivers develop.

Short-term assumptions

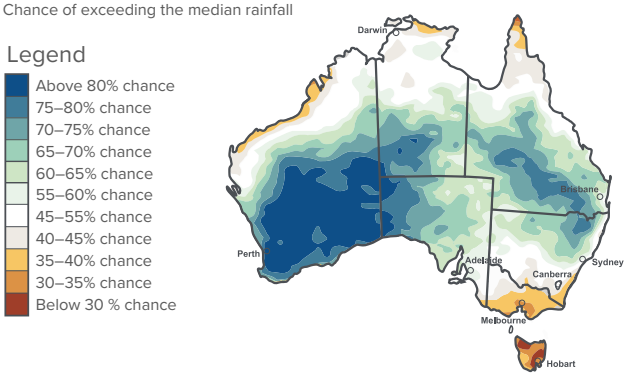
Seasonal conditions through autumn and winter 2026 were more favourable than anticipated in the March projections. Earlier outlooks pointed to a greater risk of below-average rainfall, particularly across southern and eastern Australia. Instead, widespread rainfall continues to support north production and improved pasture growth, soil moisture and water availability across the southern region, contributing to a more resilient herd outlook than previously forecast.

Northern Australia: Seasonal conditions remain generally favourable following several favourable years and a strong 2025–26 wet season. However, eastern Queensland and parts of northern NSW have experienced drier conditions, while El Niño is expected to remain an influence through spring. The northern rainfall outlook becomes more mixed toward the end of 2026, with some improvement possible as the wet season develops, although timing and regional distribution remain uncertain.

Southern Australia: Substantial improvement in conditions through 2026 provides producers with a stronger starting feedbase and water capacity than anticipated in the March report. However, spring is expected to be drier and warmer than average across parts of southern and eastern Australia. Rainfall prospects are also expected to become more favourable later in the year, although conditions will remain regionally variable.

Figure 1: Australian rainfall outlook – Nov 2026 to Jan 2027

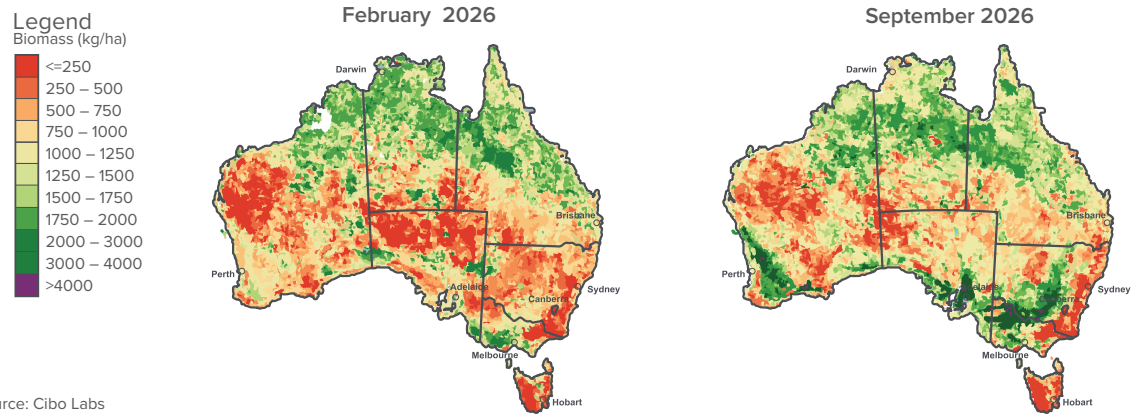
Chance of exceeding the median rainfall



Source: Bureau of Meteorology – bom.gov.au

A strong Pacific warming pattern is established, but its impact on Australian rainfall depends on its interaction with other climate drivers. A positive Indian Ocean Dipole (IOD) can reinforce drying across southern and eastern Australia, while a neutral IOD and warmer surrounding ocean temperatures can increase moisture availability and moderate the effect of El Niño. This interaction helps explain why winter conditions were considerably wetter than the strength of the Pacific signal alone might have suggested.

Figure 2: Australian pasture biomass



Source: Cibo Labs

Long-term assumptions

Beyond the period covered by reliable seasonal forecasts, the projections assume average seasonal conditions. Forecast accuracy declines materially at longer horizons and there is insufficient confidence to incorporate a specific rainfall or climate-cycle scenario for 2027 and 2028. The longer-term cattle projections therefore reflect underlying herd, productivity and market trends under average seasonal conditions rather than assuming either prolonged favourable conditions or an extended dry period

Finances

The Reserve Bank of Australia (RBA) board met on 10–11 August 2026 to publish the Statement on Monetary Policy. Commentary in this section is based on information available as of 7 September 2026.

Interest rates

Australia's cash rate is currently 4.35%. At the RBA's February, March and May 2026 meetings, the cash rate was increased by a total of 75 basis points, taking it from 3.60% to 4.35%. The board has since held the cash rate steady at both its June and August meetings.

Interest rates affect the borrowing capacity and cost of current debt obligations for producers, processors and exporters. The RBA made the decision to raise interest rates earlier in the year after data analysis showed evidence of rising inflation, as well as the potential for a sustained conflict in the Middle East to cause further inflationary pressure through higher oil, freight and input costs. The RBA's commitment to keeping inflation within the target range of 2–3% means further rate moves will depend on the economy's ability to slow inflation and on evolving global commodity and energy price dynamics.

Compared with the March 2026 assumption of a uniform 4.35% by end 2026 across all major banks, the current consensus implies a modest upside risk to financing costs over the remainder of 2026. Three of the four major banks now expect at least one additional rate rise before year end.

Farm management deposits

As of June 2026, $1.26 billion was held across 8,209 beef Farm Management Deposit (FMD) accounts. This represents an 11% increase in value from $1.13 billion across 7,626 accounts in June 2025. In the grain–sheep/beef sector, FMD holdings declined 4% year-on-year to $1.60 billion, while sheep–beef holdings were broadly stable at $377 million.

The increase in beef FMD balances is consistent with stronger cattle prices and historically high turn-off supporting cash generation across the cattle sector. Growth was evident across several major cattle-producing states, with Queensland recording the largest increase in dollar terms. Conversely, the decline in grain–sheep/beef deposits were concentrated across several southern states, where seasonal and operating conditions have been more variable.

Higher beef FMD balances suggest producers have built greater capacity to manage income variability as the cattle cycle progresses. Larger financial reserves provide additional flexibility to absorb changes in seasonal conditions, input costs or cattle prices while supporting investment and herd management decisions without requiring an immediate increase in turn-off.

Price production indices

Producer price indexes continued to strengthen through the first half of 2026. The Agriculture to Manufacturing PPI reached 180.0 in the June quarter, up 11.0% year-on-year, establishing a new high for the series. The sheep, beef cattle and grain farming PPI reached 201.8, 22.2% above year-ago levels and broadly in line with the record 202.3 reached in the March quarter.

The continued strength in livestock-related prices reflects firm cattle prices and strong demand for Australian beef. While the sheep, beef cattle and grain farming index eased marginally quarter-on-quarter, it remains substantially above year-ago levels, indicating that producer price conditions across the cattle sector remain historically strong.

Exchange rate

As of September 2026, the Australian dollar (AUD) was trading at US$0.72, 9.1% above the five-year average of US$0.66. The stronger Australian dollar has reduced the price competitiveness of Australian beef across export markets, with the impact most pronounced in more price-sensitive destinations.

In key markets, currency movements are adding to the cost of Australian beef relative to competing proteins and alternative suppliers. While demand in higher-value markets remains comparatively resilient, a stronger Australian dollar can have a greater impact in markets where purchasing decisions are more sensitive to price.

The stronger Australian dollar is also weighing on competitiveness in key live cattle export markets. The AUD has appreciated materially against the Indonesian rupiah since early 2026, increasing the local-currency cost of Australian feeder and slaughter cattle. It is also placing additional pressure on margins for Indonesian importers and feedlots.

Cost of inputs

Production costs remain elevated for producers, with financing costs and volatility across fuel, energy and fertiliser markets continuing to influence margins. Annual CPI inflation eased to 3.5% in July 2026, from 3.8% in June, but remained above the Reserve Bank of Australia's 2–3% target range. Higher interest rates and geopolitical disruption have added to cost pressures during 2026, although movements across individual inputs have varied considerably.

Electricity

Electricity remains an important input across cattle production, lot feeding and processing. Business electricity costs remained elevated through 2025–26, although conditions have begun to ease as wholesale electricity prices declined.

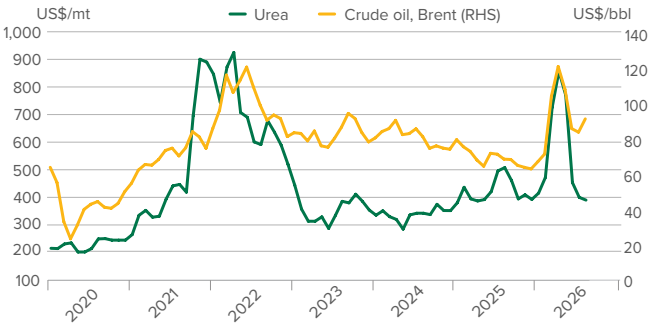
National Electricity Market wholesale spot prices averaged $74/MWh in the June quarter 2026 – down 47% year-on-year – the lowest June-quarter average since 2020. Increased renewable generation, greater battery discharge during peak periods and lower evening peak demand contributed to the decline.

Fuel

Fuel costs have been particularly volatile in 2026 following the escalation of conflict in the Middle East in late February. Diesel prices rose sharply through March before easing as international refined fuel prices declined and the Australian Government temporarily reduced fuel excise.

As of 2 September, average retail diesel prices across more than 190 monitored regional locations were around 255¢/litre, remaining well above levels recorded prior to the escalation in Middle East tensions. Elevated diesel prices increase operating costs for cattle producers through machinery use, water and feed distribution, and livestock transport, while also adding to freight costs across the broader supply chain.

Figure 3: Input Indicator



Source: World Bank Commodity Price Data

Fertiliser

Fertiliser prices increased sharply following disruption to Middle Eastern supply chains earlier in 2026 – particularly for urea – before easing as global supply conditions improved. Australian granular urea was assessed at A$790–810/t FCA Geelong in late August, materially below the levels recorded during the height of the supply disruption.

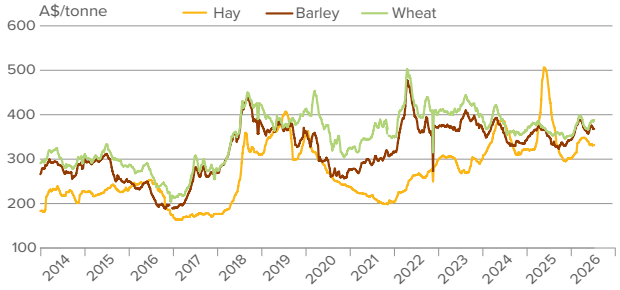
Supply conditions have also improved. By August, urea arrivals into Australia had surpassed estimated seasonal demand, while phosphate imports remained above recent historical averages. This has reduced immediate supply concerns, although fertiliser prices remain exposed to changes in global energy markets, shipping routes and geopolitical conditions.

Feed costs

Strong demand for both barley and wheat in export markets has helped maintain elevated grain prices across Australia. Rainfall during May in southeastern Australia slightly eased domestic prices as pasture conditions improved.

Despite significant increases in fuel and fertiliser costs, crop conditions remained generally stable across southern New South Wales, Victoria, and Western Australia. However, dry conditions in northern New South Wales and southern Queensland have been less favourable and are likely to result in below-average yields during the upcoming winter crop harvest.

Figure 4: Average hay and grain prices



Source: JumbukAG

Definitions: Wheat: Prices are gathered from one delivery point in each state. SFW1 (Standard White Wheat) and ASW (Australian Standard White) prices are used to calculate the average price.
Barley: Prices are gathered from one delivery point in each state. BAR1 (Barley 1) prices are used to calculate the average price.
Hay: Prices are gathered from one delivery point in each state. Pasture hay, cereal straw and cereal hay prices are used to calculate the average price.

Employment

Labour availability in meat processing has improved from the acute constraints experienced during and immediately after the COVID-19 period, supported by migration pathways including the Pacific Australia Labour Mobility (PALM) scheme. In June 2026, 32,645 workers participated in PALM, with 35% employed in meat processing, predominantly through long-term placements.

Workforce access nevertheless remains an important consideration for regional processing capacity. Changes to skilled visa processing priorities from July 2026 may lengthen recruitment lead times for some offshore skilled meatworkers, while regional businesses continue to face broader recruitment and retention challenges. Migration programs are therefore expected to remain an important part of the red meat sector's workforce mix, alongside domestic recruitment and productivity improvements.

Regulations

Regulatory requirements across environmental reporting, biosecurity and animal welfare continue to evolve across the cattle supply chain. Under AASB S2, Group 2 entities commenced climate-related reporting from July 2026, with Scope 3 disclosures generally required from the second reporting year. While most cattle producers are not directly covered, these requirements are expected to increase requests from processors and large agribusinesses for farm-level emissions and land-management data.

Other changes include mandatory video surveillance from 2026 for establishments certified under the Australian Animal Welfare Certification System, alongside updated biosecurity reporting requirements for vessels and shipping agents. Together, these developments are increasing the importance of data collection, traceability and compliance capability across the red meat supply chain.

State of the industry report

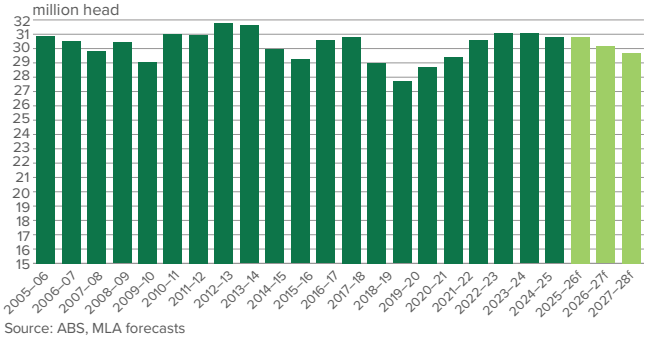
To access the State of the industry report *The Australian red meat and livestock industry:*
mla.com.au/prices-markets/Trends-analysis/state-of-the-industry-reports

Supply

Herd

Following two consecutive years of below-average rainfall across parts of southern Australia, seasonal conditions improved considerably through the first half of 2026. Rainfall across key regions of SA and Victoria, including the Eyre Peninsula, Wimmera and Mallee, has improved pasture growth and feed availability. Conditions across northern Australia remain broadly favourable, although eastern and coastal Queensland and northern NSW were drier through winter. Overall, seasonal conditions have been more supportive than the forecast anticipated earlier in the year, reducing pressure on the herd and contributing to a more resilient outlook.

Figure 5: National cattle herd



Source: ABS, MLA forecasts

The national cattle herd is forecast at 30.8 million head as of 30 June 2026, before easing to 30.1 million head in 2027 and 29.7 million head in 2028. While the herd is still expected to contract over the outlook period, the decline is now forecast to be more gradual than anticipated in the March 2026 projections. The revision reflects both improved seasonal conditions and the underlying productive capacity of the herd, which is allowing cattle numbers to remain comparatively resilient despite historically high turn-off.

Adult cattle slaughter has been revised higher from the March forecast, while female slaughter has also remained elevated. Historically, sustained high female turn-off has been closely associated with herd contraction. However, changes in herd composition, reproductive performance and the speed at which cattle move through production systems are altering the relationship between slaughter volumes and the size of the standing herd.

This is particularly evident in northern Australia. Across Queensland and the NT, the proportion of the male beef herd declined from 25% in 2019–20 to 19% in 2024–25, despite the northern herd expanding over the same period. Conversely, calves increased from 27% to 30% of the herd and breeding cattle from 48% to 50%. This points to a production system capable of moving male cattle through the supply chain more quickly while maintaining a comparatively large breeding and calf base.

Improved reproductive performance is also supporting higher turn-off from a given breeding herd. Long-term investment in genetics, herd management and infrastructure, combined with an extended run of favourable seasons across the north, has supported fertility, conception and calf survival. Higher reproductive efficiency means fewer breeding females are required to produce a given number of calves, while replacement requirements can be met from a more productive breeding base. This provides greater scope to turn off older or lower-performing cows and surplus heifers without an equivalent reduction in future calf supply, partially explaining the elevated female slaughter recorded in recent years.

Greater feedlot and finishing capacity have reinforced this shift by accelerating the movement of male cattle through the production system and reducing the number of turn-off-age cattle retained within the standing herd. Together, higher reproductive efficiency and faster cattle turnover are increasing the level of production and slaughter that can be sustained from the national herd.

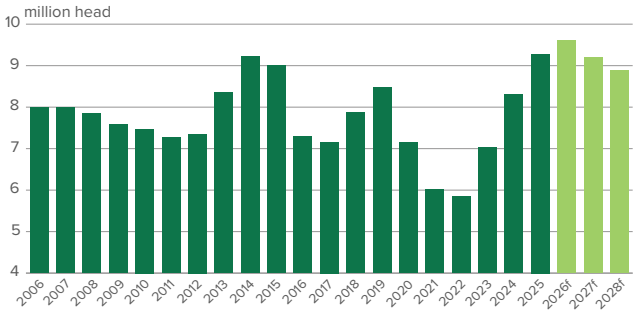
Nevertheless, continued high turn-off is expected to place downward pressure on cattle numbers. The pool of surplus and lower-performing females is finite; sustained slaughter will progressively reduce cattle availability. The herd is therefore forecast to ease through 2027 and 2028, although improved seasonal conditions and productivity are expected to limit the extent of the contraction relative to the March outlook.

Slaughter

Adult cattle slaughter is forecast to reach approximately 9.6 million head in 2026, up from 9.3 million head in 2025 and above the March projections. The revision reflects strong global beef demand and continued cattle availability, following the recent herd rebuild and accelerated cattle processing speeds.

The strength in slaughter is notable alongside the more resilient herd outlook. Improved reproductive performance and changes in herd composition are allowing elevated turn-off to be sustained without translating into the same rate of herd contraction seen in previous cycles. Increased feedlot and finishing capacity are also supporting throughput by accelerating the movement of cattle, particularly males, through the production system.

Figure 6: National adult cattle slaughter



Source: ABS, MLA forecasts

Market conditions are providing further support to turn-off in 2026. Firm demand and prices for finished cattle are encouraging producers to market surplus females and lower-performing cows. Meanwhile, despite elevated supply, strong heavy steer prices continue to provide an incentive to turn off well-finished grassfed bullocks. Feedlot activity has also remained exceptionally strong, with annual feedlot turn-off exceeding 4 million head for the first time in 2025–26. Record feedlot throughput is expected to maintain momentum through the supply chain and support elevated processing volumes.

Forecast declines in global beef production are expected to tighten exportable supply from key competing markets, supporting demand for Australian product and helping maintain historically high slaughter volumes. However, as sustained turn-off progressively reduces cattle availability, adult cattle slaughter is forecast to ease to 9.2 million head in 2027 and 8.8 million head in 2028 – figures that remain elevated by historical standards.

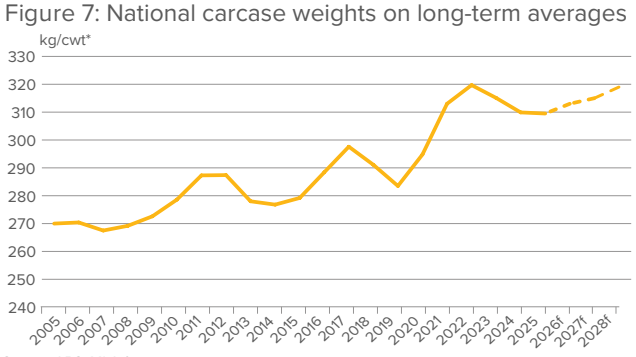
▶ Access MLA's National Livestock Reporting Service weekly slaughter report: mla.com.au/prices-markets/slaughter

Carcase weight

Average cattle carcase weights are expected to increase through to 2028, supported by a combination of changing slaughter composition, continued feedlot expansion, favourable seasonal conditions and long-term improvements in genetics.

Carcase weights eased through the first half of 2026 as females accounted for a comparatively large share of slaughter. This trend is expected to moderate through the second half of the year as a greater proportion of steers and bullocks move through the supply chain. These cattle typically carry heavier carcases than females, supporting a lift in the national average through the remainder of 2026.

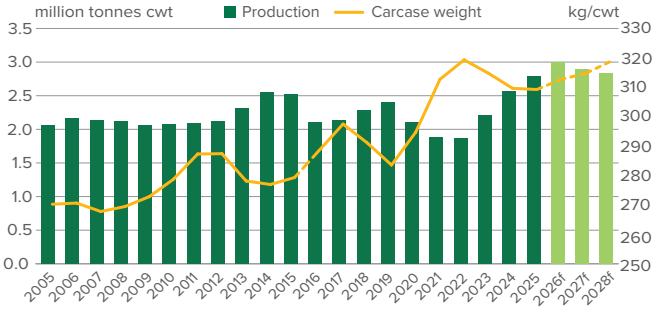
Figure 7: National carcase weights on long-term averages



Source: ABS, MLA forecasts
*cwt = carcase weight

Over the medium term, continued growth in the grainfed sector is expected to provide structural support to carcase weights. Feedlot capacity and throughput remain at historically high levels, increasing the proportion of cattle receiving a grainfed finish. As grainfed cattle generally achieve heavier and more consistent carcase weights than grassfed cattle, further expansion in lot feeding will continue lifting average weights. This is expected even as the current cycle of elevated slaughter moderates.

Figure 8: Cattle carcase weights and production



Source: ABS, MLA forecasts

Seasonal conditions are also supporting weight gain, particularly across northern Australia following several favourable years. Strong pasture and water availability have enabled cattle to reach turn-off condition at heavier weights and, in some cases, enter feedlots at more advanced weights. Provided seasonal conditions remain supportive, this should continue to underpin carcase weights through 2027 and 2028.

Long-term genetic improvement provides an additional underlying driver. Continued selection for growth, weight-for-age and carcase performance has progressively lifted the productive potential of the national herd. These gains are structural rather than seasonal and, together with improvements in nutrition and finishing systems, are expected to support the longer-term upward trend in Australian cattle carcase weights.

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 to 55% share of total cattle throughput.

Production

Beef and veal production is forecast to reach a record of just over 3 million tonnes carcase weight in 2026, before easing modestly through 2027 and 2028. While the national herd is expected to decline over the outlook period, production is forecast to remain comparatively resilient as higher carcase weights increasingly offset lower slaughter volumes.

Record production in 2026 is being driven primarily by historically high slaughter, combined with average carcase weights that remain only slightly below the record levels reached in 2022. Maintaining carcase weights at historically high levels despite record cattle throughput highlights the productive capacity of the current herd. As slaughter moderates through 2027 and 2028, further increases in average carcase weights are expected to play a greater role in supporting total beef output.

Continued expansion of grainfed production, long-term genetic improvement and supportive seasonal conditions are expected to underpin further gains in carcase weights over the outlook period. These structural improvements in productivity should allow the industry to maintain elevated production from a smaller cattle base.

By 2028, Australian beef and veal production is forecast to remain above 2025 levels despite a smaller national herd and lower slaughter. This reflects an ongoing lift in kilograms of beef produced per animal and highlights the increasing contribution of productivity gains to national beef output.

Stock turn-off ratio

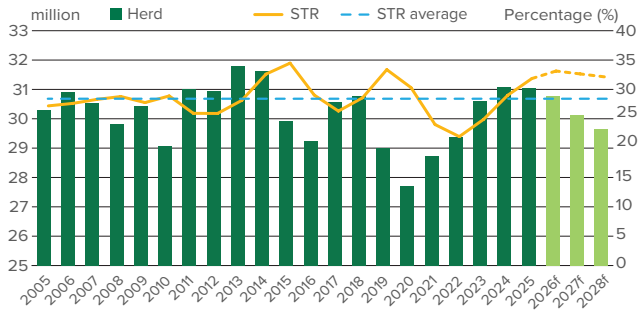
The stock turn-off ratio (STR) is forecast to peak at 33% in 2026, reflecting record slaughter and strong cattle turn-off relative to the size of the national herd. Strong global beef demand, favourable market signals and increased production efficiency are supporting elevated throughput from the available cattle base.

The STR is forecast to ease gradually through 2028 as slaughter moderates and cattle availability tightens. While the ratio remains above its long-term average, it should be interpreted primarily as a measure of turn-off intensity rather than as a standalone indicator of herd contraction.

Changes in herd composition, reproductive performance, finishing capacity and the speed at which cattle move through production systems have increased the level of turn-off that can be sustained from a given herd base. As a result, the elevated STR is consistent with a more productive and faster-moving cattle system.

Over the longer term, the ratio is expected to trend closer to its historical average as slaughter and herd size progressively rebalance.

Figure 9: Stock turn-off rate (STR)



Source: ABS, MLA forecasts

Live cattle exports

Australian live cattle exports fell by 25% year-on-year during the first seven months of 2026, driven by lower trade volumes across major markets. Sustained high cattle prices in northern Australia, exchange rate movements, importing-country policies and increasing competition from alternative sources of red meat have all contributed to the decline.

An extended wet season across the NT supported cattle prices and delayed access to some properties, contributing to periods of tighter supply. At the same time, strong domestic demand continued to draw Queensland cattle south and east into feedlots and processing systems. This shift is reflected in Townsville recording its lowest export volumes for the first seven months of at least the last ten years, while Darwin remained the principal live export hub, supported by consistent trade through Broome.

Indonesia remains the dominant market, accounting for around 79% of Australian live cattle exports in 2026. Trade has remained challenging, with high Australian cattle prices, a relatively strong Australian dollar, and a weaker Indonesian rupiah against the US dollar increasing costs for importers. Higher shipping costs associated with geopolitical disruption have added further pressure to feedlot margins. Indonesian government settings around cattle sale prices have also limited the capacity of lot feeders to pass higher input costs through the supply chain.

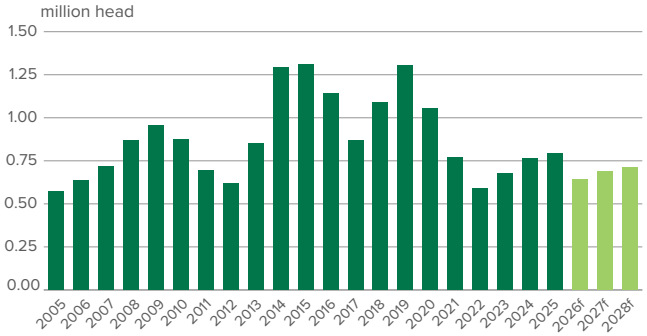
Although underlying demand remains, frozen beef imports from Brazil and India continue to compete with Australian live cattle in the affordable protein segment. The earlier timing of Ramadan in 2027 is expected to support Indonesian buying activity in the second half of 2026. Yet, importers are likely to remain cautious following the margin pressure experienced through the year.

Vietnam has also recorded historically low Australian cattle imports in 2026, influenced by many of the same price and currency pressures affecting Indonesia. Competition from live cattle sourced from Thailand through Laos has increased, while frozen beef imports continue to supplement domestic red meat supply. Rising Thai cattle prices and any easing in Australian cattle prices later in 2026 could improve the relative competitiveness of Australian cattle and support some recovery in shipments.

The Philippines has overtaken Vietnam as Australia's second-largest live cattle market. This has been driven by established importers, with integrated feedlot and processing systems, supplying higher-quality fresh beef to the domestic market. Türkiye has also remained an important destination for Australian dairy cattle.

Competition across price-sensitive red meat markets is expected to remain strong. Higher input and freight costs, alongside increasing availability of lower-cost beef from suppliers, including Brazil and India, continue to influence demand for Australian live cattle. However, fresh beef supplied through live cattle systems remains an important part of several key markets. Export volumes over the remainder of 2026 will therefore depend largely on Australian cattle prices and availability, exchange rates, seasonal conditions and importer margins.

Figure 10: 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/livelink

Key and emerging issue

Market access

Shifting trade dynamics, geopolitical tensions and evolving market access conditions are creating both risks and opportunities for Australian producers and exporters as they navigate an increasingly complex and competitive global trading environment.

China tariff and surge in exports ahead of quota trigger

At the end of 2025, China introduced a three-year country-specific safeguard system for imported beef following concerns about the impact of rising imports on domestic cattle producers. Under the policy, major supplying countries, including Australia and Brazil, received annual quota allocations, with a 55% tariff applied to volumes exceeding these limits. As China is the world's largest beef importer, the measure has altered global trade flows and increased competition in alternative export markets.

Australian beef exports to China previously operated under conditions stipulated in the China-Australia Free Trade Agreement (ChAFTA). These arrangements have been temporarily suspended while the global safeguard is in force. The impact of the latter resulted in significant tonnage exported in the first half of 2026 as exporters and importers accelerated shipments before China's safeguard quota was exhausted. The strong volume reflected market efforts to secure product under preferential (0%) tariff arrangements before the higher duties came into effect.

Once the 205,000-tonne quota was reached in late June, a 55% out-of-quota tariff was automatically triggered, resulting in most exporters redirecting product into alternative markets or putting product into freezers. The rapid pace at which the quota was filled highlights the continued strength of Chinese demand for Australian beef despite increasing trade barriers.

Other countries affected by the safeguard are also expected to divert product into destinations such as the United States, Japan, Korea and Southeast Asia, thereby creating a more competitive global trading environment for the Australian beef industry.

Korean tariff and market access challenges

South Korea remains one of Australia's most valuable beef export destinations, supported by the Korea-Australia Free Trade Agreement (KAFTA). However, safeguard mechanisms within the agreement can and temporarily will increase tariffs when Australian exports exceed predetermined quota volumes. Strong demand and reduced US beef availability saw Australian shipments surge in 2026, resulting in the Korean safeguard being triggered earlier than ever before. This increased the tariff rate on additional shipments from 5.3% to 24% for the remainder of the year.

While underlying demand in Korea has remained relatively resilient, the higher tariff has reduced Australia's price competitiveness. Combined with a weaker Korean won, this has begun to weigh on importer demand for Australian beef. The safeguard will reset on 1 January 2027, with exports expected to strengthen as lower tariff settings are restored. The safeguard mechanism is scheduled to be fully phased out by 2028.

US herd contraction and trade policy

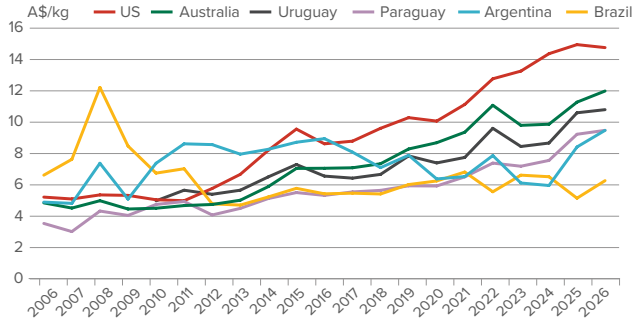
Herd contraction in the US has constrained beef production at a time when global demand remains relatively strong across many markets. The US cattle herd was at the lowest level at the start of 2026 in 75 years, resulting in lower domestic beef production and increased demand for imported product. For Australia, the US has remained a key customer for grassfed beef exports, accounting for around 40% of shipments in 2025.

The US government had previously prioritised policies aimed at supporting domestic beef production and reducing reliance on imports. However, tightening domestic supply is increasing the need for imports. In late August, the US temporarily expanded its ‘other country’ beef tariff rate quota by 300,000 tonnes, specifically for lean beef trimmings used in ground beef production, for imports permitted between September and November 2026. This quota development is not directly targeted at Australia, as Australian beef already enters the US market tariff and quota free under the Australia-US Free Trade Agreement. Nevertheless, the ongoing US production shortage is expected to continue supporting Australian export opportunities in the near term.

Global trade landscape

The global beef market is operating in an increasingly complex trading environment, shaped by shifting supply, strong demand and evolving trade conditions. Australia remains well positioned, with the average export value of Australian beef among the highest of major exporting countries. This reflects both the value of Australian product and the customer and market mix Australia trades into, including a strong presence in higher-value markets.

Figure 11: Average export value AUD$/KG for major beef exporting countries: 2006–2026



Source: Trade Data Monitor

United States (US)

Production:

US cattle herd numbers have lifted slightly to 94.2 million head as of July 2026, marginally higher from the 94 million head recorded in July 2025 and up from 86.2 million head in January 2026. Key indicators continue to point to tight cattle supplies, with year-on-year calf availability for feedlot placements expected to remain constrained through late 2026. Slaughter rates also continue to track below historical averages, totalling 29.3 million head in 2025 and 15.9 million head during the first six months of 2026, reflecting limited cattle availability and ongoing supply constraints.

The herd liquidation cycle that began in 2019 with the support of recent inventory numbers could be considered as stabilising, but it is too early to understand if a herd rebuild is underway. National climatic conditions are an important factor to consider, according to the US Drought Monitor, approximately 58% of US cattle-producing regions remain affected by drought conditions. Seasonal conditions have shown minimum improvement through the first half of 2026, with drought intensity prevalent across several key cattle-producing areas including the High Plains, West and South. Continued moisture deficits are limiting pasture recovery and delaying large-scale herd rebuilding efforts, which is expected to keep US cattle supplies tight and support demand for imported beef throughout 2026 and into 2027.

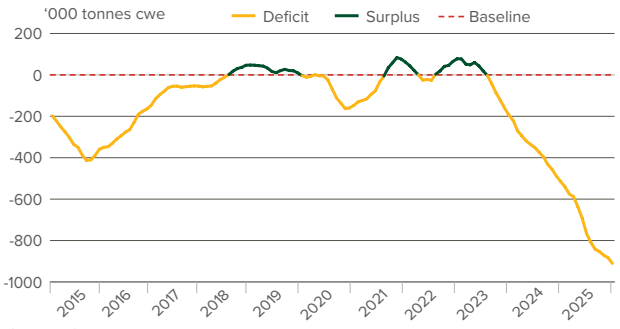
Trade:

An increasing gap between domestic beef production and consumption has supported robust demand for imported beef. Consequently, US demand for Australian beef remains strong and is expected to continue in the forecasted period. Australia exported 243,292 tonnes of beef to the US in the first six month of 2026, up 20% from the first quarter of 2025, making Australia the largest supplier of imported beef to the US.

Competition within the US import market is increasing, with Brazil approaching the 2026 China quota. New World screwworm detections also resulted in a temporary ban on Mexican cattle imports, although this restriction has since been lifted. Canada remains a consistent importer into the US, with tonnage increasing each year. Growing import availability has contributed to downward pressure on imported beef prices, with the 90CL import price reaching its lowest level of 2026 at the end of Q2.

In 2025, Japan was the largest market for US beef exports, accounting for 27% of total export volume at 224,602 tonnes. This was followed by South Korea, representing 23% of exports, and Mexico at 11%. China was previously one of the top five destinations for US beef exports, with shipments peaking in 2022. However, in 2025, US beef exports to China had fallen by approximately 75%. This decline reflects a combination of factors, including ongoing trade tensions, export controls, and limited US supply.

Figure 12: US beef net trade balance (exports–imports) 2015 – 2025



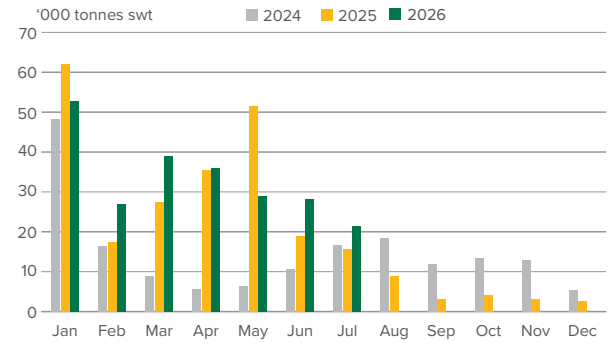
Source: USDA , Trade Data Monitor

Looking ahead:

US herd numbers are expected to remain low through the end of 2026. The timing of herd rebuilding remains uncertain due to ongoing climatic challenges, smaller calf crops and limited heifer retention. Returning cattle numbers to levels approaching those seen in 2020 is likely to take several years. Nevertheless, the recent slowdown in herd liquidation suggests the industry may be nearing the beginning of a rebuilding phase from mid-2027, although seasonal conditions and producer retention decisions will remain critical in determining the pace of recovery.

With herd numbers expected to remain low for the remainder of the year, slaughter volumes are also likely to stay constrained until the herd rebuilds. As a result, US beef imports are expected to remain elevated, while exports are likely to stay low. This imbalance should continue to support strong import demand and contribute to tighter global beef supplies, increasing demand for beef from other exporting markets.

Figure 13: US Imports of Brazilian beef



Source: Trade Data Monitor

Brazil

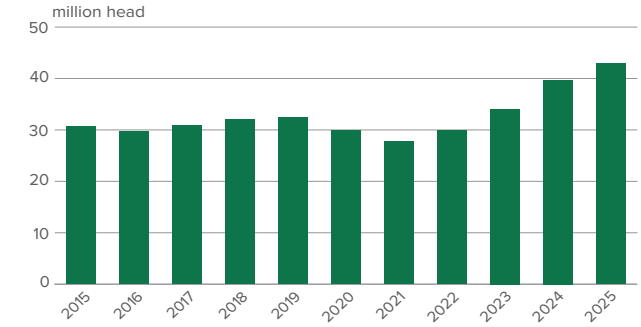
Production:

Brazil is well positioned in terms of global production, accounting for 12% of global beef production in 2025. Total Brazilian cattle slaughter reached 42.7 million head in 2025, up 8% year-on-year and the highest level 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).

Increased female turn-off also contributed to a slight decline in average carcase weights. This trend has continued into the first half of 2026, with carcase weights easing further as slaughter volumes dropped 7% below the final quarter of 2025.

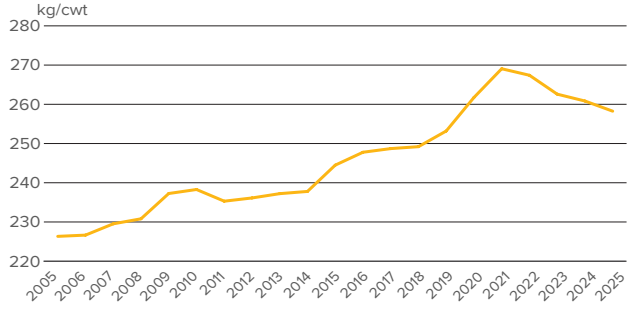
Brazil experienced highly variable climatic conditions throughout 2025 and into the first half of 2026. Heat stress and drought intensified across several key cattle-producing regions, particularly in the Centre-West, Southeast and Northeast, reducing pasture quality and forage availability. Although conditions improved during 2026, the lingering effects of adverse weather continued to constrain cattle performance, contributing to lower weight gains and a decline in average carcase weights, as illustrated in Figure 15.

Figure 14: Brazil national cattle slaughter: 2015–2025



Source: Brazilian Institute of Geography and Statistics (IBGE)

Figure 15: Brazil national carcase weight on yearly average: 2005–2025



Source: ABS, MLA forecasts

Slaughter rates have slightly dropped back in the first quarter of 2026 but are still ranked the fifth highest quarter on record. Strong export demand supports this rate but as the year ends, we can expect figures to ease slightly as Brazil enters a herd rebuilding stage.

Trade:

Brazil's beef export momentum continues to strengthen. After expanding by 168% between 2015 and 2025, reaching a record 3.5 million tonnes last year, exports have maintained strong growth into 2026.

China remains the cornerstone of Brazil's export program, accounting for 43% of first-quarter shipments. Volumes to China reached a record level, increasing 16% year-on-year. However, this growth trajectory is expected to slow significantly following the implementation of safeguard measures.

Demand growth has also been broad-based across other key destinations. Exports to the United States and Chile were both 29% higher than in the first quarter of 2025, while Hong Kong recorded a 6% increase. Indonesia emerged as the standout growth market, with first-quarter exports surging 5,639% year-on-year, making it a market to watch closely in the years ahead.

Brazil remains one of the world's most significant beef-exporting nations, accounting for approximately 20% of global beef exports and reaching over 140 markets. Supported by sustained production growth and expanding market access, the country has continued to strengthen its position in international beef trade over the past decade.

Looking ahead:

For the remainder of 2026, Brazilian beef exports to China are expected to remain subdued while the effective 55% tariff remains in place. Export demand is likely to soften, contributing to a decline in slaughter volumes as Brazil transitions into a herd rebuilding phase.

Brazil is also expected to shift a greater proportion of exports into alternative markets, with countries such as the U.S. likely to absorb part of the excess supply in the coming months. However, strong domestic beef demand in Brazil will be a key factor to monitor, as it will influence the volume of product available for export and the extent of any redirection into global markets.

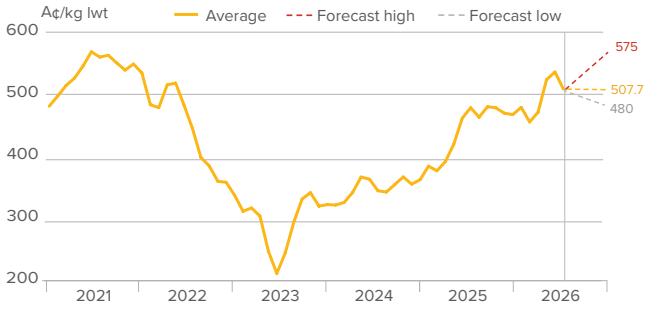
Prices

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 forecast price is calculated, along with a price range that reflects the analysts' upper and lower predictions. It should be noted that the range of forecasts analysts provided for this round of projections was significant:

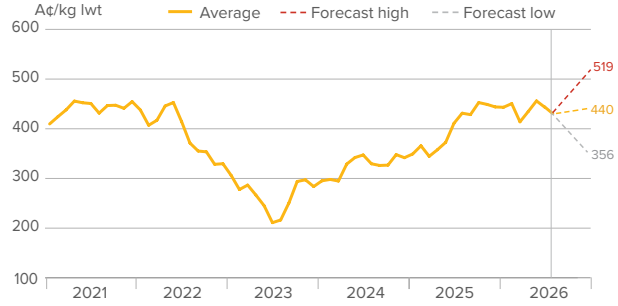
- The National Young Cattle Indicator (NYCI) is forecast to decline moderately, easing 2% to 502¢/kg liveweight (lwt) by 31 December 2026.
- The National Feeder Steer Indicator (NFSI) is forecast to fall, easing 4% to 508¢/ kg lwt.
- The National Heavy Steer Indicator (NHSI) is forecast to fall, easing 3% to 440¢/kg lwt.

Figure 16: Aggregated industry average feeder steer price forecast



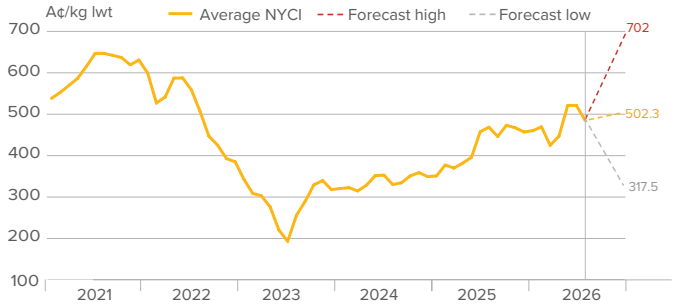
Source: Bendigo Bank, Australian Bureau of Agriculture and Resource Economics (ABARES), RaboBank

Figure 17: Aggregated industry average heavy steer price forecast



Source: Bendigo Bank, ABARES & RaboBank

Figure 18: Aggregated industry average NYCI price forecast



Source: Bendigo Bank, ABARES, RaboBank

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Looking ahead

The cattle sector enters the remainder of 2026 from a stronger position than anticipated in the March projections. More favourable seasonal conditions have supported cattle availability and contributed to a more gradual herd contraction. Over the medium term, a key consideration will be how long historically high turn-off can continue to draw on surplus and lower-performing females before placing greater pressure on the productive breeding base. As this buffer narrows, herd numbers are expected to ease through 2027 and 2028, although continued improvements in genetics, reproductive performance and finishing systems should support production from a smaller herd.

Processing and supply-chain capacity will remain important as cattle throughput stays historically high. Trade conditions also represent a key source of uncertainty. New and evolving trade measures may add friction to global beef trade, while Australian production costs and exchange-rate movements will continue to influence competitiveness and the ability to convert strong production into export returns.

Seasonal conditions remain the largest variable in the outlook. A strong Pacific warming pattern continues to increase the risk of below-average rainfall through spring and into summer, while the possible development of a positive Indian Ocean Dipole could reinforce drier conditions across southern and eastern Australia. If conditions deteriorate further or persist for longer than currently expected, cattle turn-off could increase and place additional pressure on processing and feedlot capacity, both already operating at high utilisation.

Based on conditions observed through 2026, the projections assume a gradual adjustment and average seasonal conditions over the medium term, while recognising that weather remains the principal risk to the outlook.