NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

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What Happened to Beef Prices?

Ok we have just come through the "Most wonderful time of the year" and with it comes some realizations of our common world. As much as we see many distortions we also are experiencing some stark realities that seem to be getting ignored by mainstream media and the propaganda machine AKA social media....

Back to our subject title above what has happened to beef prices? A recent article out of CBC Dec 2025 (yes we read Canadian content as well 🙂) highlighted the meteoric rise in beef prices and some of the factors going into the cost of a steak! Some of the highlights include - For the love of beef, this concept is that our culture has become more beef centric with BBQ lifestyles and a warm stew on a chilly winter day. Next and likely more quantifiable is that a bale of hay has gone from about $150 per bale to $250 to $300 per bale. The reasons for this are basically climate change and lower yields because of drought and scorched earth. We have also seen many years of head count decline in western Canada lending to the basic supply and demand equation of demand basically staying the same but less cows. Price curve moves higher.... The world has become so dynamic with tariffs and expanding international trade X the USA that we should expect this to remain in place going forward – HIGHER priced steaks... But inflation is fine
(sorry digression)!

What we are seeing going into 2026

Like every year in our history, we see everyone and their brother chiming in on what to expect with El Predicto and the like suggesting what we will see in 2026. The reality is that a lot of things have not really changed. Below is a list of a few of the highlights we are still dealing with that will remain critical to market confidence in the year ahead. Notable that this list is not exhaustive of all potential outcomes because like the world – things can happen that remain out of our control. Her are a few thoughts:

Bull Case

Let's face it the world has created a sense of confidence that no matter what happens (Pandemic shut down the world) global central banks will be there to pick up the pieces and fire up the money printing machines. This activity out of (independent?) central banks has been an activity since we have been on this great green earth. The US debt chart proves this, and we suspect that in our lifetimes this does not abate. The broader argument that has surfaced this year is INDEPENDENCE and the lack of or perceived lack of this has created the bigger move in commodity prices (rocks mostly, gold, silver, copper etc. et al). This is or could be a moment in time or our new reality. The future on this is somewhat biased to the new belief that the FED going forward will be less independent. Bottom line this is new reality.

This along with structural changes in the global financial construct ultimately begets liquidity – which basically means more liquidity or more money in the system. The market loves more money... Good news becomes good news, and bad news becomes more good news for the markets. I guess until it does not.

The other major structural change is – the global lack of alternative and the structural continued buying of stocks. We've fully embraced the religion of compounding, passive flows, and "markets must go up" as a rational societal belief system. Money (dollars) is continuously funneled into equities not because they're cheap, but because they're necessary. Retirement systems, political stability, and public confidence now depend on asset prices rising. Which is or ultimately supports structural inflation. Basically, the game plays on.

There are lots more realities we are dealing with, but this gets us to the basic premise of a continued melt up.

Bear Case

In the real economy these are underlying issues. Clearly the liquidity and or funding mentioned above bleed into other parts of the economy. Consider sub prime auto loans. You drive around and look at auto sales centers, and you now see ZERO percent financing almost everywhere. The USD number for the USA is staggering with a household debt that has climbed to nearly $18.6 trillion, with student loans, credit cards, and auto loans all showing rising stress as higher rates and persistent inflation squeeze borrowers from multiple directions. Not to worry because we have a new (Independent) FED chair coming in 2026 that has already expressed that he is Dovish (lower rates) (yet to be announced but we all know who it is - Hassett). This suggests that the consumer is tapped out. BUT you walk around in a US mall and buyers with bags are everywhere – maybe it's the last gasp...

Something could crack the market? This is always being bantered around, and it could be Crypto or the consumer, or sub prime debt for data centers and AI or something we don't see. Right now, there is lots of writing on the wall, but the market is somewhat illiterate. Basically, we have a Game On environment until we don't. Timing of such a change is part of the bear case that is and remains impossible to do.

Bottom Line

The sound from above detail is real and now fully and instantly absorbed into the market. The old theoretical construct of *"The Efficient Markey Hypothesis"* is alive and well and takes into consideration the CRAZY that many of us still have a hard time rationalizing – but for sure and for certain it is out there.

We will close this out to start off 2026 with the old pop culture saying of *"Where's the Beef"*!

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