

Industry Update

“You better cut the pizza into four pieces, because I’m not hungry enough to eat six.” – Yogi Berra

Consumers Beefing Up Protein Intake

Protein is America's newest nutritional obsession. Whether it is in the form of a protein bar, powder, coffee, or meat, consumers simply cannot get enough. In 2024, food makers introduced 97 new products with “protein” in their name, a more than 100% increase from the prior year. Items like protein waffles, protein cereal, and protein noodles are gaining popularity alongside more traditional items like protein bars and protein shakes. As a higher percentage of the population moves toward healthier diets, weight loss drugs also play into the obsession with protein. Those taking GLP-1 drugs such as Ozempic and Wegovy tend to lose muscle mass as they drop weight. This leads to people consuming massive amounts of protein in order to offset muscle loss and maintain a healthy-looking physique.

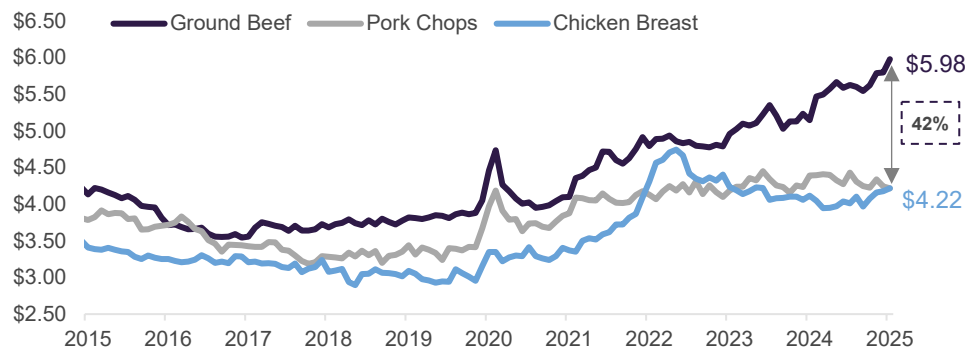
As consumers look to add protein to their diet, they are looking for more cost-effective ways to do so. For 80% of U.S. consumers, beef, poultry, or pork are their main source of protein. The price of beef has been rapidly climbing since 2023, due in part to the smallest U.S. cattle herd in 63 years, while the price of chicken has remained relatively flat. This has led to an increase in chicken consumption when compared to beef. Additionally, consumers have started to trade down from whole cuts of steak, such as rib eyes and tenderloins, to cheaper cuts such as ground beef.

GLP-1 Growth Slimming Down

GLP-1 drugs previously took the food world by storm, with potential to upend an industry built to deliver a massive number of calories to the American consumer. However, recent studies seem to indicate that GLP-1 drugs may be reaching a stable adoption level. According to a University of Illinois study, approximately 12% of consumers are currently using GLP-1 drugs, the same level as May 2024 based on a previous poll from KFF Health. This is not to say that GLP-1 drugs are losing their influence; rather, it seems that use of GLP-1 drugs has reached a plateau and will remain consistent in the near future. Retailers and restaurants have begun responding with plans for smaller portions and “GLP-1 Friendly” offerings.

As decision makers in the food industry, it is important to consider industry changing trends. Being innovative and agile allows for trends to be opportunities, rather than challenges. If the GLP-1 adoption rates continue to be around 10%, it would not require an overhaul of the industry. Rather, emphasis on things like taste, affordability, and nutrition will continue to resonate with consumers. The adoption of GLP-1 drugs can be viewed as an additional step in the consumer's shift towards a healthier, more natural relationship with food.

Retail Price per Pound of Ground Beef, Pork Chops, and Chicken Breast



The \$1.76 gap between chicken breast and ground beef is the largest ever.

Ground beef has been 11% more expensive on average than chicken breast since 2010—now it's 42% more.

Sources: USDA Economic Research Service, Purdue University Center for Food and Agricultural Business, University of Illinois Farmdoc Daily

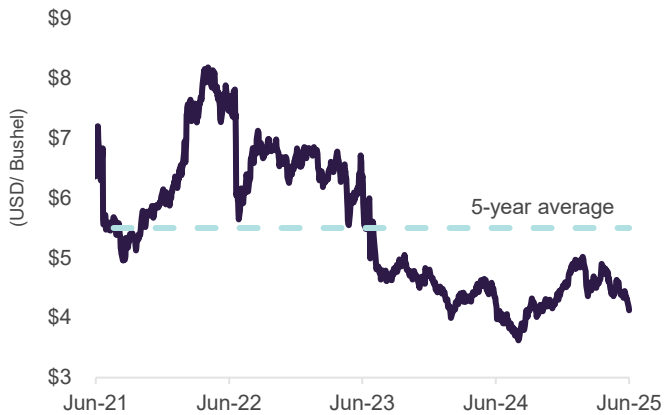


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Food and Agribusiness Commodity Dashboard

U.S. corn prices down after approaching 5-year average



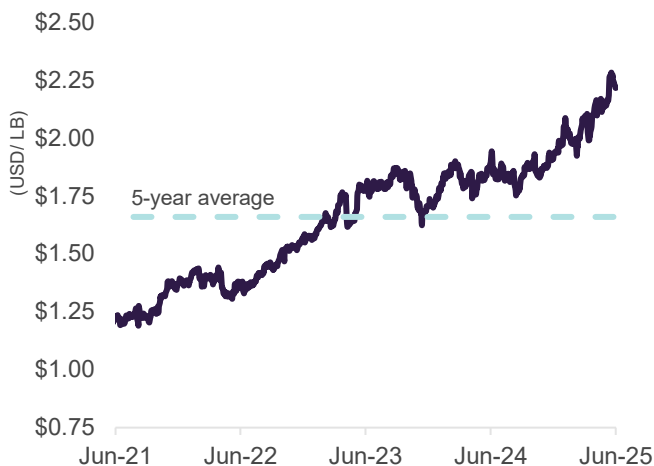
- Corn prices remain deflated amid expectations for a record U.S. corn crop. An additional five million acres are being planted compared to the 2024 season

U.S. soybean daily prices 19% below 5-year average



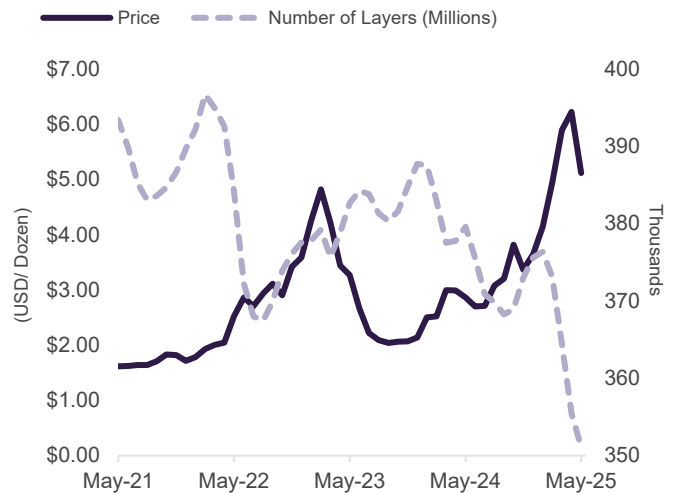
- A large global supply of soybeans continues to drag prices below the 5-year average, despite tighter U.S. ending stocks

USDA live cattle prices continue record climb



- Cattle prices have remained on a rapid incline since Q1 2024, causing beef packer margins to shoot down
- Cattle prices have been increasing due to a record low herd size caused by years of drought. With heifer on feed numbers remaining steady around 38%, there is no indication of imminent herd rebuilding
- Cattle prices are expected to remain elevated over the coming months as fewer cows are sent to market. The USDA is projecting cattle prices to peak in 2026 as herd rebuilding potentially begins

Egg prices cool some despite falling number of layers



- Egg hysteria has subsided some, as the cost per dozen dropped by 18% in the last month. Highly Pathogenic Avian Influenza (HPAI) will continue to be felt on the egg industry as recovering flocks take up to a year to get back to full production
- More than 130 million egg layers have been depopulated since the beginning of the outbreak, contributing to steep price increases since 2022. Volatility is expected to continue as producers rebuild flocks

Sources: Bloomberg, USDA, AgWeb Farm Journal, Data as of 6/25/2025