Securing the supply chain: The 2026 animal feed and pet food playbook

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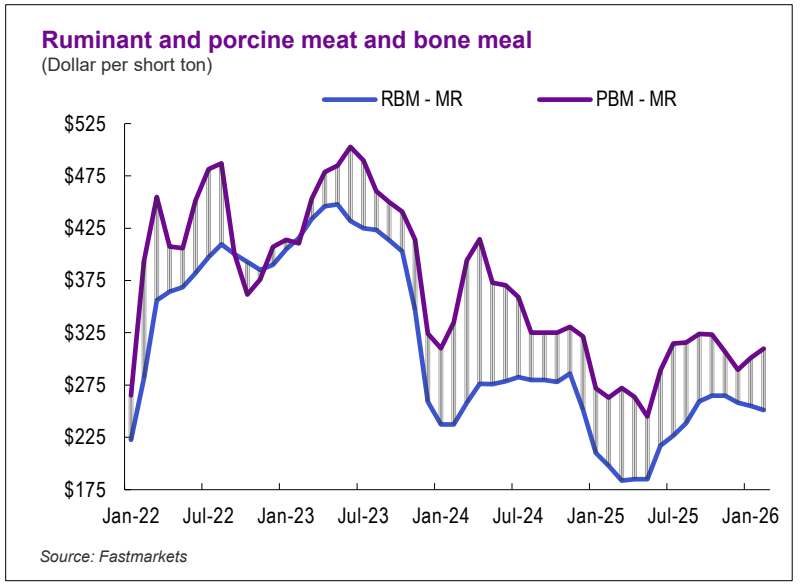
Chloe Krimmel, Veronika Prykhodko, Sarah Schneider

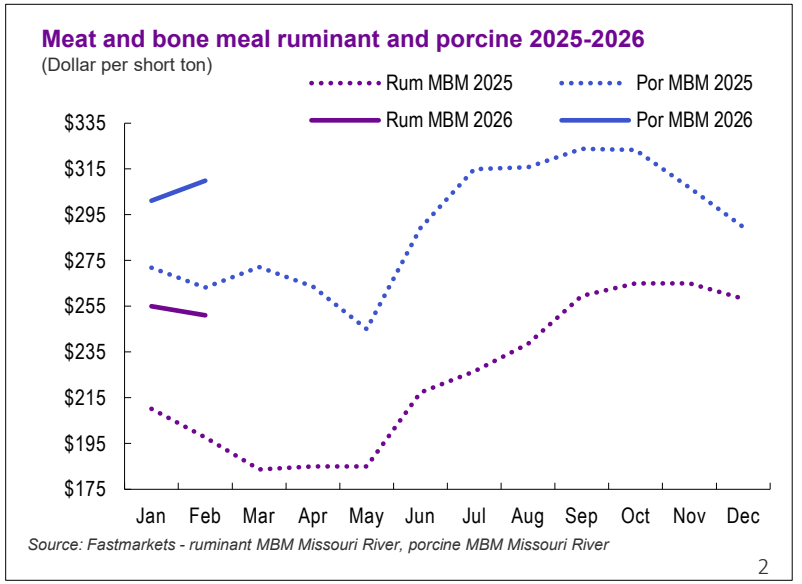
US meat and bone meal trends

- Prices at the end of 2024 and into 2025 were under negative pressure; even with decreased production, depressed soybean meal prices capped gains
- 2025 prices traded below 2024 due to formulation changes – higher focus on dollar per protein
- Lower production has kept a floor under the market in 2024 and 2025
- Prices at the end of 2025 and into 2026 higher - diminished production, supportive soybean meal prices



Ruminant meat and bone meal

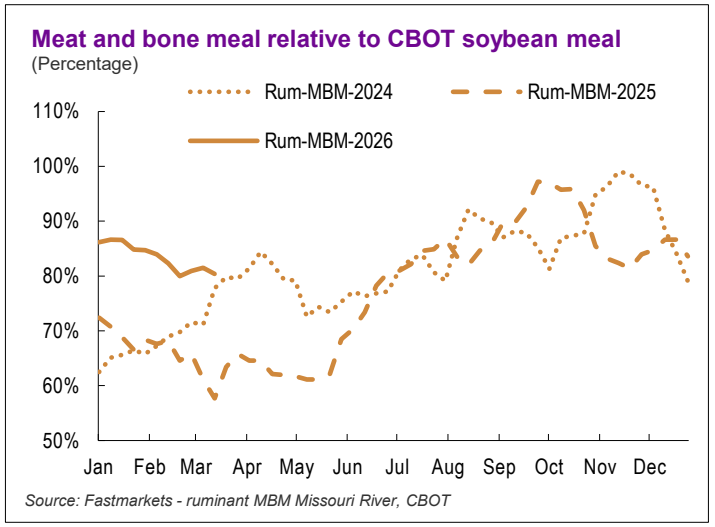
- Higher cattle weights are not expected to offset production from low head counts
- Price ranges remain wide on ruminant MBM due to mixed to pure beef spread
    - Mixed species meat and bone meal has higher supply to demand ratio
    - Pure beef meat and bone meal spot supplies have been tight

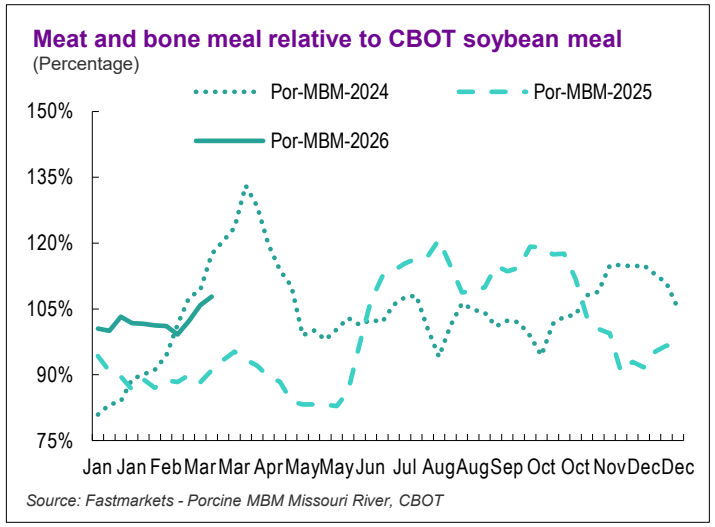


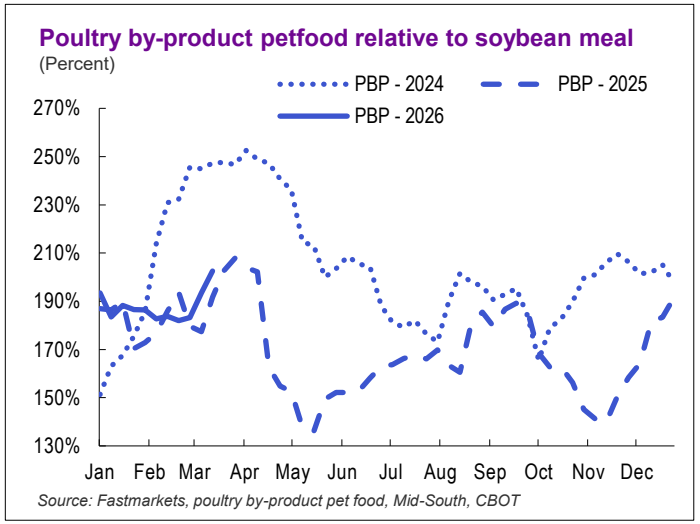
Porcine meat and bone meal

- Price trends comparable to ruminant meat and bonemeal; ranges tighter

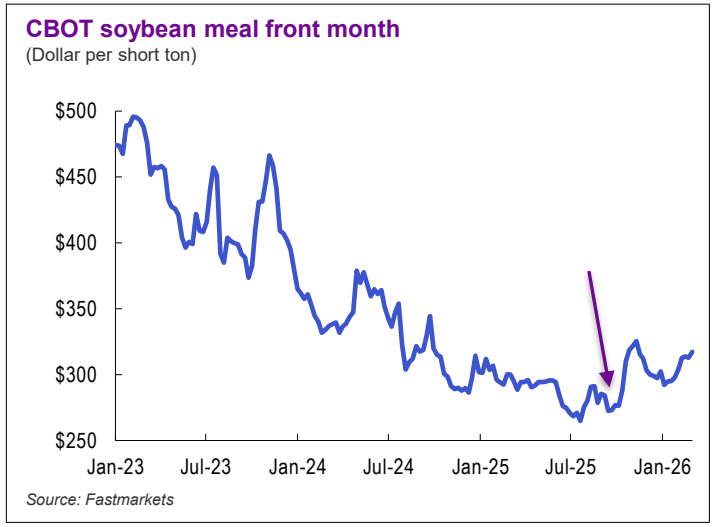
Soybean meal relative price to US animal proteins





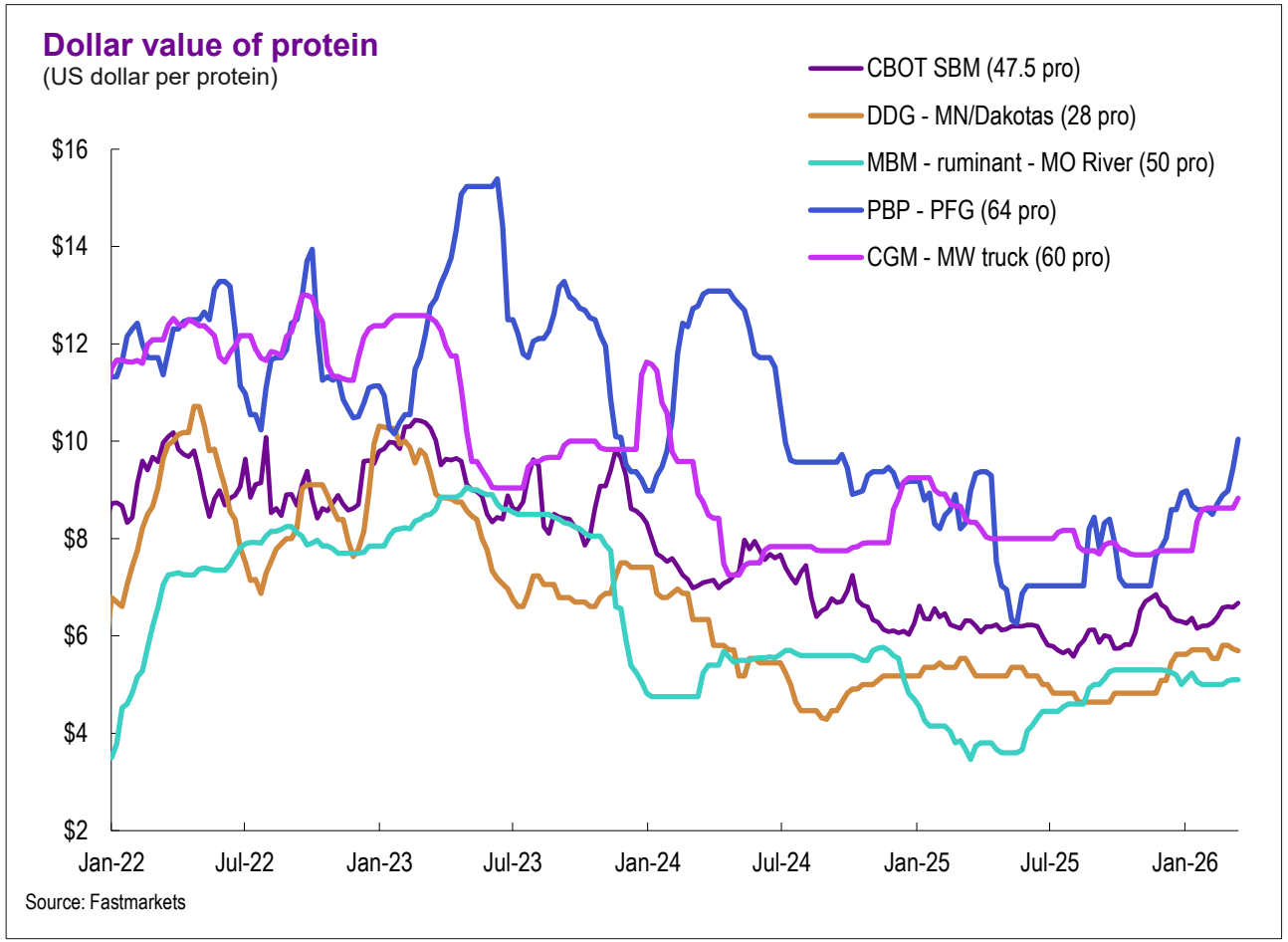


- Porcine and ruminant MBM relative to SBM trending higher than 2025 and 2024
- Poultry by-product pet grade is in-line with other years but less volatile
- Export demand has smoothed out – fewer tariff adjustments, active demand overseas



- Soybean meal relative to SBM is used due to the reliability, digestibility, liquidity, and transparent pricing
- In 2025 it changed: increased soybean crush, biofuel policies, and access to new trade regions.
- Soybean meal dominates protein meal volumes in the market

Shift to dollar per protein



Variability

Protein sources no longer move in lockstep

Processing, origin, and supply differences widened price dispersion

Soybean meal prices increasingly reflect oil and crush economics, not protein alone

Digestibility

Growing spread between crude protein and digestible amino acid value

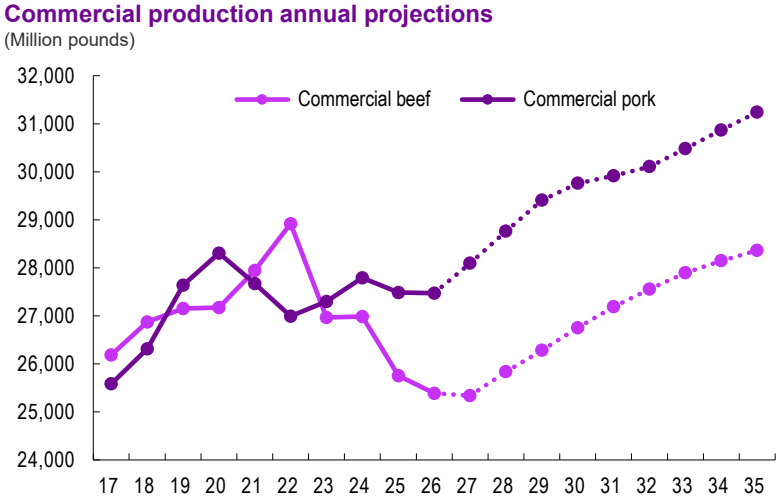
New and alternative proteins require pricing on usable nutrition, not inclusion rate

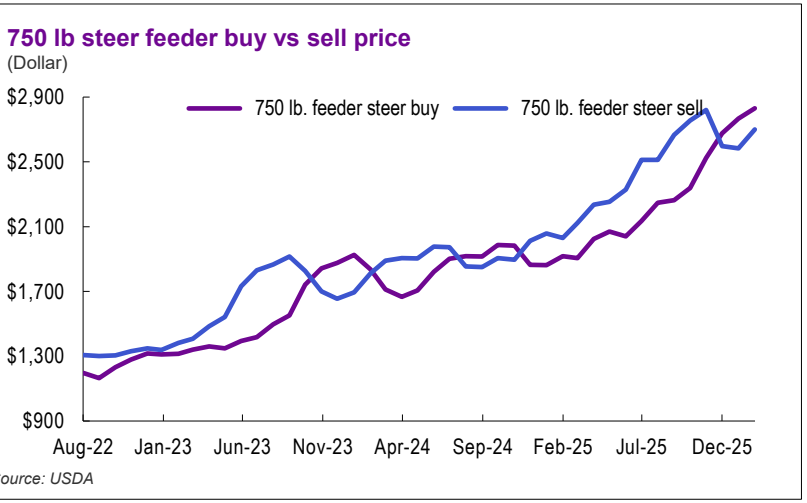
Margins

Tighter feed margins exposed formulation shortcuts

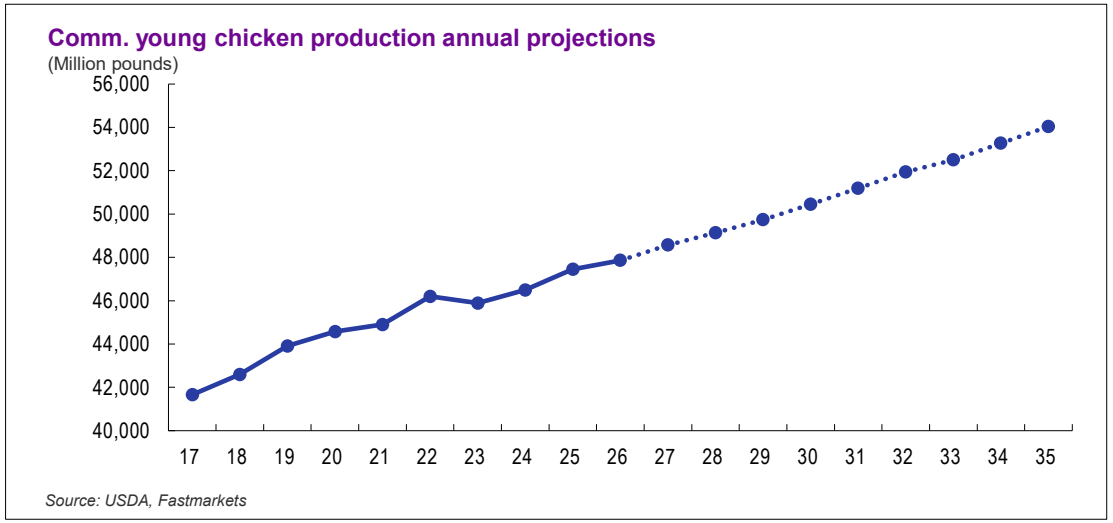
$/protein improved cost control and formulation accuracy

US livestock projections

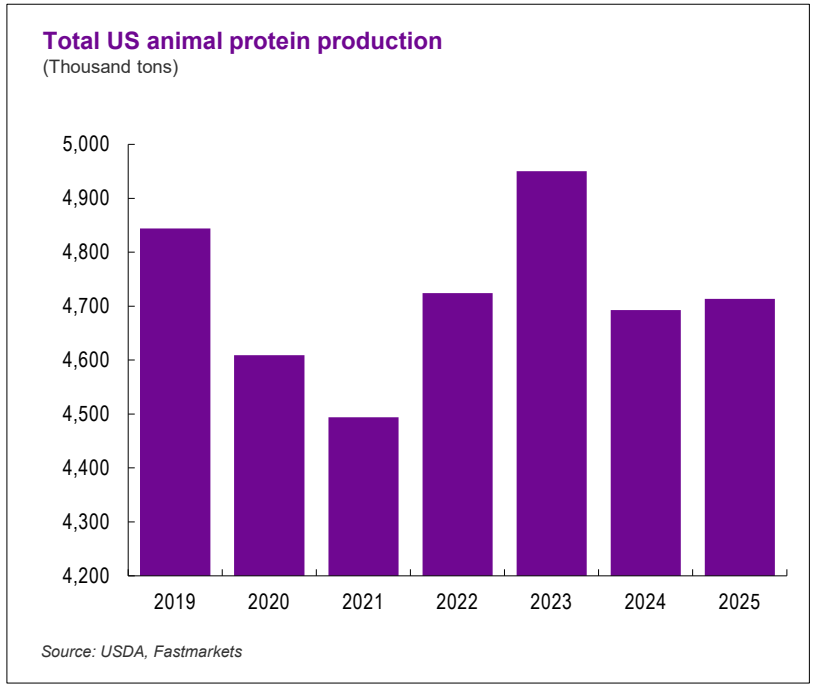


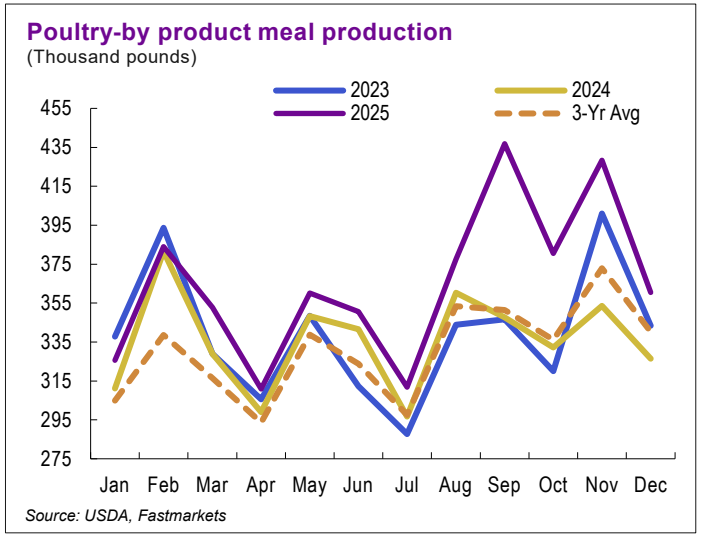


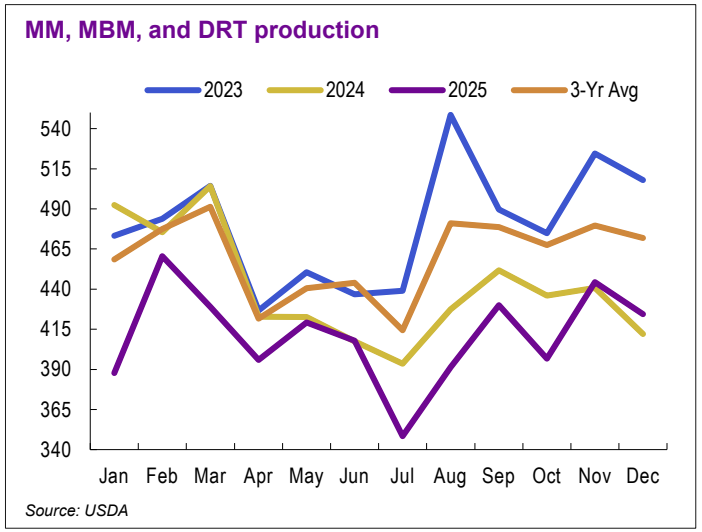
- Commercial young chickens projected higher year on year for next 10 years
  - Very active buyer interest on poultry meats
  - Short flock regrowth after disease or disappearances (5-7 weeks)
- Commercial pork projected higher following slight drop in 2026
  - 5-7 months to market ready
  - Building new structures
  - Proposition 12 in California and other states
- Commercial beef projected lower until a bottom in 2027
  - Slow herd rebuilding (18-22 months)
  - Producer margins started 2026 at $(35)



Total US animal protein production







9%

Total poultry by-product production for 2025 is 8.7% above 2024.

42%

Poultry meal made up 42.1% of total production. Up from 38.9% in 2024.

47%

Meat meal made up 47.5% of total production. Down from 51.1% in 2024

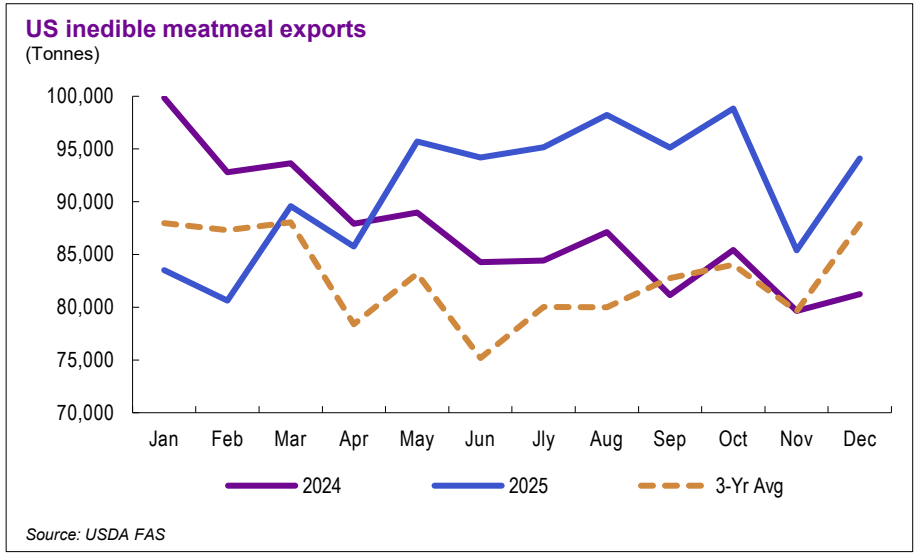
US export: IE MM and FM

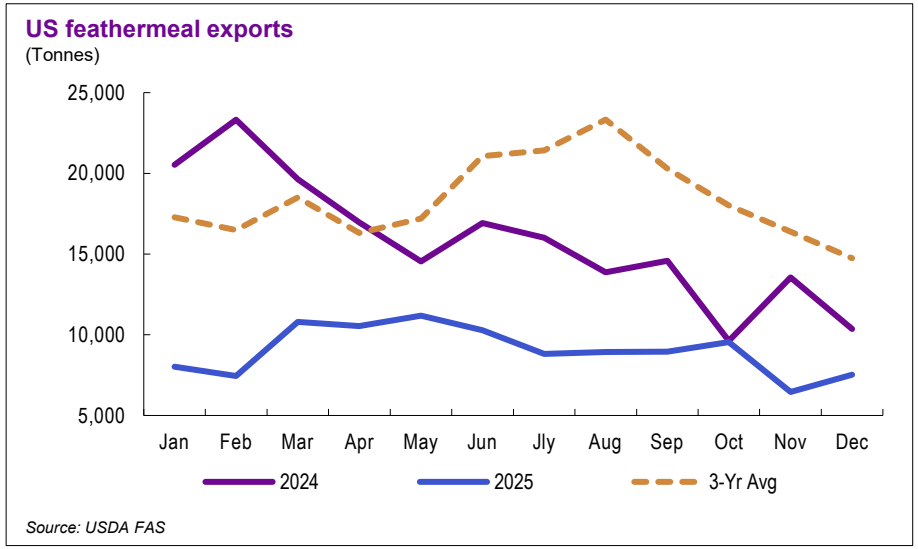
Meat meal, meat and bonemeal, and DRT: 2025 volume (tonne)

2025 total	Change from 2024
China – 180,485	-6.1%
Indonesia – 209,737	+13.4%
Mexico – 148,086	+15.8%
Vietnam – 331,123	+37.9%
Ecuador – 80,531	+44.3%

Feathermeal: 2025 YTD volume (tonne)

2025 total	Change from 2024
Indonesia – 40,913	-34.5%
Vietnam – 22,538	-56.6%
Chile – 33,613	-34.9%
China – 6,523	+12.2%





Demand shift

China lower due to tariffs

Indonesia, Mexico, Vietnam absorbing displaced volumes

New feed

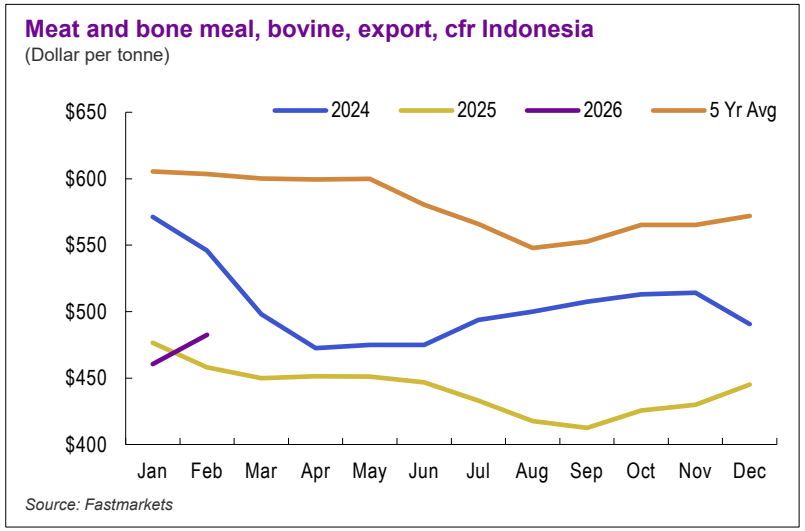
Meat and bone meal increasingly used as a cost-effective protein substitute in aqua and poultry feed

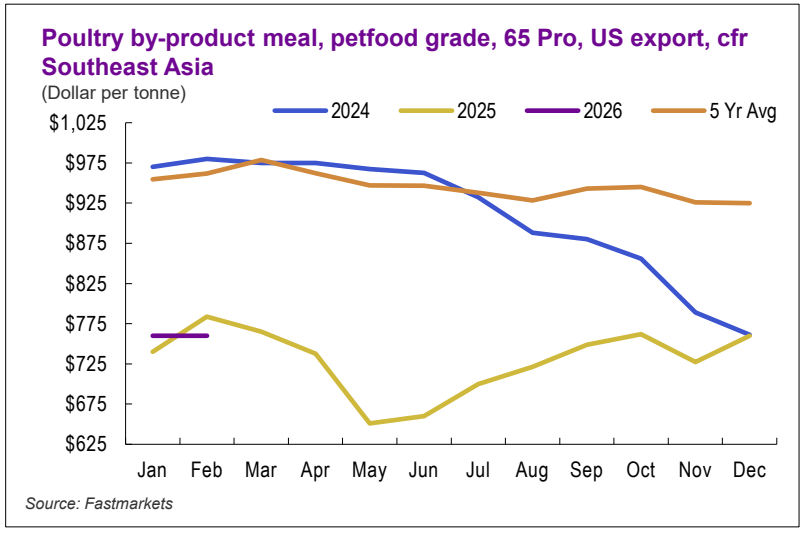
US supply disruptions

HPAI disrupted poultry by-product supply

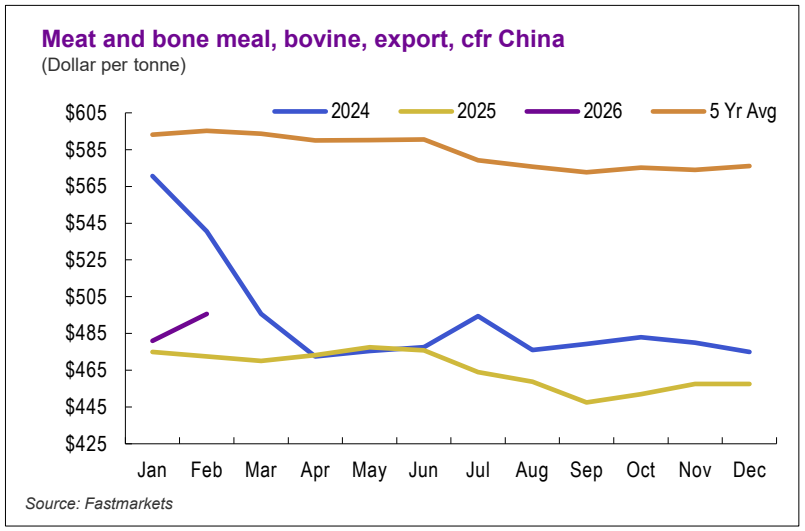
Lower feathermeal inclusion

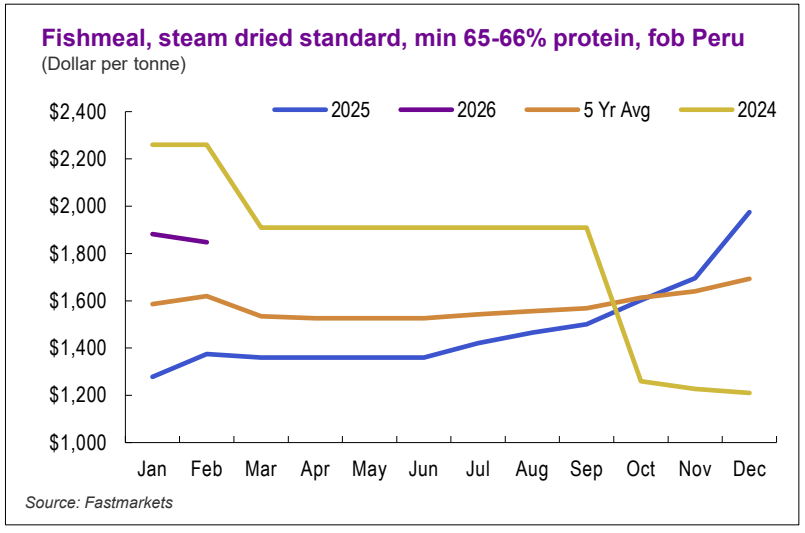
International and US export price overview



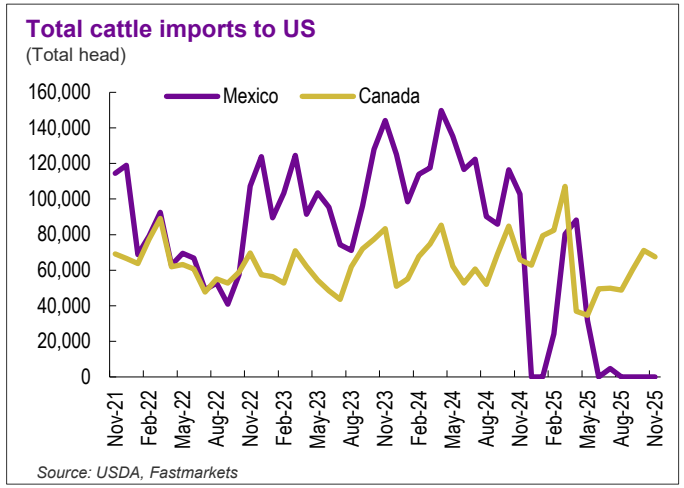


- Most international prices flat or under previous years
- Increased production from both Australia and Brazil
- Relative soybean meal price pressure
- Increased cost of freight
- Fishmeal demand is active and fishing has been limited in some regions





Factors impacting US animal proteins



Cattle imports:

- New World Screwworm in Mexico diminishing US imports of cattle

Calf headcounts:

- US calf headcounts have continued to drop since the peak in 2018

Heifer slaughter:

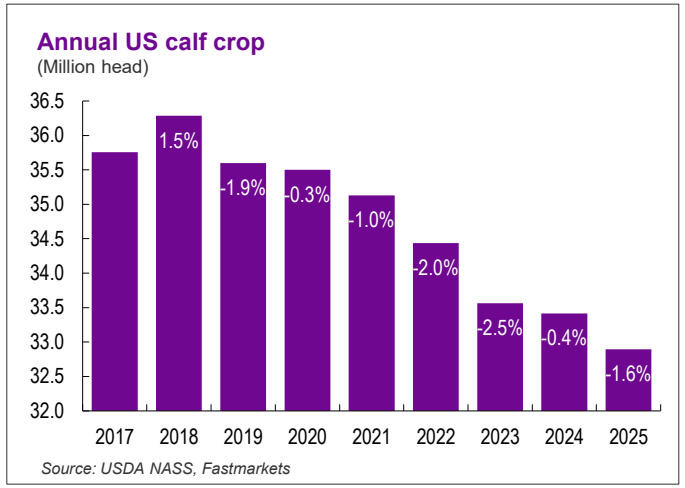
- Though decreased in 2025; kept heifers will not calf until early 2027.

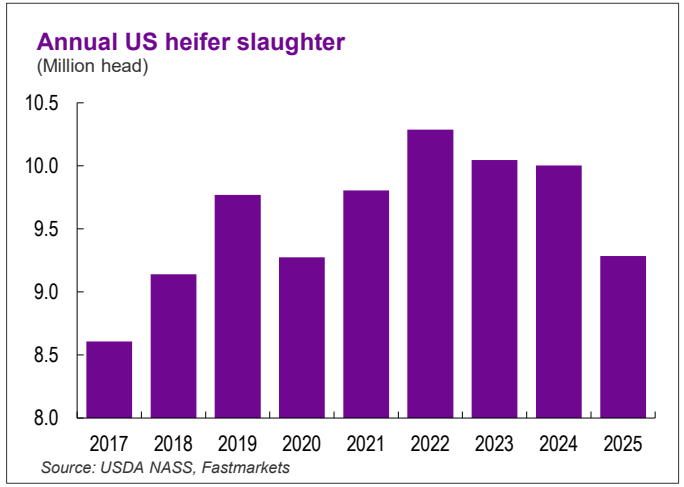
Animal viruses/diseases:

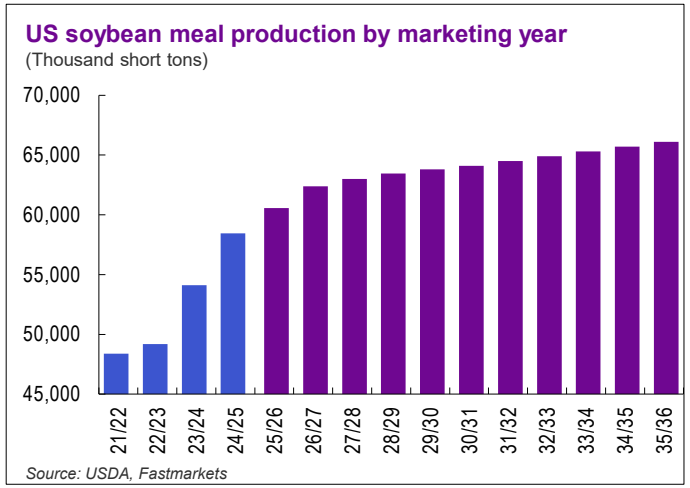
- Avian flu
- Swine flu
- PRRS
- Screw worm

Soybean meal production:

- Soybean meal production expected to move higher year-on-year for the next 5 years, minimum







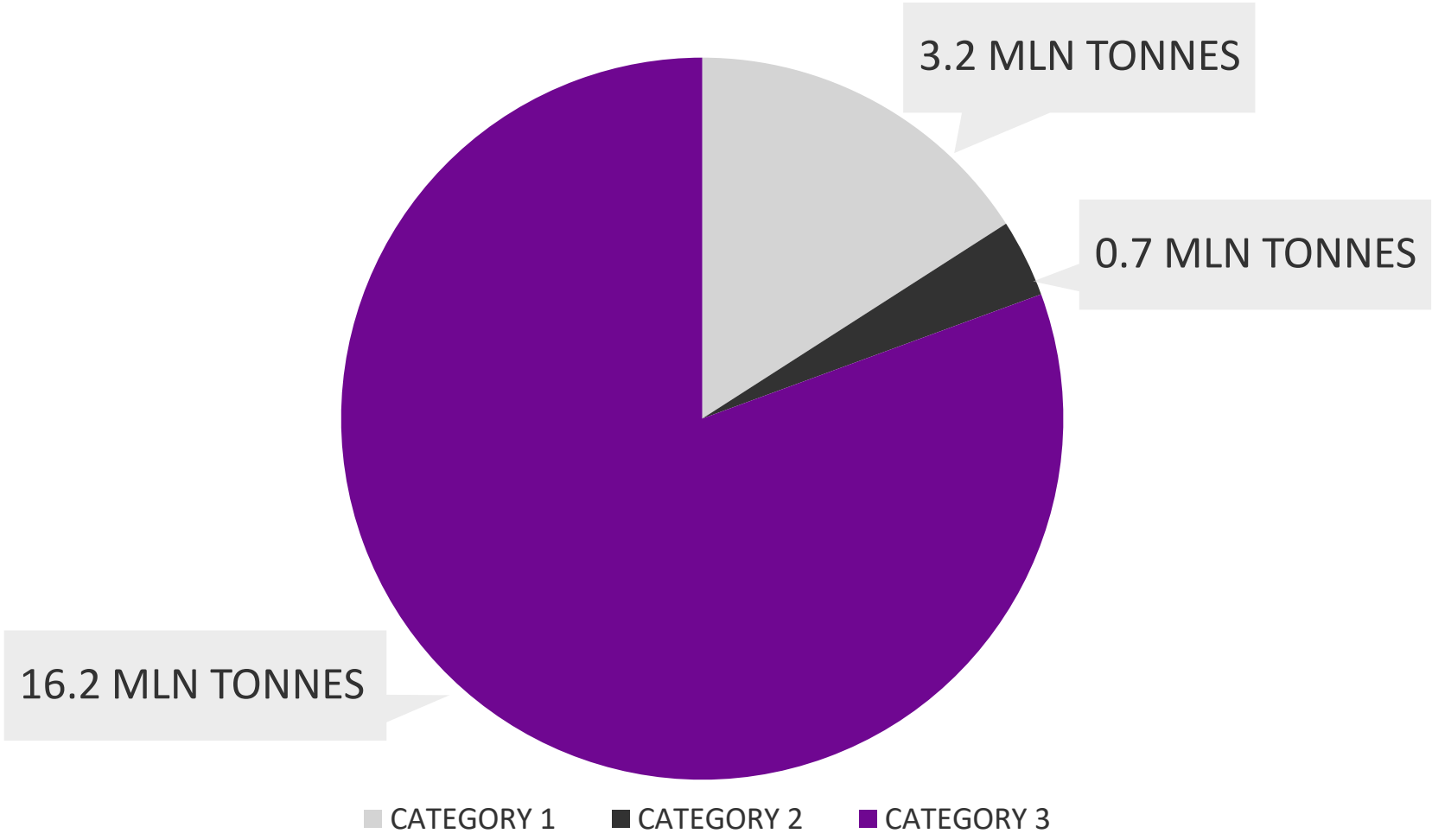
EUROPEAN CATEGORIZATION

Cat 1 (High Risk)

Cat 2 (Medium Risk)

Cat 3 (Low Risk) – derived from healthy animals

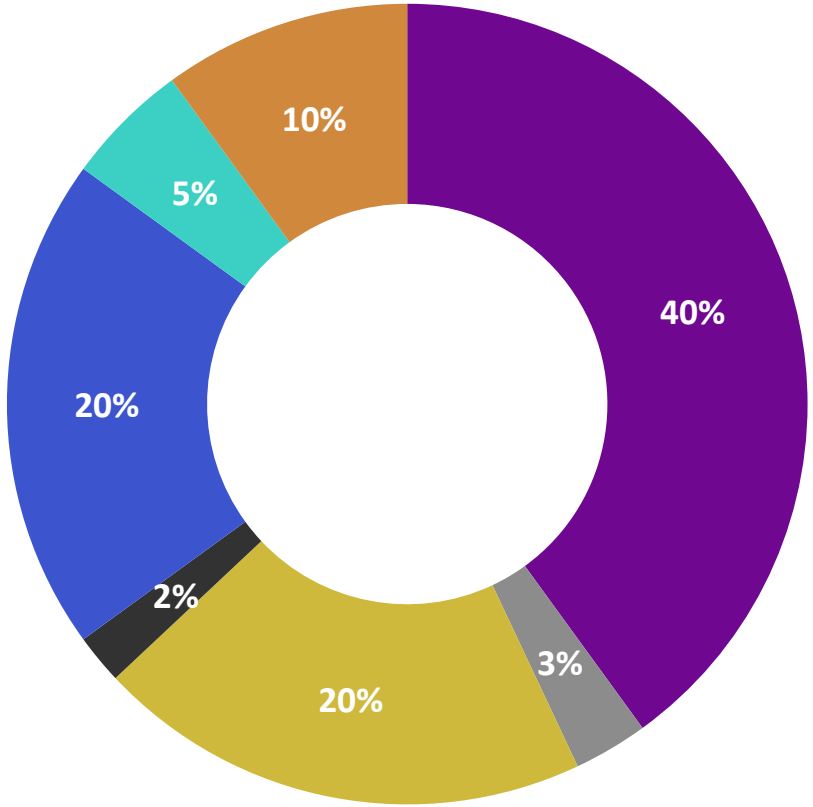
Over 80% of European fat and proteins are Category 3 certified



Source: European Fat Processors and Renderers Association (EFPRA)

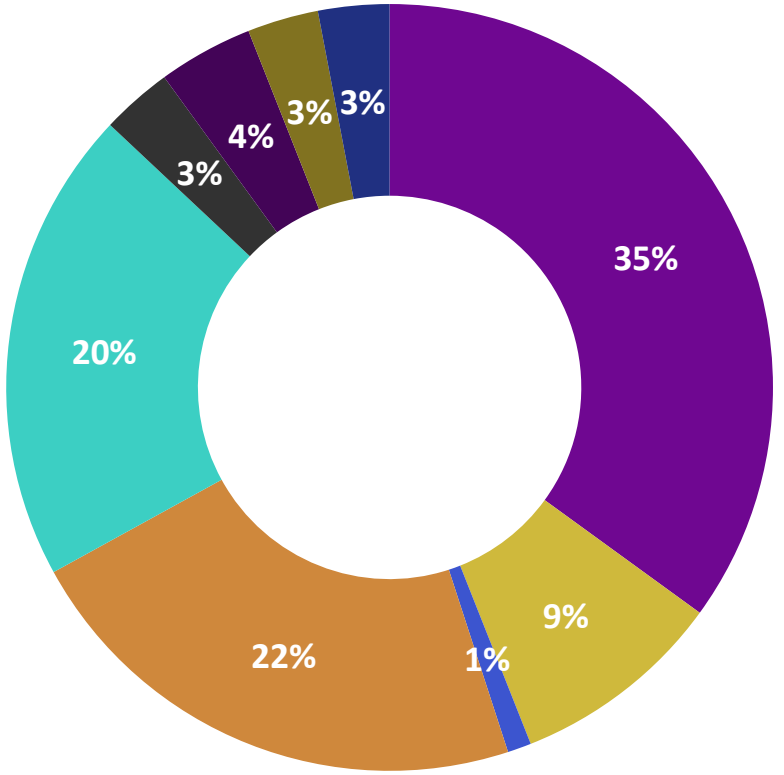
Porcine and avian fats and proteins dominate the European supply

CAT 3 FATS



MIXED FAT
BONE FAT
POULTRY FAT
PIG SKIN FAT
PIG FAT
TALLOW
LARD

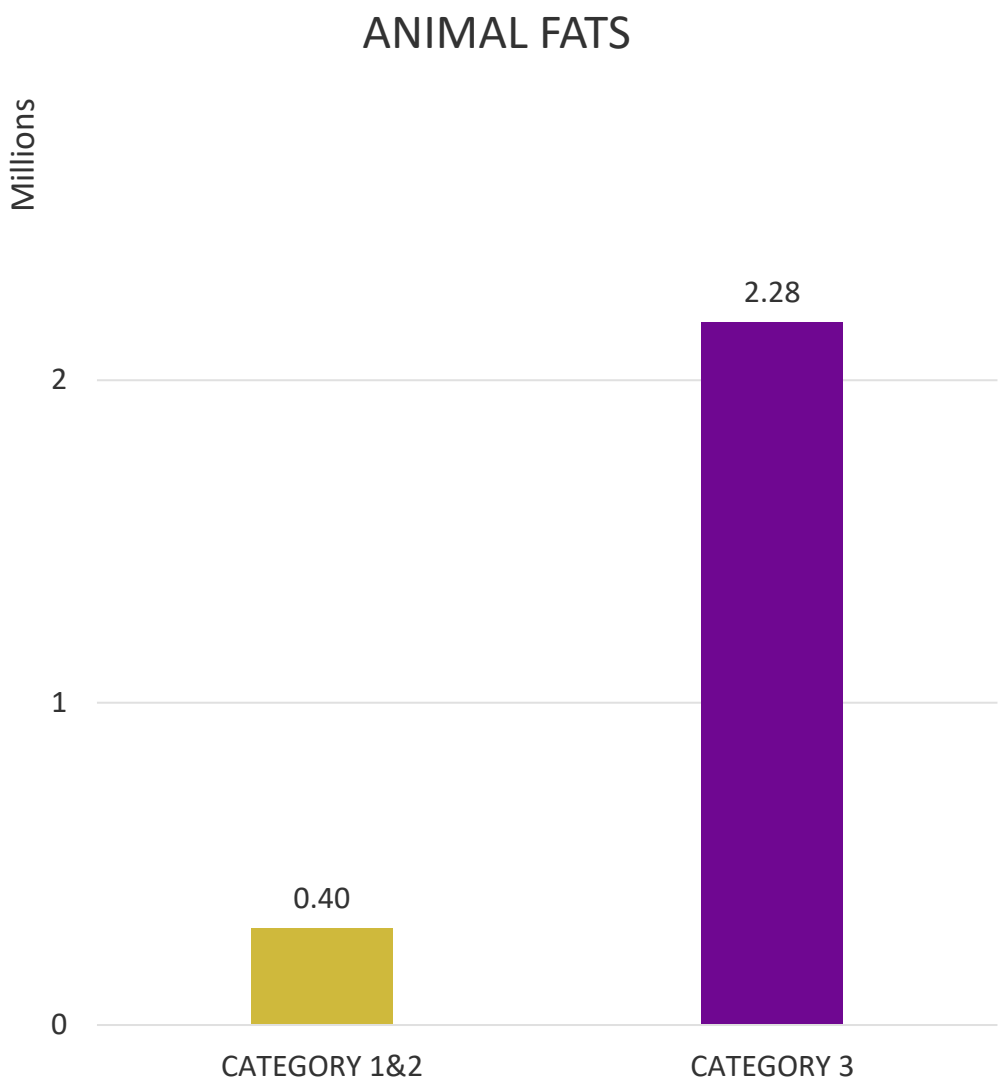
CAT 3 PROTEINS

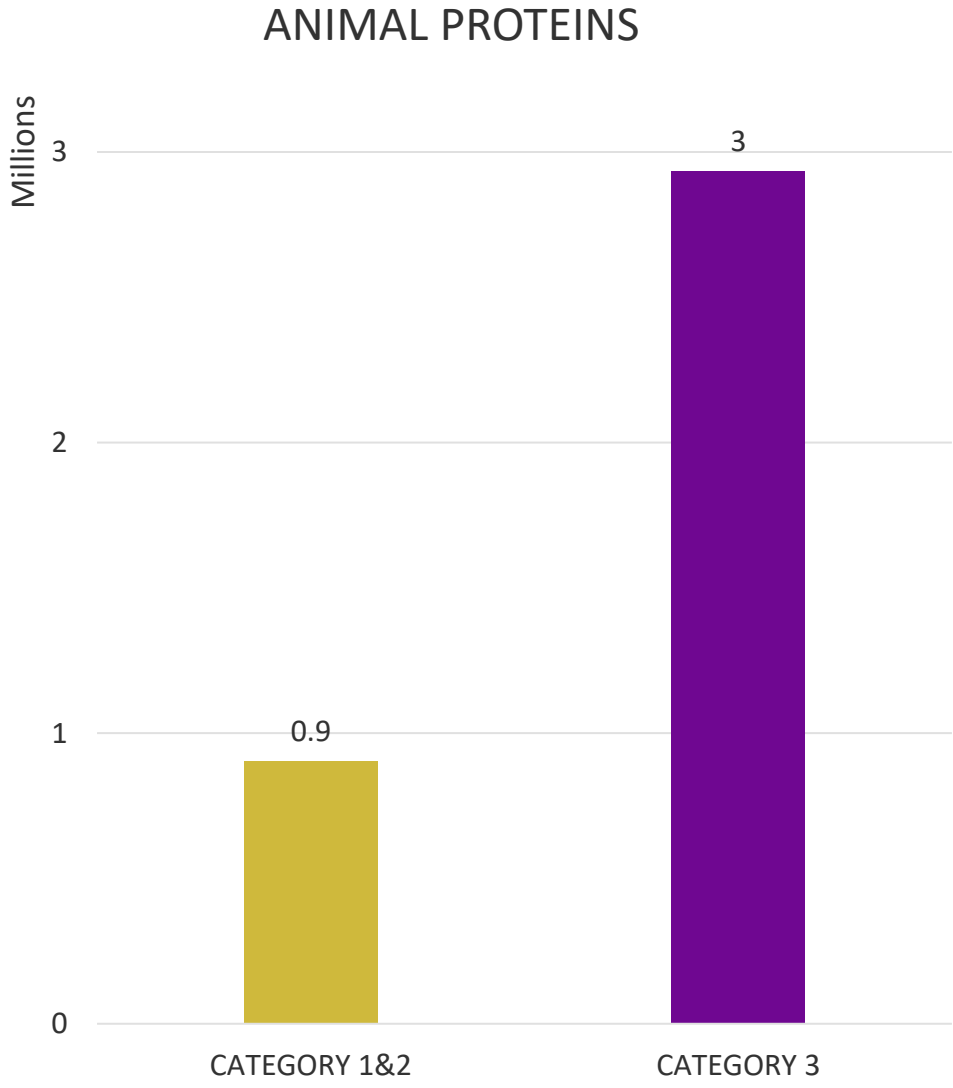


MIXED SPECIES
FEATHER MEAL
PIG HAIR MEAL
POULTRY MEAL
PORK MEAL
BLOOD MEAL
BLOOD PRODUCTS
GREAVERS MEAL
GELATINE BY-PRODUCTS

Source: European Fat Processors and Renderers Association (EFPRA), 2024 data

6.33 million tonnes of animal fats and proteins are produced annually





Source: European Fat Processors and Renderers Association (EFPRA), 2024 data

ANIMAL FATS AND PROTEINS USE

391,000 tonnes

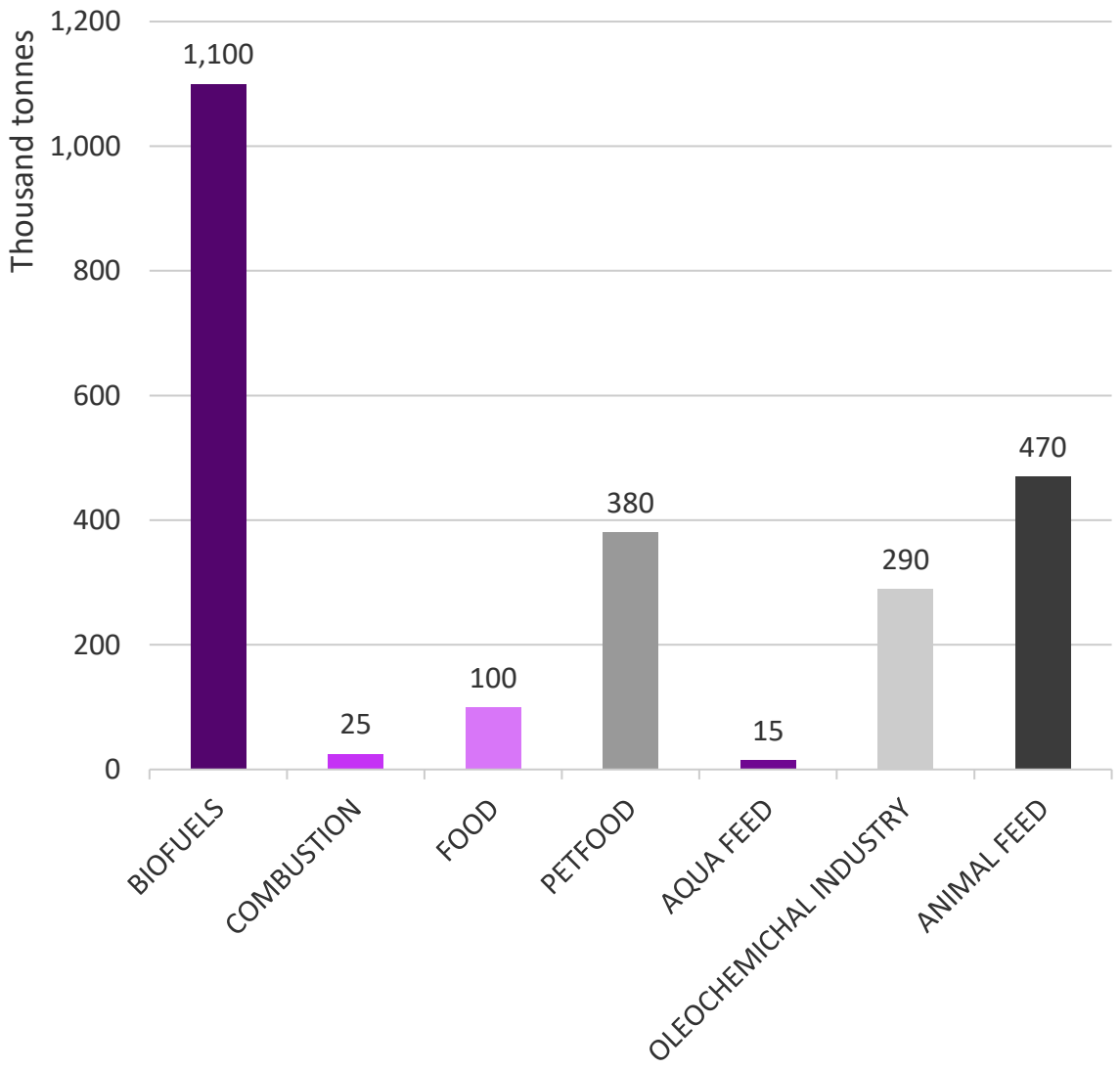
of category 1 and 2 animal fats used to produce biofuels annually

as part of the Annex IX B list feedstocks according to RED III, alongside used cooking oil around **10,000** tonnes - burned as a combustion fuel

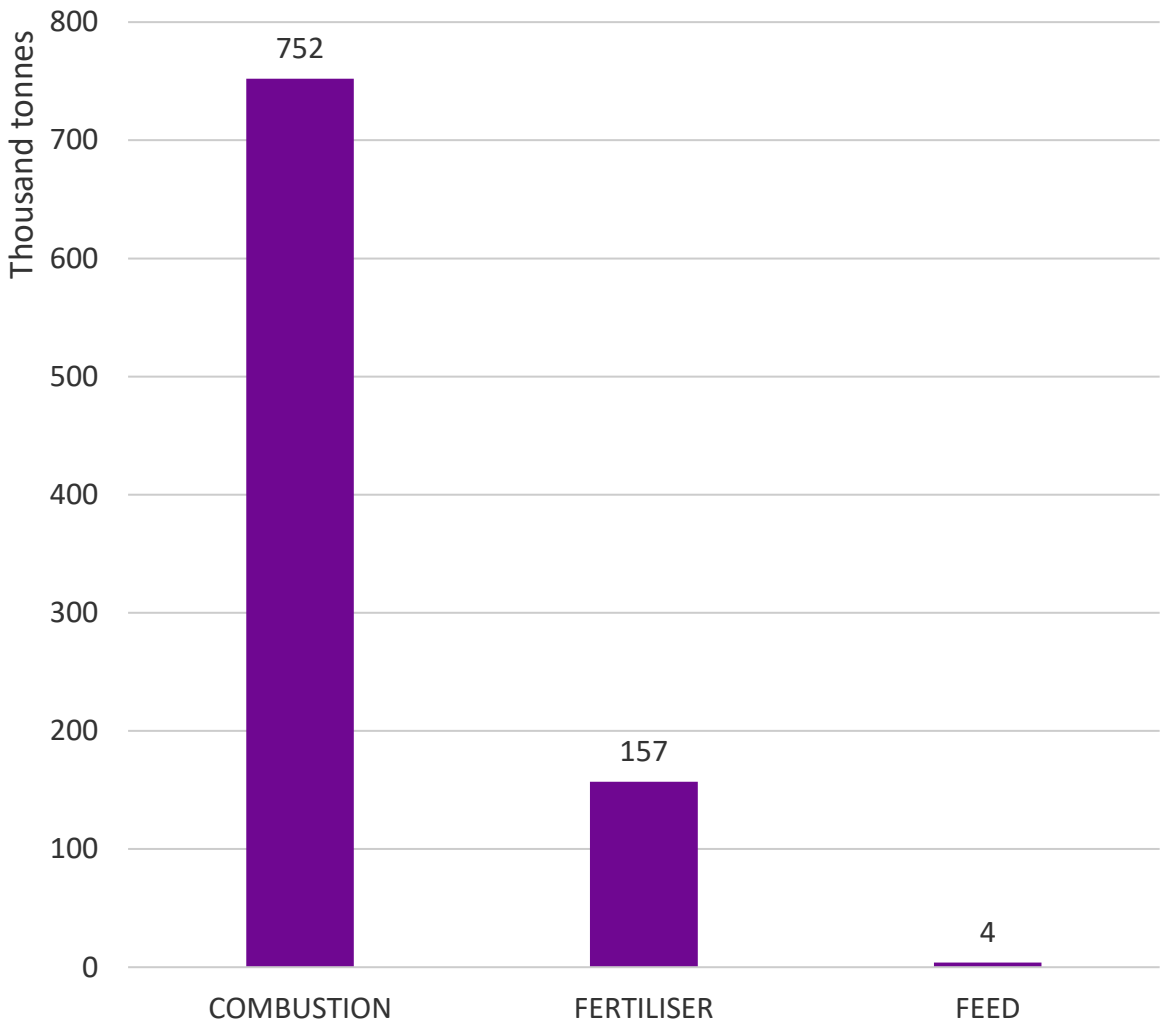
Source: European Fat Processors and Renderers Association (EFPRA), 2024 data

Source: European Fat Processors and Renderers Association (EFPRA), 2024 data

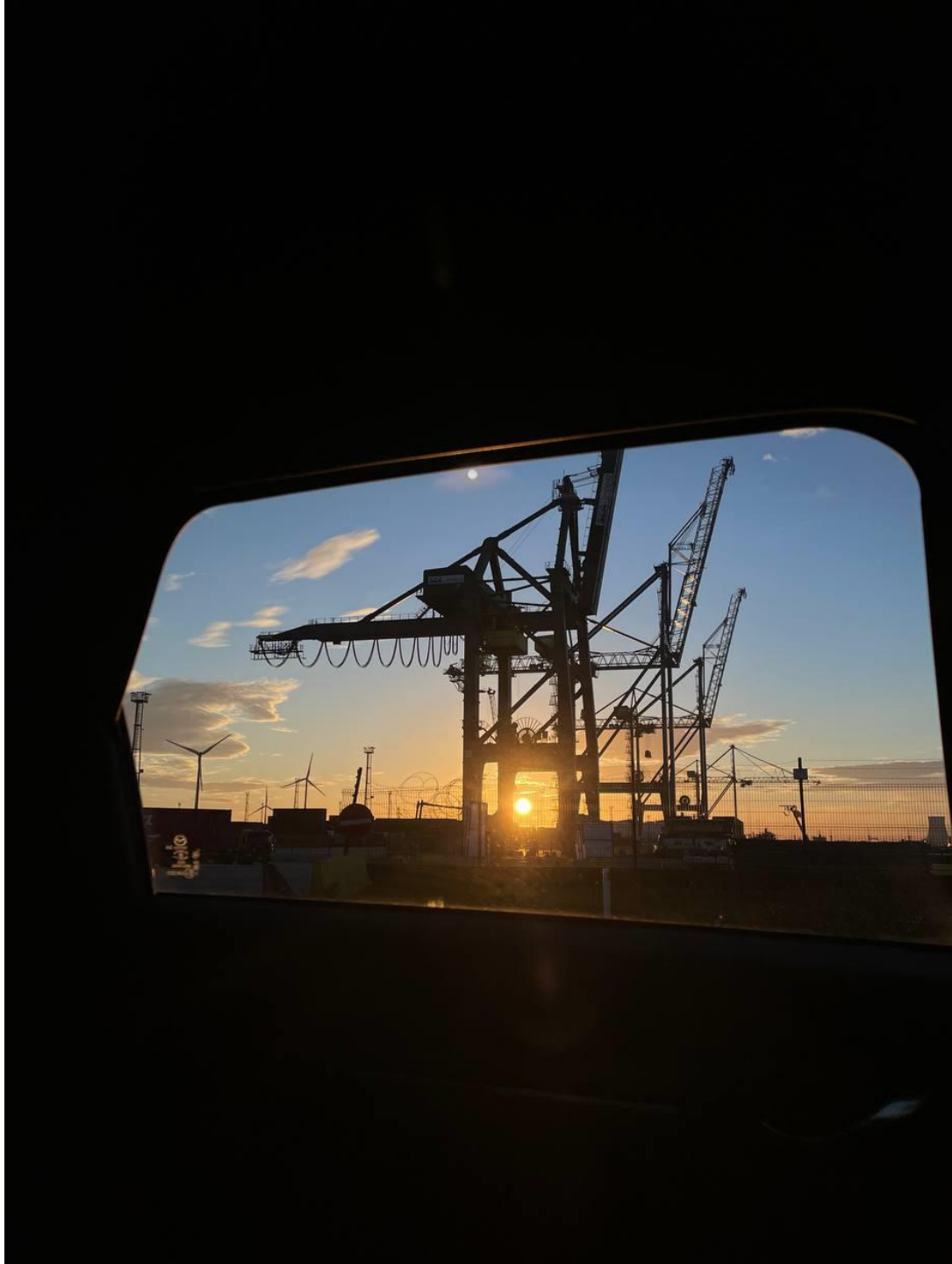
Category 3 fats use per industry



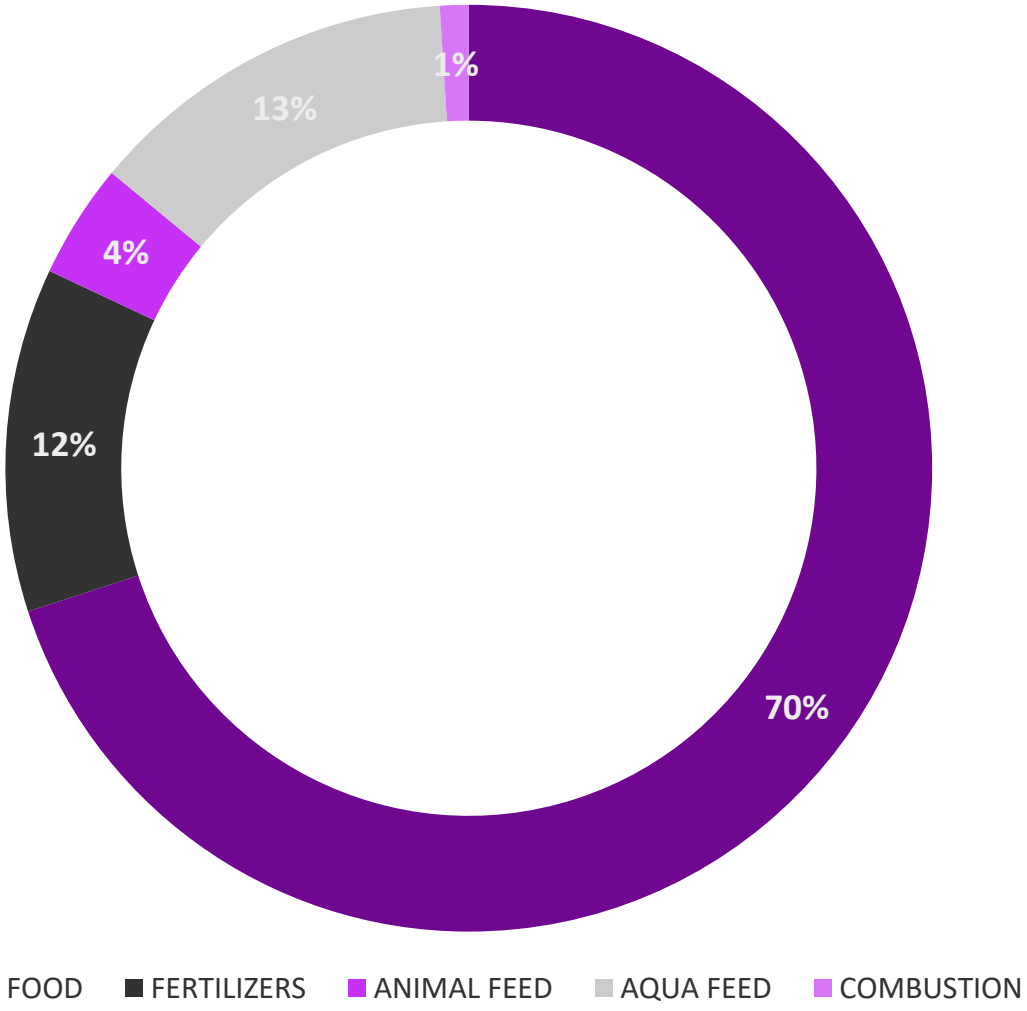
Category 1&2 proteins use per industry



Source: European Fat Processors and Renderers Association (EFPRA), 2024 data



Category 3 proteins use per industry



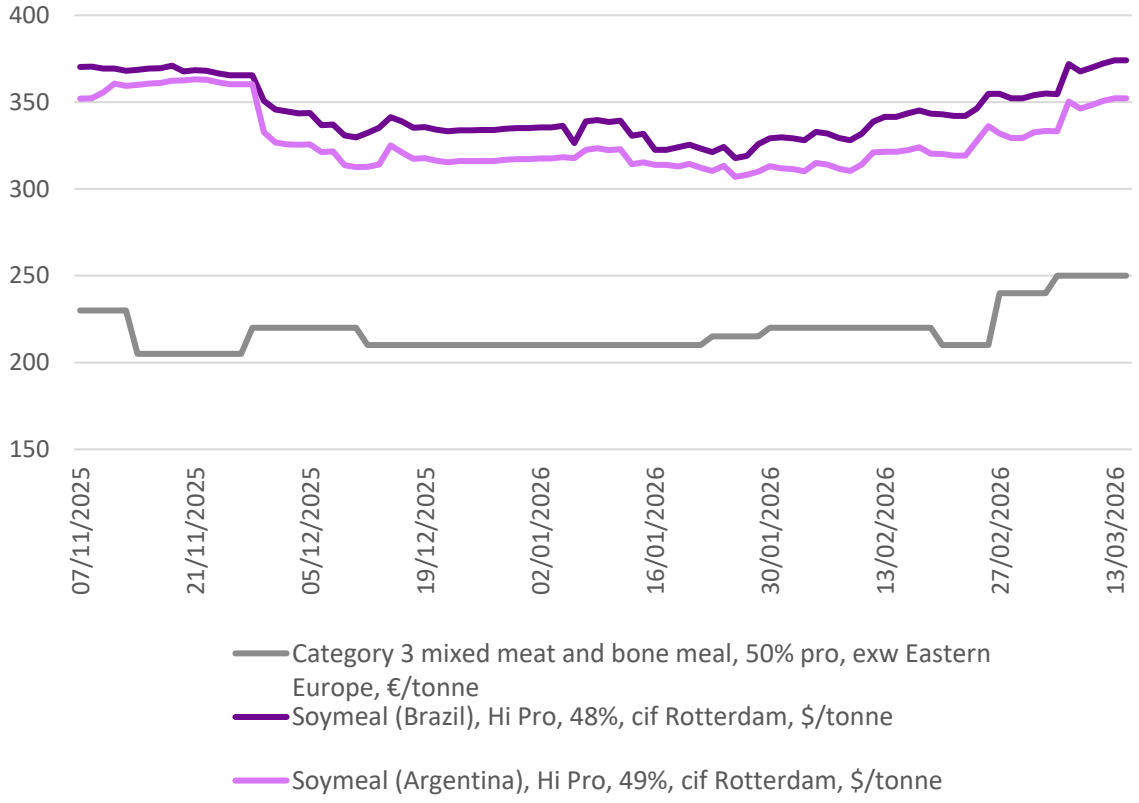
Source: European Fat Processors and Renderers Association (EFPRA), 2024 data

PROCESSED ANIMAL PROTEINS MARKET

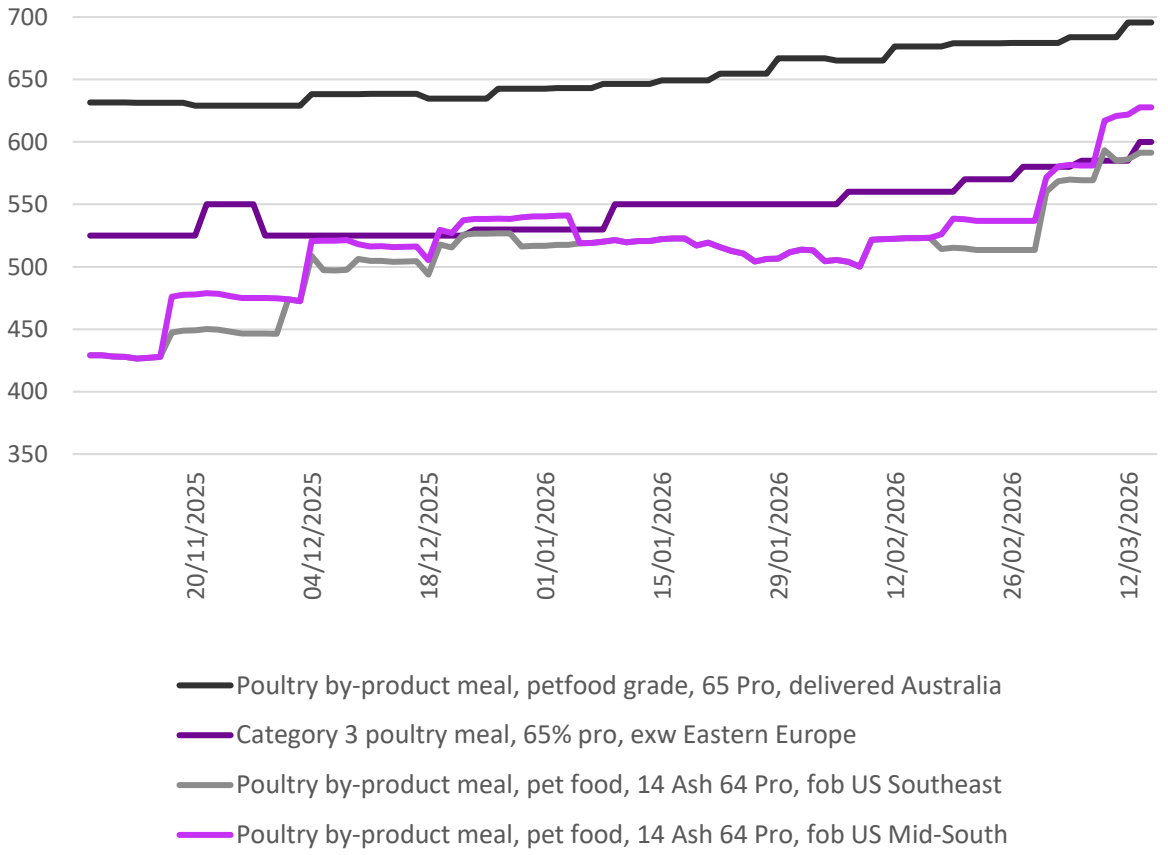
Soybean meal priced €102.18/t higher in Europe compared to MBM

End-of-season supply shortages and futures volatility keep Argentinian meal prices high

European meat and bone meal vs Argentinian, Brazilian soymeal, €/tonne

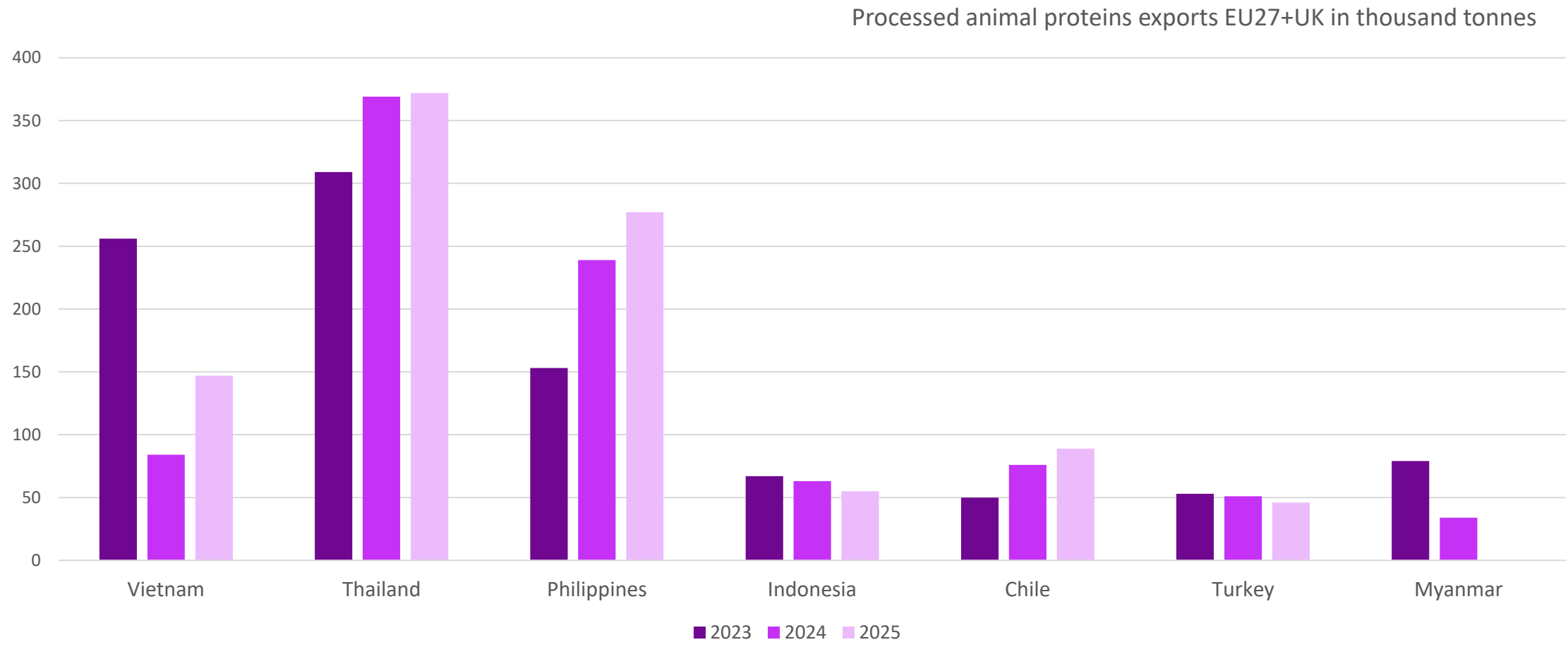


Poultry meal: Europe, Australia, United States, €/tonne



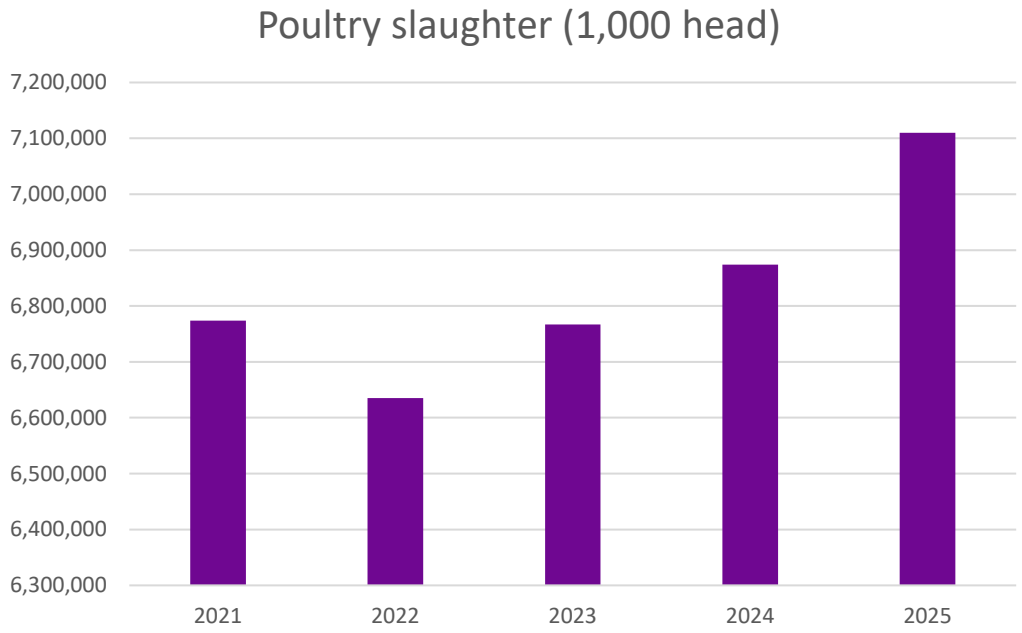
Source: Fastmarkets

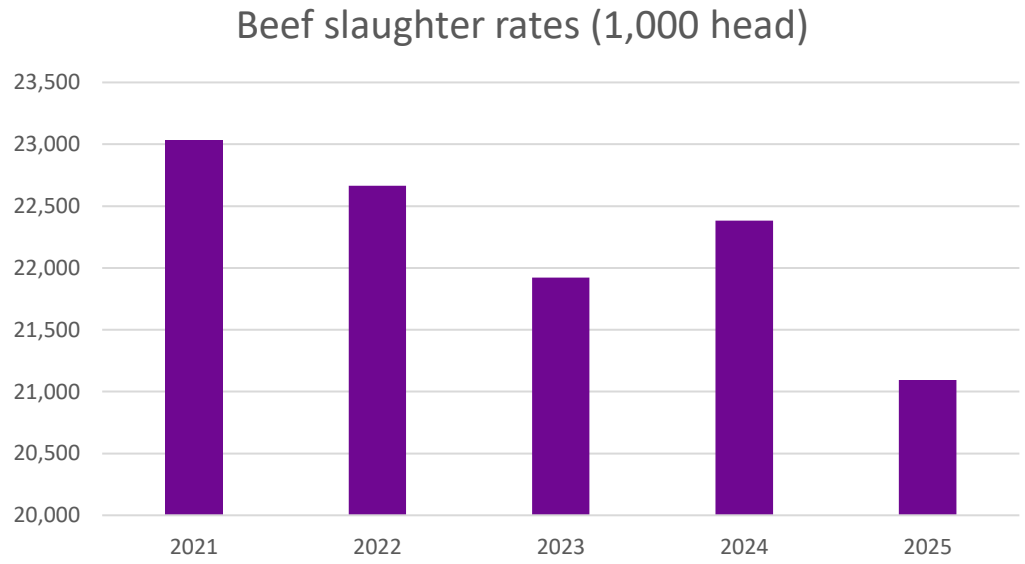
European 2025 PAPs exports up 6% y-o-y at 1.16 million tonnes



HS code 230110: flours, meals and pellets, of meat or offal, unfit for human consumption; greaves

Source: Global Trade Tracker





2025:

- Total poultry slaughter 7,109,980k heads (+3.43% y-o-y)
- Total pork slaughter 227,202k heads (+2.28% y-o-y)
- Total beef slaughter 21,095k heads (-5.75% y-o-y)

Source: European Commission

Processed animal protein use policy

Partial lifting of the feed ban – September 2021

The major change came with Commission Regulation (EU) 2021/1372, which partially lifted the PAP ban:

Allowed in the EU since 2021

Porcine PAP → poultry feed

Poultry PAP → pig feed

Insect PAP → pig & poultry feed

Ruminant collagen and gelatine → non-ruminant feed

Still prohibited

Any ruminant PAP → any farmed animal

Intra-species recycling (e.g. poultry to poultry, pig to pig)

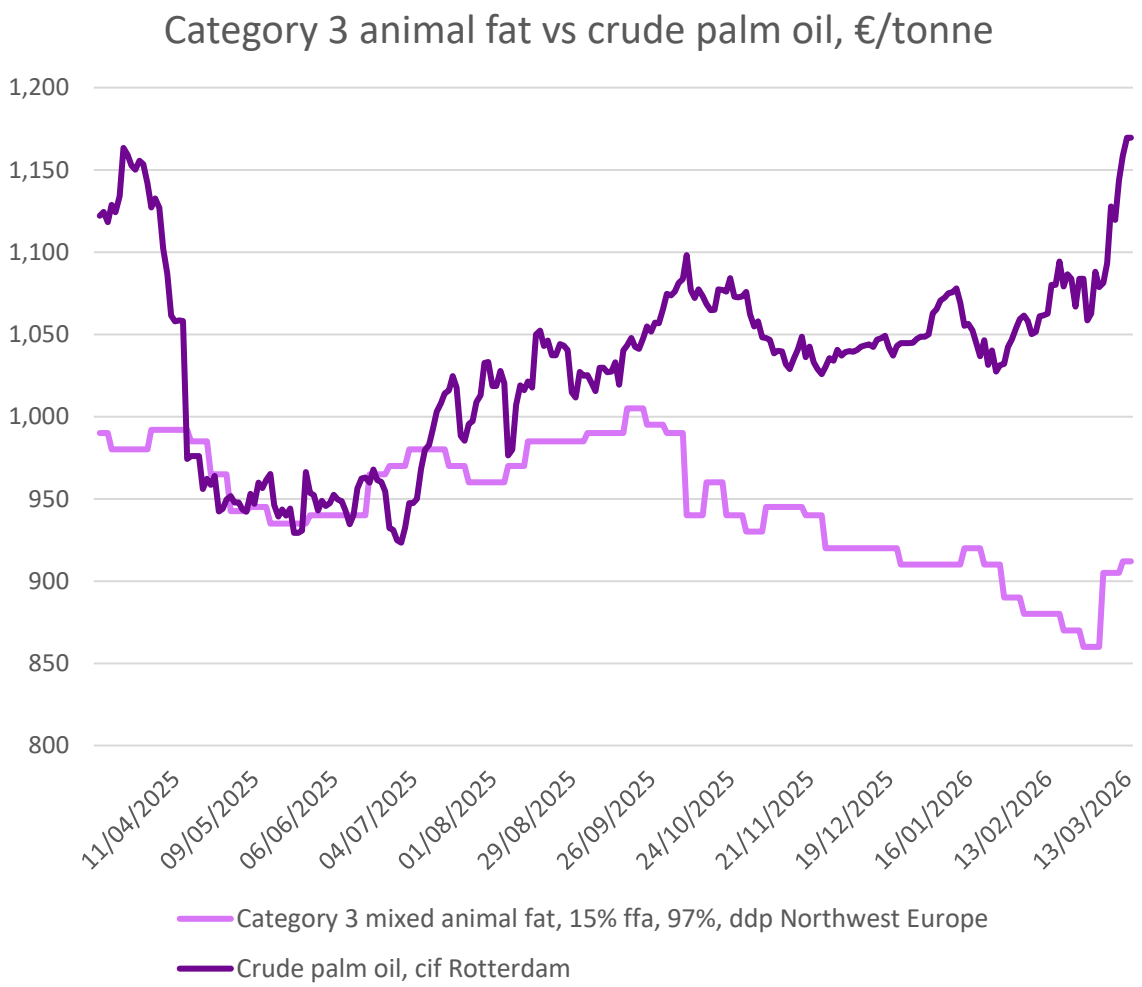
Any PAP → ruminant feed

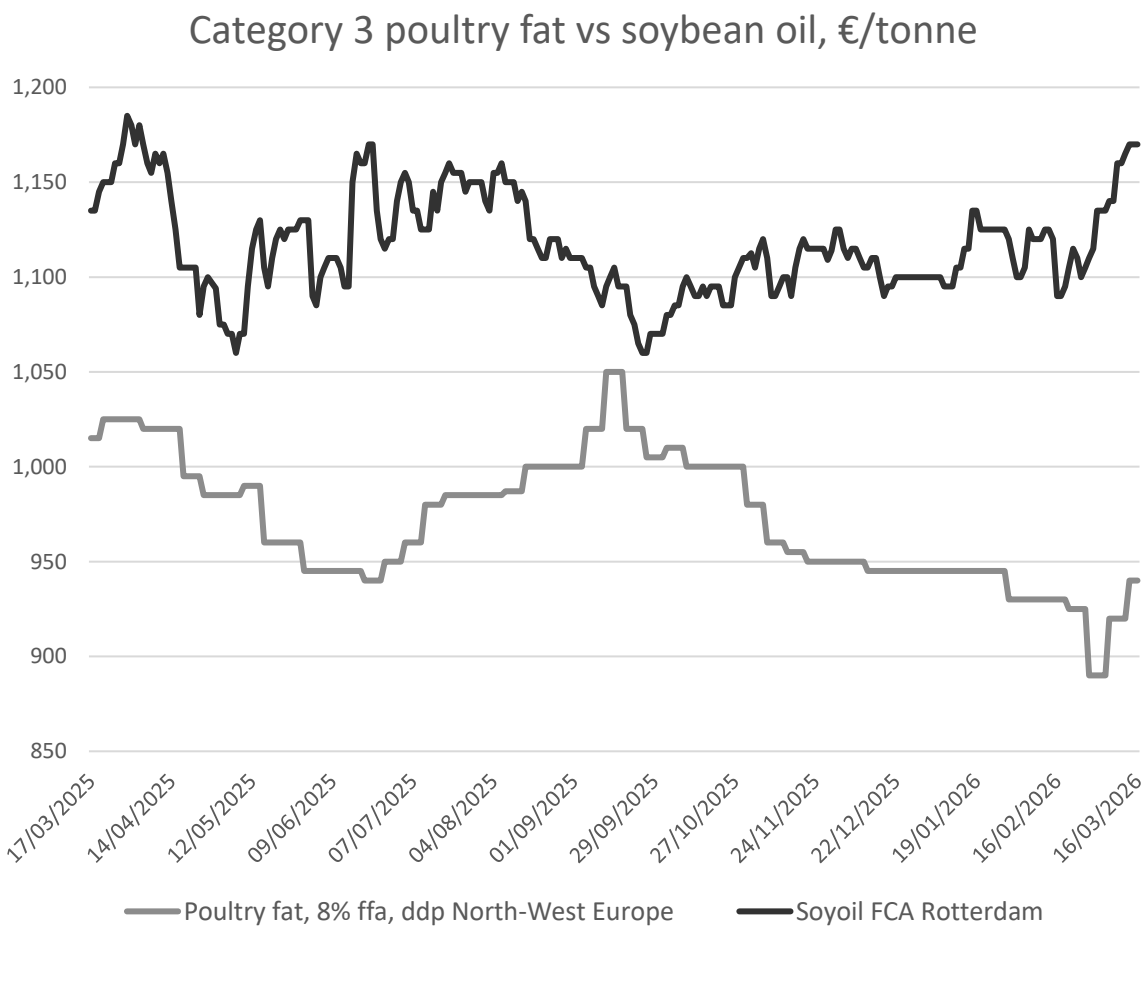
This framework remains in force today and applies across all EU Member States.

EFPRA, European Commission

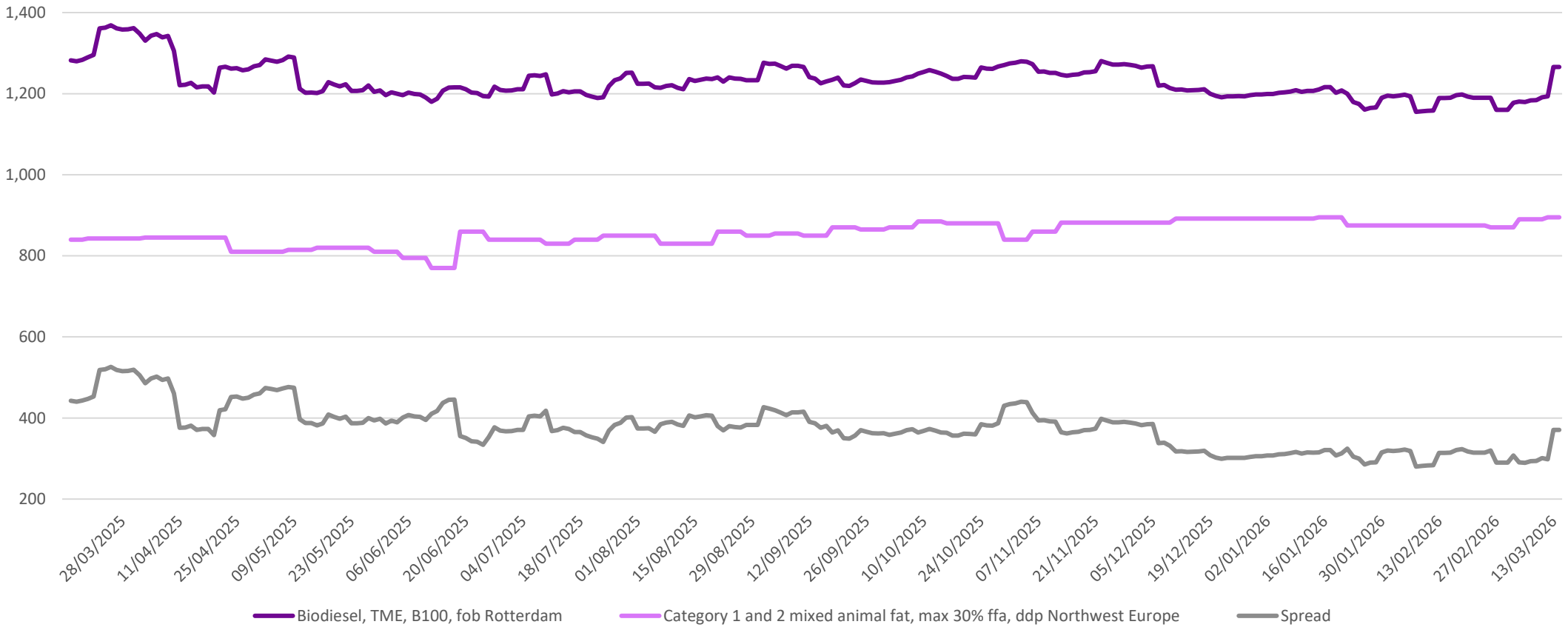
ANIMAL FATS MARKET

Higher vegetable oil prices increase oleochemical, animal feed and pet food demand for category 3 animal fats





Source: Fastmarkets



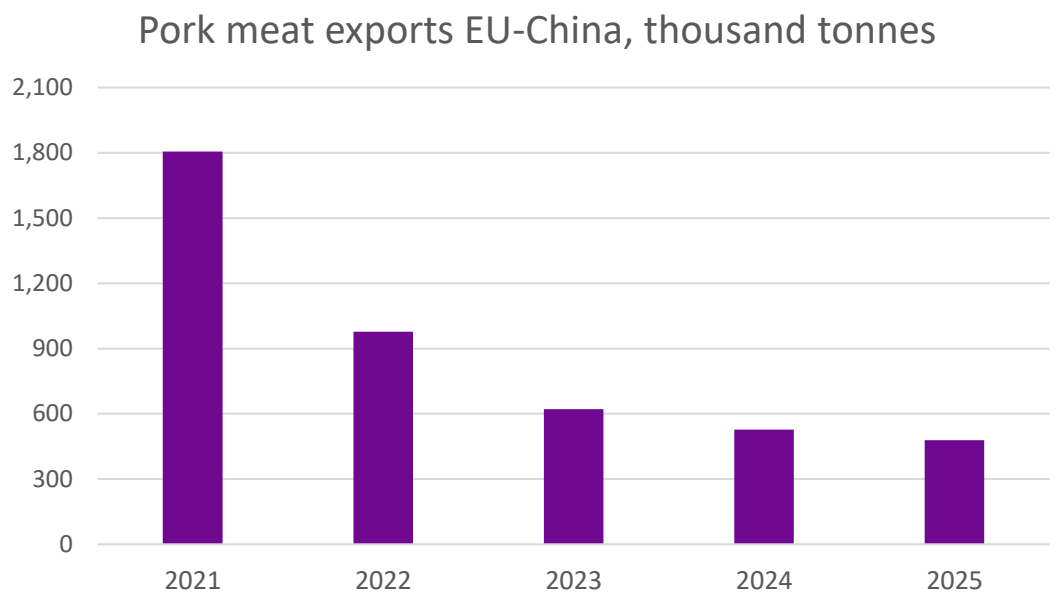
Biodiesel-feedstock spreads narrow on high feedstock prices

UCOME-UCO €293.82/tonne
RME-RSO €197.90/tonne

Source: Fastmarkets

Policy developments

- RED III implementation to end double-counting in the Netherlands
- Category 3 animal fat GHG savings score might be cut in half in the Netherlands (0.5 factor)
- Potential supply reductions (lower slaughter rates, meat export reductions, disease outbreaks)
- SAF demand remains minimal, voluntary market covers 2% production mandate



2021 vs 2025 – 73% decrease

GHG savings score	
Category 3 animal fat	≈ 80-90%
Category 1 animal fat	≈ 80%
Rapeseed oil	≈ 60%

Source: Global Trade Tracker

US Animal Fats Market

US animal fats markets: tightening supply and rising competition

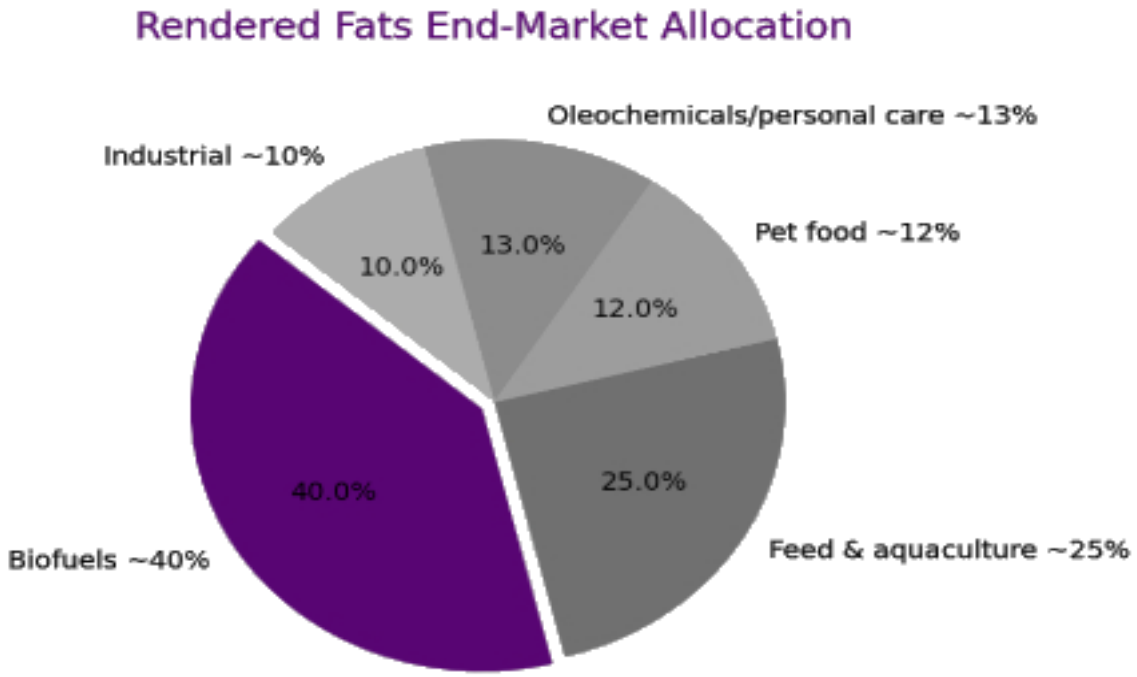
- Animal fats are used across feed, pet food, oleochemicals, food uses, and biofuels

- Feed historically represented the largest outlet for rendered fats

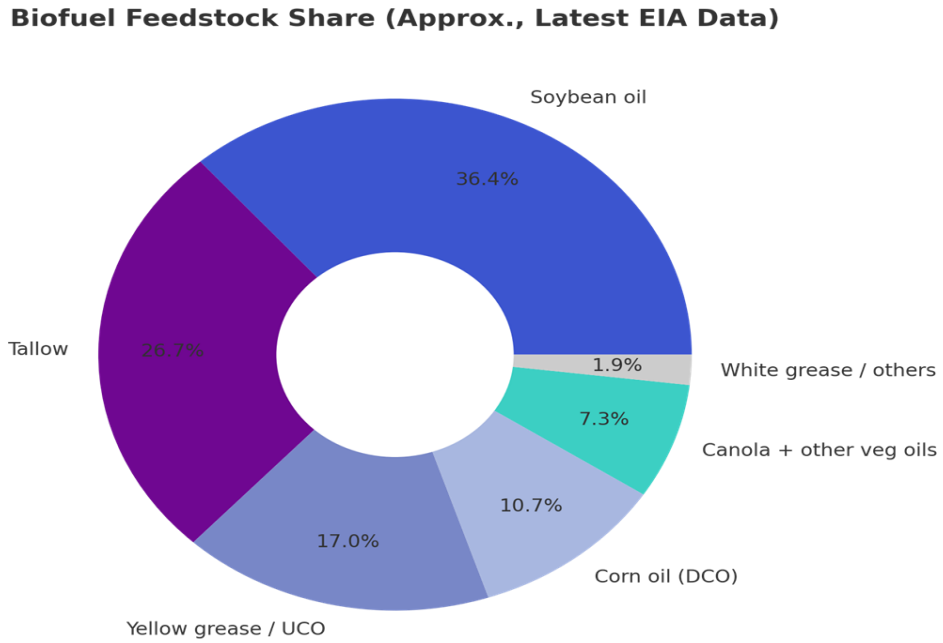
- Biofuels have rapidly grown to become the dominant demand segment as renewable diesel capacity expanded

- Feed and pet food buyers now compete with fuel producers for a limited supply of fats

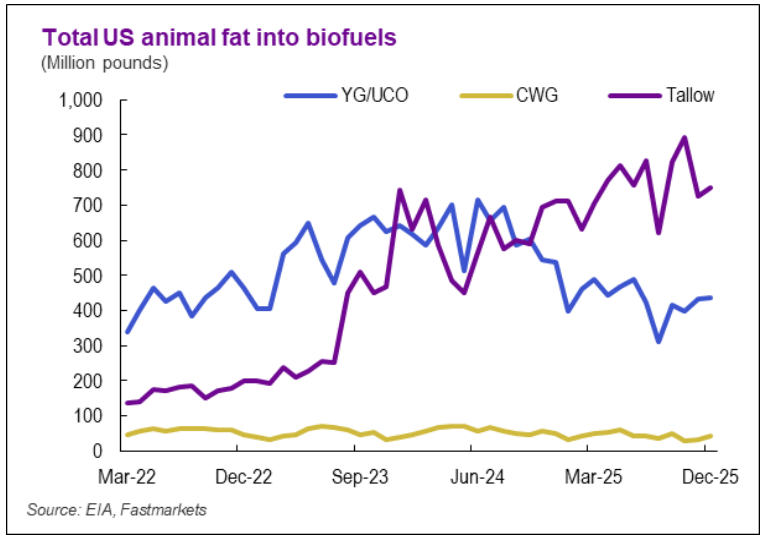
- As a result, animal fat prices are increasingly influenced by energy markets and fuel policy

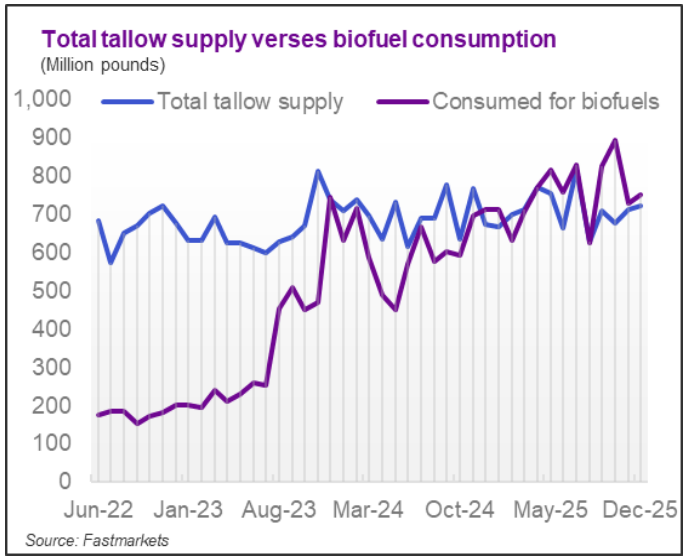


Biofuels driving structural demand for fats



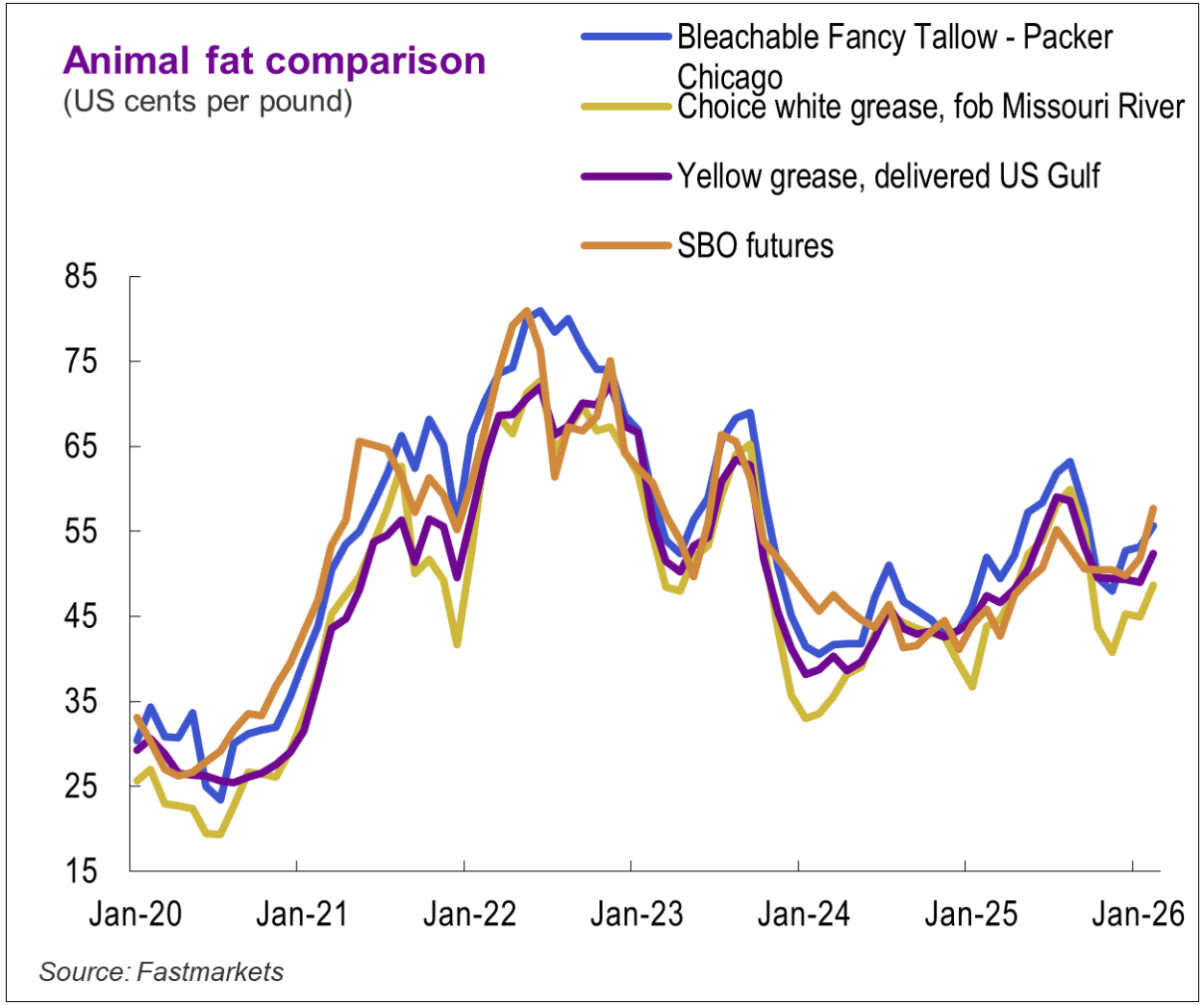
- Soybean oil remains the largest US biofuel feedstock, accounting for roughly35-40% of inputs.
- Animal fats are gaining share as renewable diesel producers favor lower carbon intensity feedstocks.
- As by-products of meat production, animal fats often deliver lower lifecycle emissions than crop-based oils.
- Renewable diesel producers can shift between feedstocks based on carbon intensity and relative pricing.
- Higher prices for one fat — including UCO — can pull other animal fats higher across the market.
- Growing renewable diesel and emerging SAF demand are increasing competition for these feedstocks.



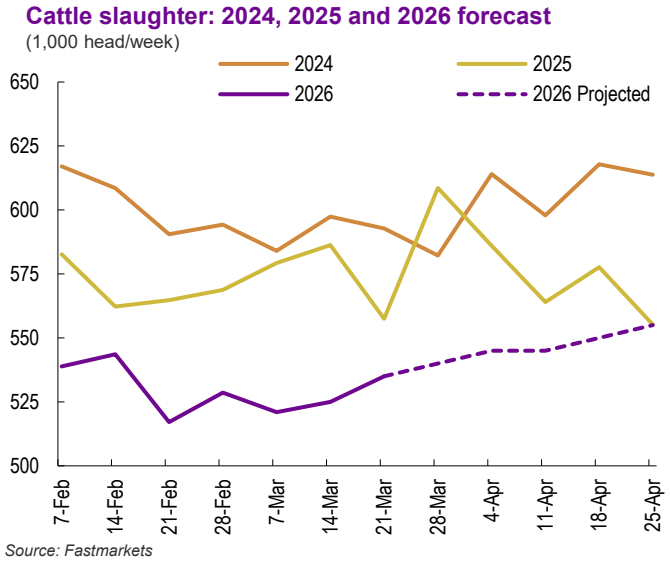


Policy and energy signals now move animal fat markets faster than traditional feed demand

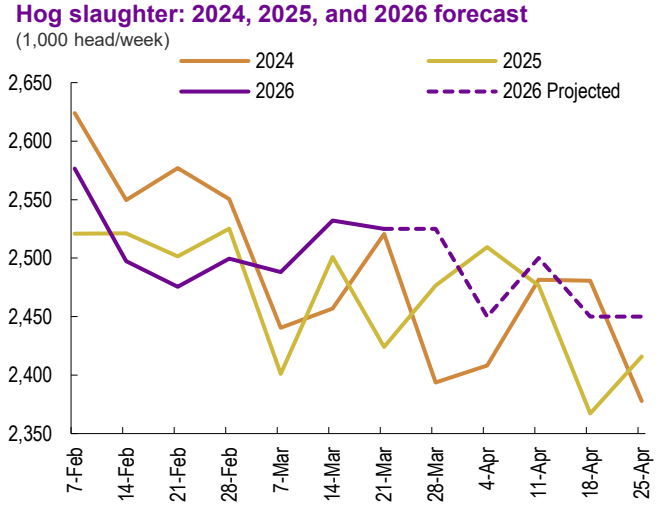
- Animal fat prices are increasingly tied to energy markets and renewable diesel economics
- 2022 energy rally lifted fats prices alongside diesel and vegetable oils
- Prices weakened in 2024–2025 as renewable diesel margins declined
- Policy uncertainty — delayed RVOs and early 45Z guidance — weighed on markets
- Shift from the $1/gal tax credit to the lower-value 45Z credit reduced fuel revenues
- Recent conflict in Iran and the Middle East has supported diesel and fats prices
- Policy shifts have also changed soybean oil's competitiveness in biofuels



Livestock cycles limit growth in rendered fat supply

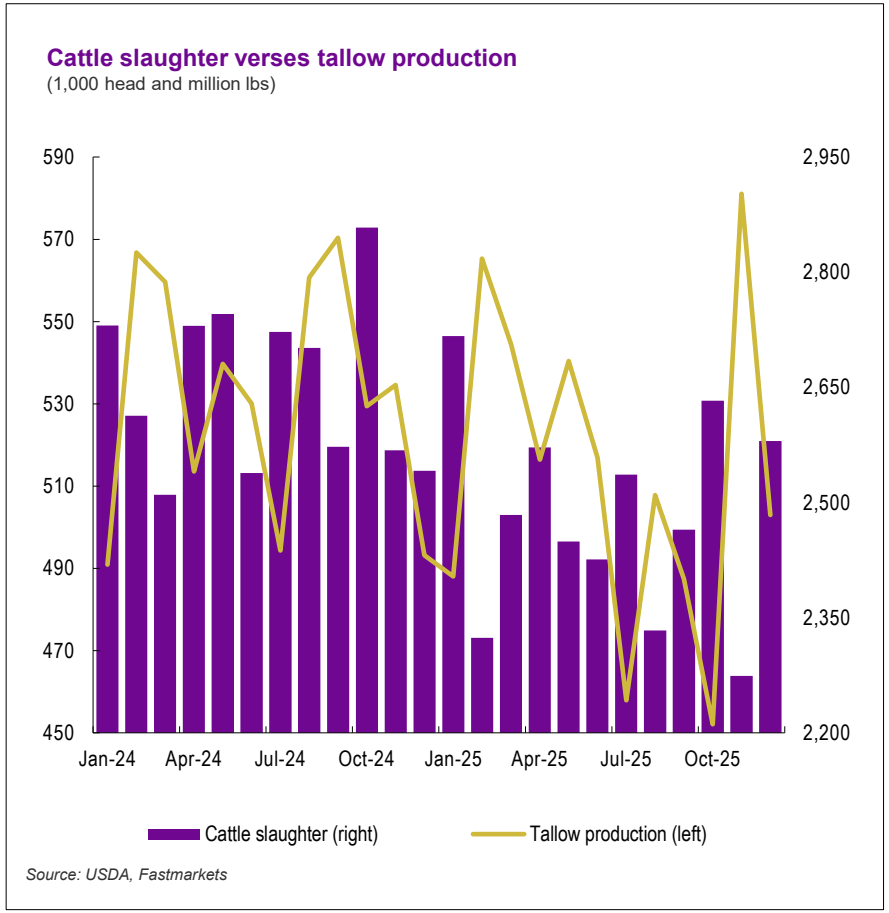


Source: Fastmarkets



Source: Fastmarkets

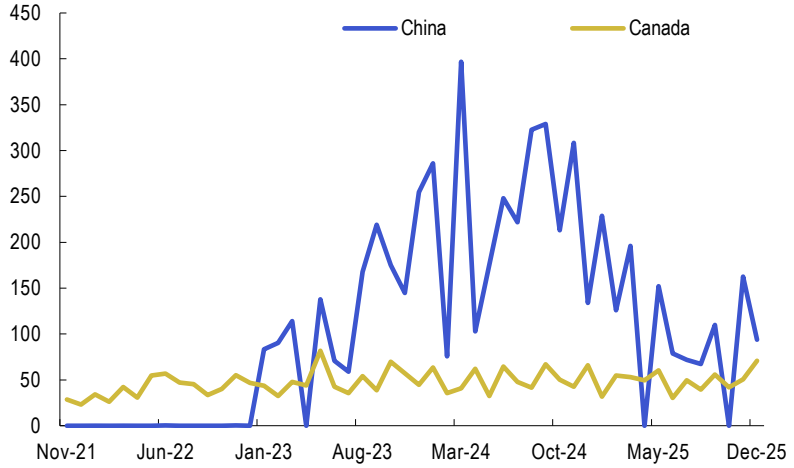
- Animal fat supply is determined by livestock slaughter, not price signals
- US cattle slaughter has declined following several years of herd liquidation
- Weekly slaughter rates have remained consistently below year-ago levels
- Higher carcass weights have only partially offset lower cattle numbers
- Cattle supply responds slowly due to multi-year herd rebuilding cycles
- Limited supply growth comes as biofuel demand continues to expand



Source: USDA, Fastmarkets

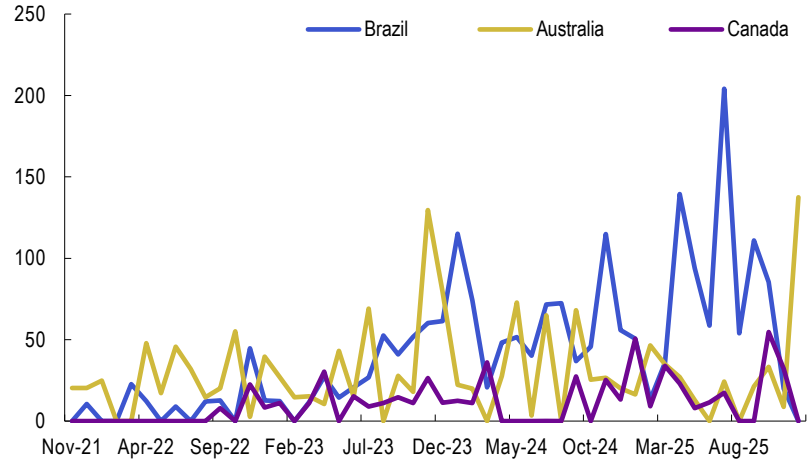
Imports: Filling the supply gap

Used cooking oil, yellow grease US imports
(Million pounds)



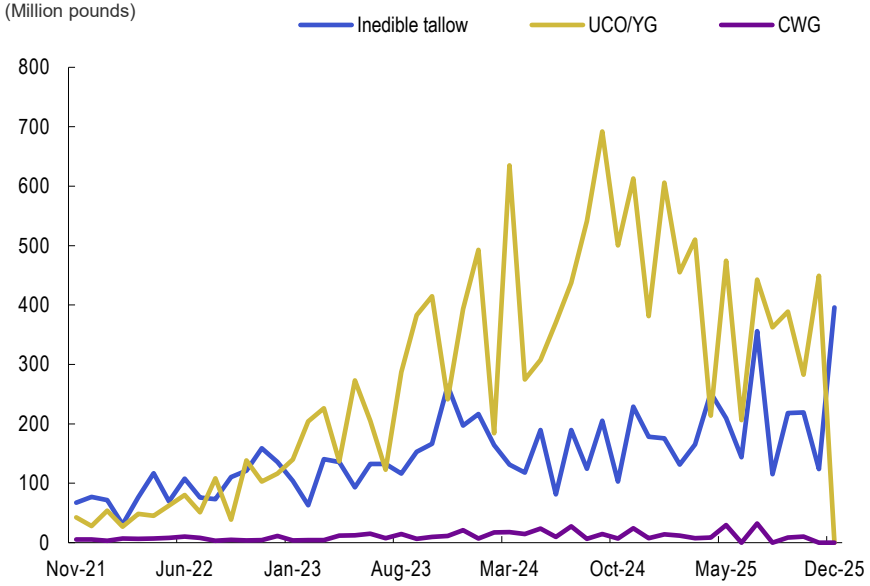
Source: USDA, Fastmarkets

Inedible tallow imports
(Million pounds)



Source: USDA, Fastmarkets

US fat,oil imports
(Million pounds)



Source: USDA, Fastmarkets

- Imports became a key balancing supply source as renewable diesel demand outpaced domestic production
- US UCO imports more than doubled from ~1 MMT in 2021 to ~2.4 MMT in 2024
- Brazil emerged as the largest supplier of imported tallow to the US
- August 2025 tariffs on Brazilian tallow disrupted a major trade flow
- 45Z rules limiting foreign feedstocks create additional barriers for imports
- Despite policy headwinds, imports may persist due to RD infrastructure
- Recent tariff reductions (~10%), arbitrage opportunities have renewed interest in Latin American and Australian supply

Biofuel Policy Driving Animal Fat Demand

45Z Clean Fuel Production Credit

- Replaced the $1/gal blender's tax credit in 2025, tying incentives to lifecycle GHG reductions
- Eligibility limited to US, Canada, and Mexico feedstocks, effectively excluding most foreign fats and oils
- Narrows the advantage of very low-CI feedstocks, bringing soybean oil closer to parity
- Acts as an effective "penalty" on imports, impacting global trade flows

Renewable Fuel Standard (RFS / RVO)

- Proposed 2026 RFS includes ~5.6B gallons of biomass-based diesel (~40–45B lbs feedstock demand)
- Establishes the baseline level of biofuel demand in the US market
- Biodiesel and renewable diesel generate D4 RINs, linking fats demand to fuel margins, and reinforces biofuels as the dominant demand driver for animal fats
- Proposed "half-RIN" treatment for foreign feedstocks discourages imports

Small Refinery Exemptions (SREs)

- Exemptions reduce individual refinery obligations under the RFS
- EPA increasingly reallocates exempted volumes back into the mandate
- ~1.3–1.4B gallons of SRE reallocation included in the 2026 proposal
- Supports overall demand by preventing mandate erosion

~45B lbs

Feedstock demand implied by RFS biomass-based diesel volumes

~15B lbs

Total US animal fat supply

30-40%

Imports' share of biofuel feedstock supply

>300%

Growth in renewable diesel capacity since 2020

Fastmarkets Animal Fats & Proteins Team

Chloe Krimmel
Senior Price Reporter: Animal Proteins
Chloe.Krimmel@fastmarkets.com
(US) +1 (732) 642-6302

Veronika Prykhodko
Senior Price Reporter
+44 7842651391 (whatsapp)
veronika.prykhodko@fastmarkets.com

Sarah Schneider
Price Reporter: Animal Fats & Oils
Sarah.schneider@fastmarkets.com
(US) +1 (832) 421-6666

Tais Laporta

Gabriel Nascimento

CURRENT ASSESSMENTS IN THE EUROPEAN MARKET

DDP North-West Europe
Category 1 and 2 mixed animal fat max 30% ffa
Category 3 mixed animal fat max 15% ffa
Category 3 pure beef tallow 10% ffa
Poultry fat 8% ffa
Category 3 bone fat, 5% ffa
Category 3 bone fat high grade, 5% ffa, 200 ppm polyethylene
Poultry fat 2% ffa
Edible beef tallow 2% ffa
Edible lard 1.5% ffa

EXW Eastern Europe
Category 3 mixed meat and bone meal, 50% pro
Category 3 poultry meal, 65% pro

METHODOLOGY

EUROPE

AG-PF-0008 **Poultry fat, 8% ffa, ddp Northwest Europe, €/tonne**

Quality:	Free fatty acids (FFA) max. 8%, moisture, impurities and unsaponifiable matter (MIU) max 1%
Quantity:	Minimum 100 tonnes
Location:	Northwest Europe, ddp
Timing:	Delivery up to 45 days following date of sale
Unit:	EUR/tonne
Publication:	Weekly, Thursday, 4 pm London time

AG-PF-0009 **Poultry fat, 2% ffa, ddp Northwest Europe, €/tonne**

Quality:	Free fatty acids (FFA) max. 2%, moisture, impurities and unsaponifiable matter (MIU) max 1%
Quantity:	Minimum 100 tonnes
Location:	Northwest Europe, ddp
Timing:	Delivery up to 45 days following date of sale
Unit:	EUR/tonne
Publication:	Weekly, Thursday, 4 pm London time

AG-TLW-0026 **Category 3 mixed animal fat, 15% ffa, 97%, ddp Northwest Europe, €/tonne**

Quality:	Free fatty acids (FFA) max. 15%, moisture, impurities and unsaponifiable matter (MIU) max 3%, purity min 97%
Quantity:	Minimum 100 tonnes
Location:	Northwest Europe, ddp
Timing:	Delivery up to 45 days following date of sale
Unit:	EUR/tonne
Publication:	Weekly, Thursday, 4 pm London time

AG-TLW-0027 **Category 3 bone fat, low grade, 5% ffa, 98%, ddp Northwest Europe, €/tonne**

Quality:	Free fatty acids (FFA) max. 5%, moisture, impurities and unsaponifiable matter (MIU) max 2%, purity min 98%
Quantity:	Minimum 100 tonnes
Location:	Northwest Europe, ddp
Timing:	Delivery up to 45 days following date of sale
Unit:	EUR/tonne
Publication:	Weekly, Thursday, 4 pm London time