

Insights

January 2025 Market Update: Food, Beverage and Agribusiness

Tariffs stir the pot: Disruptor or opportunity?

The food and beverage M&A landscape experienced mixed signals in January as geopolitical tensions and new tariffs introduced heightened uncertainty. Despite macroeconomic pressures, deal activity remained stable, with high-growth and resilient sub-sectors, such as functional and non-alcoholic beverages, distillers and vintners, restaurants, and agricultural products and services leading the way.

The latest tariffs on agricultural imports and food processing equipment are reshaping supply chains, adding cost pressures for multinational producers while benefiting domestic suppliers in more insulated categories. Volatility in the soybean, wheat, and dairy markets is driving input cost fluctuations, prompting companies to reassess cross-border M&A strategies in favor of domestic supply chain integration. More resilient brands are expected to pass on rising costs to consumers, potentially reshaping competitive dynamics.

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January 2025
Mesirow

Monthly Market Update:
Food, Beverage & Agribusiness

January recap

Mesirow All-Food Equity Composite **1.87%** for the month ended 1/31*

Mesirow All-Grain Commodity Composite **3.38%** for the month ended 1/31*

S&P 500 **2.70%** for the month ended 1/31*

NASDAQ Composite **1.64%** for the month ended 1/31*

Tariffs stir the pot: Disruptor or opportunity?

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Key trends to watch

Resilient demand – Investors continue to favor brands with strong pricing power in organic, functional, and specialty categories.

R&D Acceleration & Near Shoring – Capital is flowing into R&D driven demand planning and accelerated near production as firms seek greater efficiencies.

Sustainability drives deals – ESG considerations remain central to deal rationale, particularly in plant-based, regenerative agriculture, and waste reduction technologies.

Despite global uncertainty, strategic M&A in the food and beverage sector remains strong. As companies navigate shifting cost structures and evolving consumer preferences, expect dealmaking to prioritize resilience and innovation.