Monthly US Lamb Market Update

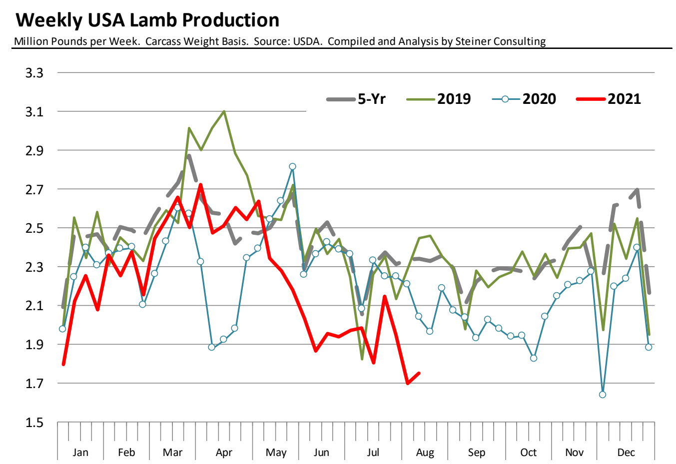
August 2021 Issue

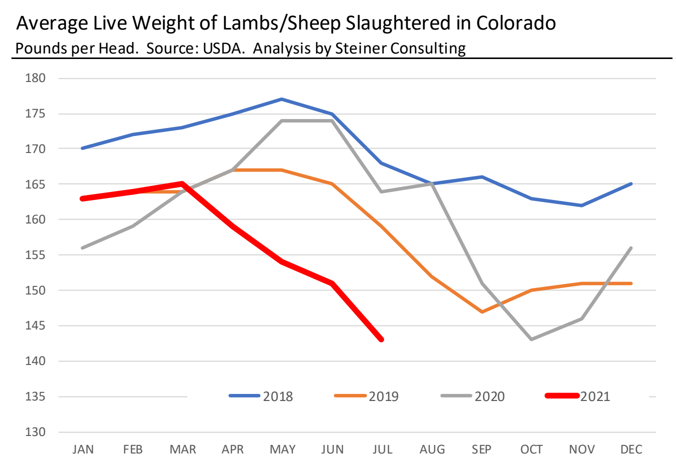
Prepared Exclusively for Meat & Livestock Australia - Sydney

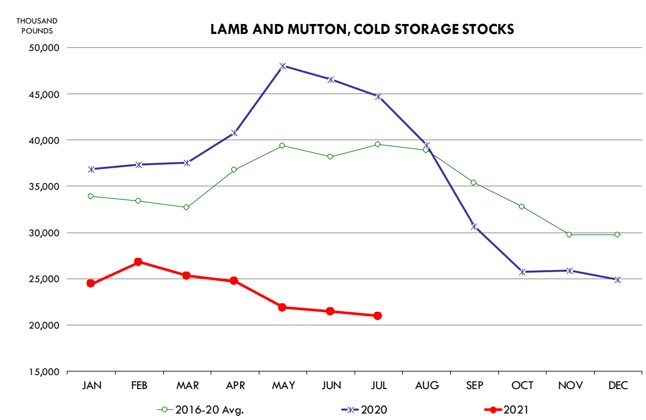
August 27, 2021

USA Domestic Lamb Market - Supply/Demand Situation

- US lamb and mutton production has been trending down since April on a combination of lower supplies and constrained slaughter capacity. July lamb and sheep slaughter averaged 6% below year ago levels. Slaughter in Colorado has declined sharply since last fall when a major plant was closed. However, the increase in Texas slaughter was insufficient to offset the drop in Colorado slaughter. Colorado slaughter was 12.6k head or 26% lower than a year ago while slaughter in Texas increased by less than 1k head or 4%. Slaughter in other parts of the country was also down, suggesting that producers may be a) retaining more stock for herd rebuilding and b) the supply on the ground may be smaller than what USDA suggested in its last survey in January.
- Producers have also brought lambs to market at lighter weights than in the past, which has further limited the tonnage of product coming to market. The average live weight of lambs and sheep coming to market in July was 115 pounds compared to 125 pounds a year ago. Normally lambs and sheep in California and Colorado tend to be heavier as a significant portion is finished in a feedlot. In the past the change in the slaughter mix contributed to the overall decline in weights. However, in July the average weight of lambs and sheep in Colorado was 12.8% lower than a year ago. Average weight of lambs in Colorado has been trending lower since 2019 and last year was only a short term reprieve from the trend. Average lamb weight was down in other key areas as well. In California weights were down 7% and in Oregon the average lamb weight was down 10% from last year.
- Drought conditions in the Western US have significantly impacted sheep ranchers and they have resulted in significant herd liquidation. Producers in California were very aggressive in liquidating their stock earlier in the year. With less stock on hand, California slaughter has been trending lower in the last three months. During Jan-Apr sheep/lamb slaughter in California was a total of 107,100 head, 13,400 head or 14% higher than the previous year. In June California slaughter was down 5.2% and in July it was down 5.8%
- Despite an increase in lamb and mutton imports, the supply in the freezer remains significantly below year ago levels. As a result retailers and food service distributors are forced to pay up in the spot market to secure product. The domestic lamb cutout value in July was estimated 52% above last year and almost 60% higher than the five year average. Freezer stocks at the end of July were estimated at 21 million pounds, 53% lower than last year and 47% lower than the five year average. Limited freezer stock and lower domestic supplies will continue to drive price inflation into the holidays.







Imported Lamb Supply and Price Trends

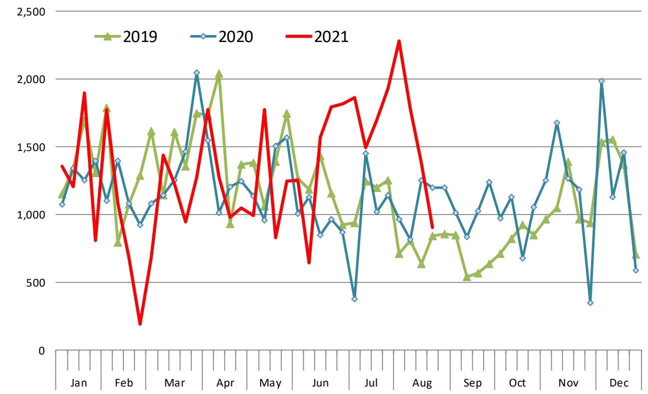
US lamb imports surged higher in July and we think imports will continue to run well above 2020 levels despite the recent pullback. For the week ending August 21, USDA reported that total imports of lamb from Australia were 905 MT, 24% lower than the previous year. However, in the past four weeks, imports have been a total of 6,338 MT, 50% higher than the previous year. This is consistent with the level of shipments we saw from Australia in July. Shipments of Australian lamb to the US last month were 6,987 MT, up 49% compared to a year ago. Higher prices and recovery in foodservice demand have bolstered demand for imported lamb. Freezer inventories are also limited, causing some end users to rely more on imported product in order to cover needs in the fall and into the holidays. We think Australian lamb shipments to the US in August could be over 7,000 MT, 57% above year ago and 132% higher than in August 2019. This would also suggest continued strong US imports of Australian lamb through September despite the decline registered last week.

US imports of goat meat from Australia have also increased significantly from a year ago. In the four weeks ending August 31, US imports of Australian goat meat were 564 MT, 50% higher than the previous year.

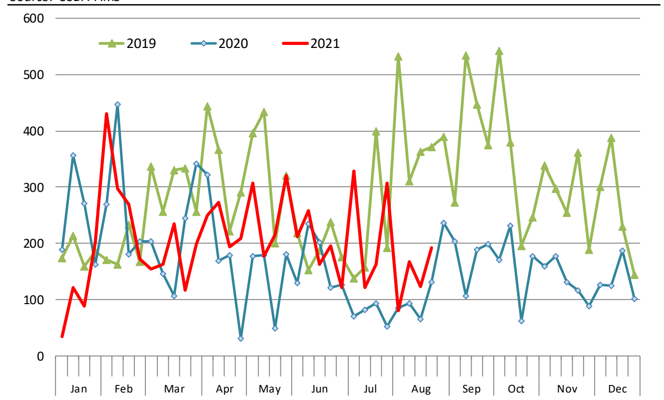
Imported beef prices continue to trend up following continued price appreciation for beef both at retail and foodservice. Below is a brief recap of prices for various imported products.

- Australian 1-rib shortloins had the highest traded volume for fresh/chilled lamb in 2020. For the week ending August 23, this product traded at $6.45/lb., a 25% increase from a year ago as well as 35% higher than in 2019. Prices remain new record levels.
- Australian chilled cap off racks are now trading at high as $13.6 per pound. Depending on sizing, prices are as much as 62% higher than the comparable week in 2020 and now 14% higher than 2019 levels. Improving restaurant demand and record high prices for steak cuts has bolstered prices for high quality lamb cuts.
- Semi boneless leg prices for the most current week were quoted at $4.61 per pound, about the same as last year but 19% higher than in 2019.
- Frozen Australian legs were last quoted at $4.82/lb., 27% higher than the previous year.
- New Zealand frozen racks trading at a round $10.2/lb, 18% higher than a year ago.

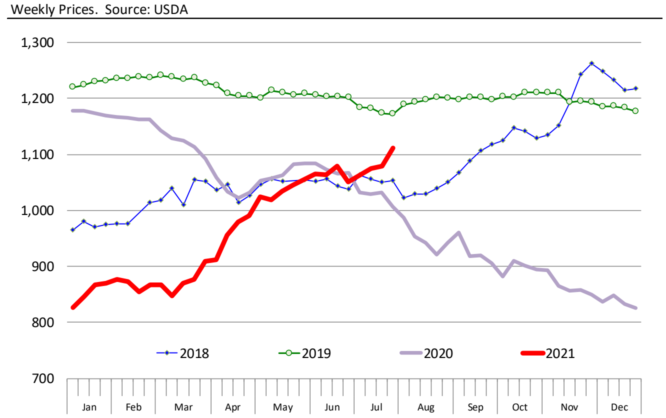
Weekly Lamb Imports from Australia. Data in Metric Ton, Product Wt. Basis.
Source: USDA-AMS. Analysis by Steiner Consulting



Weekly Australian Goat Meat Imports. Data in Metric Ton, Product Wt. Basis.
Source: USDA-AMS



Australian Lamb Racks, Fresh, Cap-off, 28 oz/up. 4-WK Moving Avg.
Weekly Prices. Source: USDA



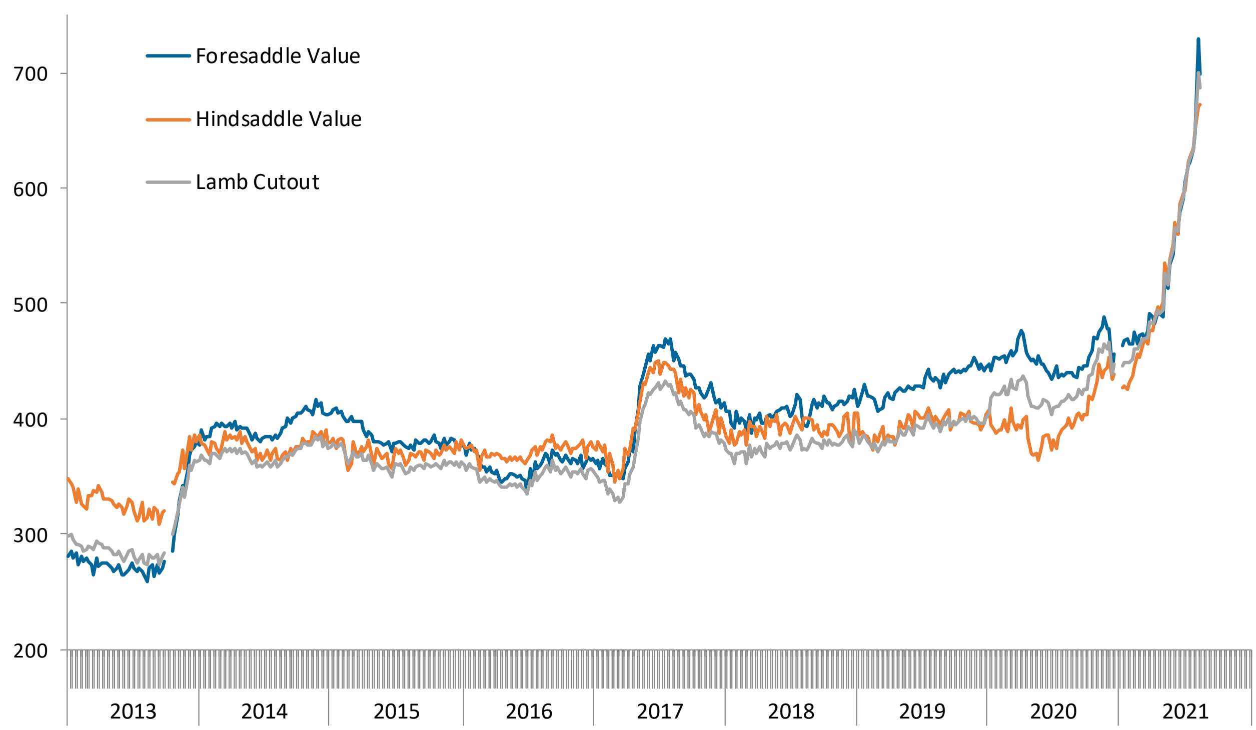
US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		8/13/2021 US$/cwt	8/6/2021 US$/cwt	w/w % ch.	8/14/2020 US$/cwt	y/y % ch.
Foresaddle	204 Rack, 8-Rib, Medium	1438.0	1459.8	-1.5%	815.6	76.3%
	209 Breast	390.8	331.4	17.9%	305.8	27.8%
	207 Shoulders, Square Cut	537.6	609.3	-11.8%	326.5	64.6%
	210 Foreshank	616.7	714.2	-13.7%	418.2	47.5%
	Neck	364.6	232.2	57.1%	237.9	53.3%
Foresaddle Value		699.0	729.1	-4.1%	439.7	59.0%
Hindsaddle	232 Loin, Trimmed, 4x4	994.6	1006.6	-1.2%	614.9	61.8%
	232E Flank, Untrimmed	350.6	175.7	99.6%	214.2	63.7%
	233A Leg, Trotter Off	599.1	621.7	-3.6%	367.5	63.0%
Hindsaddle Value		672.9	670.4	0.4%	400.6	68.0%
Carcass Value		686.4	700.6	-2.0%	420.5	63.2%

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

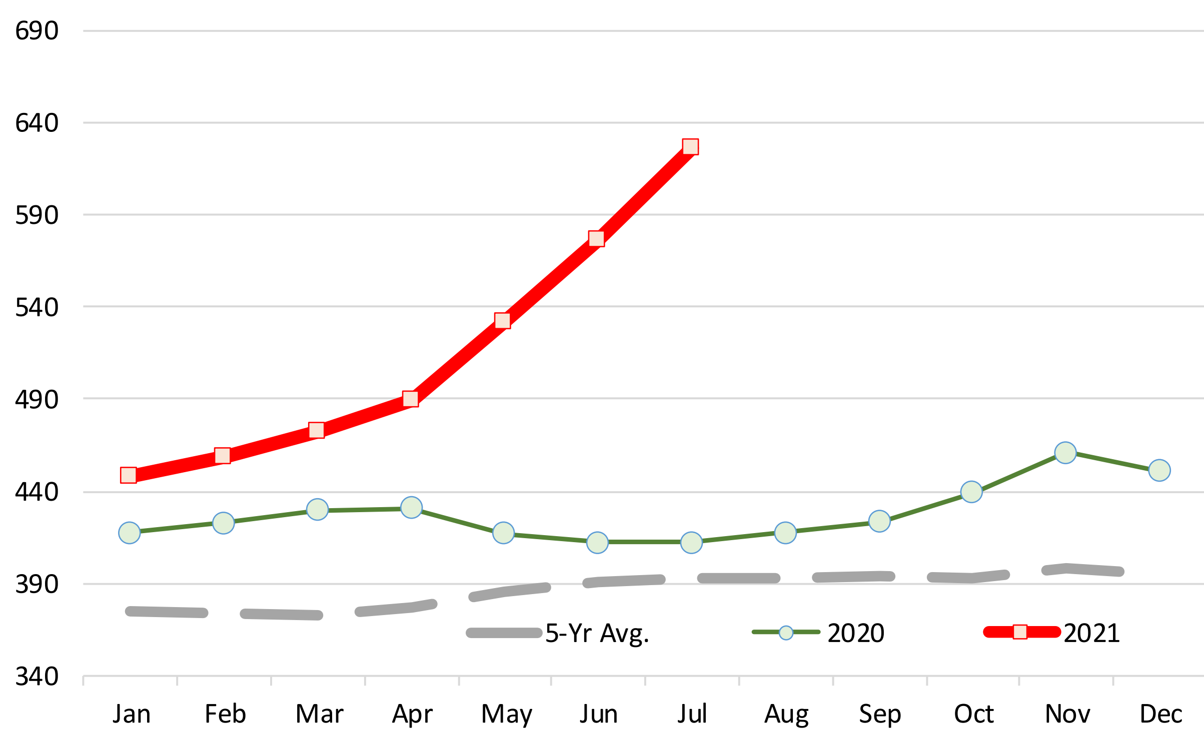
Source: Agricultural Marketin Service, USDA. $ per 100 lb. Dressed Carcass

	2016	2017	2018	2019	2020	2021	5-Yr Avg.	% ch. vs. Yr Ago	% ch. vs. 5-Yr Avg.
Jan	358.74	348.34	368.85	383.43	417.78	447.93	375.43	7.2%	19.3%
Feb	351.23	338.77	370.47	386.61	423.08	459.01	374.03	8.5%	22.7%
Mar	347.15	332.97	369.88	382.21	429.97	472.79	372.44	10.0%	26.9%
Apr	344.57	355.50	373.25	380.42	430.76	489.76	376.90	13.7%	29.9%
May	342.63	400.16	377.43	389.48	417.20	531.44	385.38	27.4%	37.9%
Jun	341.06	425.44	382.01	391.81	412.29	575.84	390.52	39.7%	47.5%
Jul	343.29	428.96	381.66	397.03	412.33	625.93	392.65	51.8%	59.4%
Aug	355.42	421.48	375.87	393.39	417.76		392.78		
Sep	356.77	414.16	378.23	396.62	423.22		393.80		
Oct	354.23	395.31	379.26	398.15	439.53		393.30		
Nov	354.47	386.74	379.39	407.49	461.31		397.88		
Dec	353.66	388.59	383.36	397.78	450.78		394.83		

Note: Monthly Cutout Value Calculated Using Weekly Data

USA Domestic Lamb Cutout Value

Monthly Avg. Price; Source: USDA



Slaughter Lamb Price, Sioux Falls, SD Basis

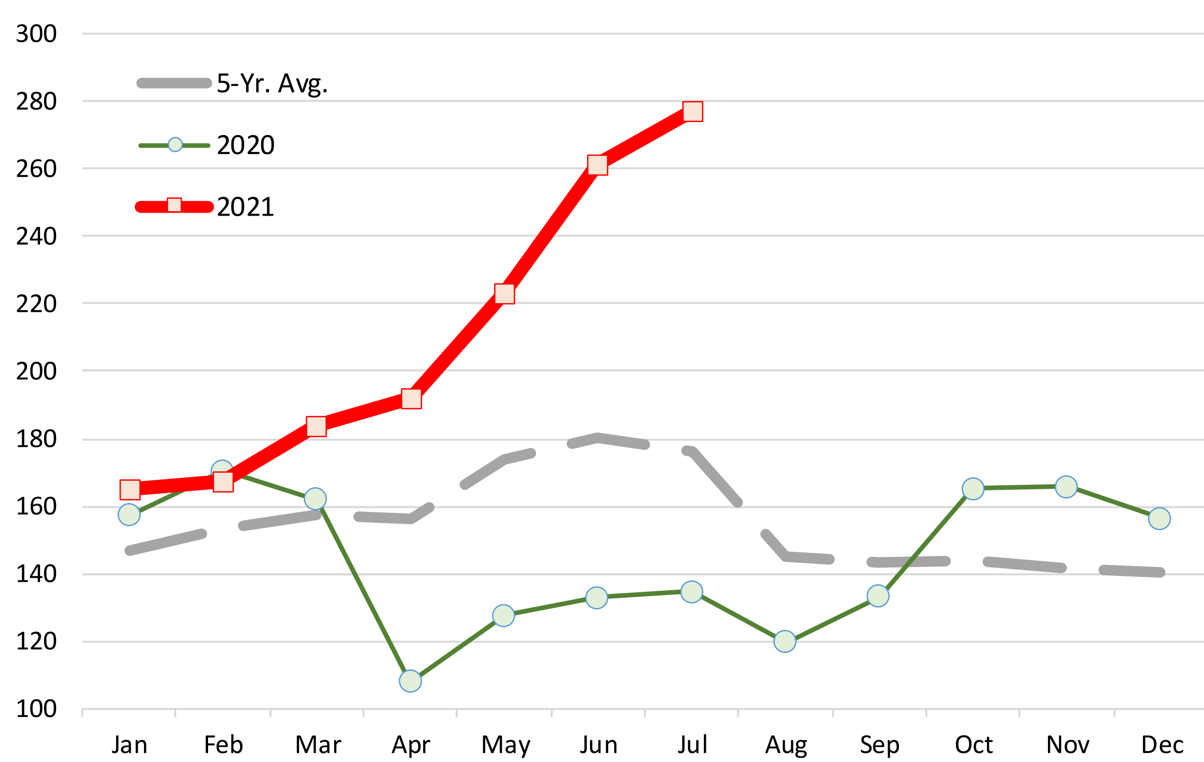
Monthly Average Prices, 100-150 lb. Wooled and Shorn, Choice & Prime 2-3 . $ per 100 lb.

	2016	2017	2018	2019	2020	2021	5-Yr. Avg.	% ch. vs. Yr Ago.	% ch. vs. 5-Yr Avg.
Jan	138.5	141.7	142.1	135.8	157.2	164.9	146.7	4.9%	12.4%
Feb	139.9	144.6	154.1	142.6	170.6	167.4	153.2	-1.9%	9.3%
Mar	135.5	158.1	153.6	150.4	161.9	184.0	157.3	13.7%	17.0%
Apr	143.0	177.9	156.0	162.2	107.8	192.0	156.5	78.0%	22.7%
May	156.7	209.9	161.6	165.4	127.5	223.3	174.1	75.1%	28.3%
Jun	164.0	200.6	166.6	157.4	133.0	261.5	180.5	96.5%	44.8%
Jul	168.7	177.7	146.3	152.0	134.7	277.2	176.1	105.8%	57.4%
Aug	166.0	156.3	132.4	151.5	119.8		145.2		
Sep	161.3	144.0	129.3	147.9	133.3		143.1		
Oct	140.3	134.3	130.4	148.4	165.3		143.7		
Nov	131.5	131.4	129.1	150.3	165.7		141.6		
Dec	134.3	126.8	133.0	151.7	156.5		140.4		

Source: USDA

Slaughter Lamb Price, Sioux Falls, SD Basis

Monthly Average Prices, 100-150 lb. Wooled and Shorn, Choice & Prime 2-3 . $ per 100 lb.



Imported Lamb Price Summary

Source: USDA Agricultural Marketing Service, Mandatory Price Reporting

	2020 Volume		2020 Wt. Avg. $		2020 Implied Value		Aug 24, 2020		Jun 28, 2021		Aug 23, 2021	% ch. vs. wk Ago	% ch. vs. Year Ago
Fresh/Chilled													
	Pounds		$/lb.		Total $								
AUS Shortloin, 1-Rib, 0x0	14,617,536	$	4.97	$	72,600,507	$	5.18	$	6.64	$	6.45	-2.9%	24.6%
AUS Shoulder, Square-cut	8,994,775	$	3.22	$	28,989,584	$	3.27	$	3.80	$	4.01	5.4%	22.7%
AUS Leg, bnls	6,268,292	$	4.36	$	27,355,892	$	4.55	$	5.36	$	5.48	2.3%	20.4%
AUS Leg, semi bnls	1,985,283	$	4.08	$	8,100,010	$	4.64	$	4.92	$	4.61	-6.1%	-0.5%
AUS Rack, FR, Cap-off, 20-24 oz	1,870,146	$	9.52	$	17,796,182	$	8.24	$	10.40	$	12.46	19.8%	51.2%
AUS Rack, FR, Cap-off, 24-28 oz	1,405,292	$	9.84	$	13,832,964	$	8.40	$	11.39	$	13.65	19.9%	62.4%
AUS Rack, FR, Cap-off, 28 oz/up	1,241,798	$	9.95	$	12,360,440	$	8.90	$	10.04	$	11.65	16.0%	30.8%
AUS Shortloin, 1-Rib, 1x1	896,958	$	4.33	$	3,885,234	$	4.50	$	6.56	$	6.82	3.9%	51.7%
AUS Foreshank, VP	605,016	$	3.36	$	2,031,645	$	3.36	$	3.75	$	3.91	4.4%	16.6%
AUS Shoulder, Square-cut, bnls	1,471	$	6.00	$	8,826	$	-	$	-	$	-		
Subtotal	**37,886,567**	**$**	**4.88**	**$**	**184,920,813**	**$**	**4.89**	**$**	**6.03**	**$**	**6.25**	**3.7%**	**28.0%**
Frozen													
AUS Leg, Long	7,153,328	$	3.69	$	26,425,668	$	3.80	$	4.77	$	4.82	1.0%	26.8%
AUS Foreshank, LP	4,083,880	$	2.76	$	11,269,505	$	2.80	$	3.33	$	3.24	-2.6%	15.8%
NZ Rack, FR, Cap-off, 16-20 oz	2,386,029	$	10.04	$	23,946,315	$	8.64	$	8.62	$	10.19	18.2%	17.9%
AUS Shoulder, Square-cut	1,679,483	$	2.84	$	4,765,242	$	2.86	$	2.95	$	3.17	7.3%	10.9%
AUS Leg, bnls	1,644,850	$	3.91	$	6,423,177	$	3.94	$	5.00	$	5.43	8.6%	37.6%
AUS Shoulder, Square-cut, bnls	1,591,611	$	3.93	$	6,247,621	$	4.19	$	5.13	$	5.13	0.0%	22.5%
AUS Hindshank, LP	1,377,995	$	2.76	$	3,806,928	$	2.73	$	3.27	$	3.81	16.5%	39.5%
AUS Leg, bnls, shank-off	1,234,157	$	3.90	$	4,816,990	$	3.74	$	5.86	$	5.86	0.0%	56.8%
NZ Rack, FR, Cap-off, 12-16 oz	1,004,423	$	10.05	$	10,096,657	$	9.66	$	9.15	$	10.21	11.6%	5.6%
NZ Rack, FR, Cap-off, 20 oz/up	932,757	$	8.60	$	8,022,179	$	8.18	$	8.22	$	10.29	25.1%	25.8%
AUS Rack, FR, Cap-off, 20-24 oz	637,951	$	8.42	$	5,368,366	$	5.34	$	-	$	11.90	n/a	122.7%
AUS Rack, FR, Cap-off, 24-28 oz	619,344	$	8.03	$	4,975,165	$	7.65	$	-	$	11.30	n/a	47.7%
AUS Rack, FR, Cap-off, 28 oz/up	611,734	$	8.07	$	4,936,693	$	7.87	$	-	$	9.47	n/a	20.2%
AUS Hindshank, VP	17,648	$	3.53	$	62,334	$	-	$	3.90	$	3.90	0.0%	
AUS Rack, FR, Cap-off, 20 oz/dn	11,430	$	5.61	$	64,142	$	5.09	$	-	$	-		
NZ Rack, FR, Cap-off, 12 oz/dn	10,418	$	10.24	$	106,702	$	-	$	7.36	$	10.54	43.3%	
Subtotal	**24,997,038**	**$**	**4.85**	**$**	**121,333,682**	**$**	**4.63**	**$**	**4.73**	**$**	**5.89**	**24.4%**	**27.1%**

Please note that the prices, volume and sales value reported above represents only subset of total US lamb imports. It only reflects the data reported through the Mandatory Price Reporting System. It is only for negotiated sales, no formula sales. Trade from smaller importers and traders is not included in the summary above. Data that does not meet the confidentiality guidelines also is not included in the above table.

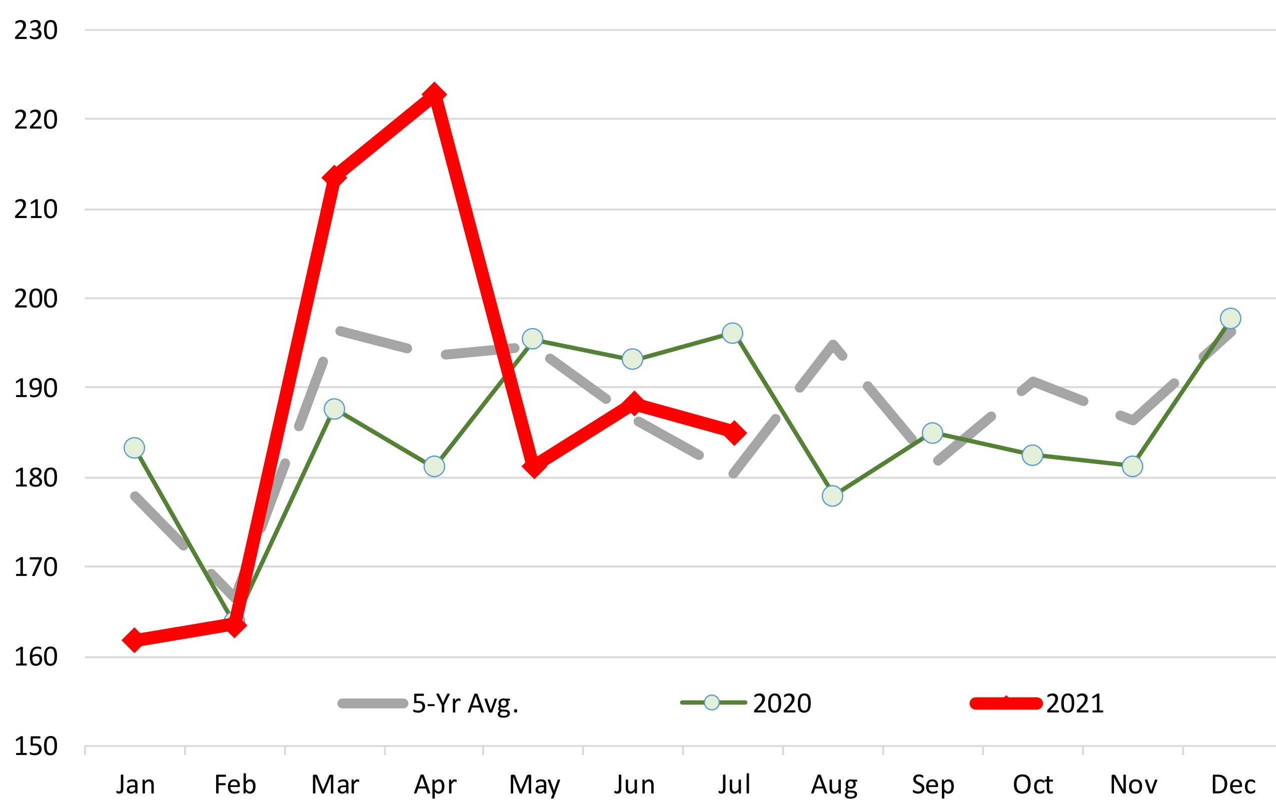
Lamb & Sheep Slaughter. Monthly. '000 Head

	2016	2017	2018	2019	2020	2021	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	160.8	177.4	180.6	187.2	183.3	161.8	177.9	-11.7%	-9.0%
Feb	176.1	159.4	164.3	168.7	163.8	163.6	166.5	-0.1%	-1.7%
Mar	206.5	196.3	201.5	190.4	187.7	213.6	196.5	13.8%	8.7%
Apr	189.8	179.7	181.5	235.7	181.2	222.8	193.6	23.0%	15.1%
May	185.7	180.8	201.8	210.0	195.4	181.3	194.7	-7.2%	-6.9%
Jun	195.9	187.7	180.6	175.4	193.2	188.3	186.6	-2.5%	0.9%
Jul	170.2	166.9	180.0	188.6	196.2	185.1	180.4	-5.7%	2.6%
Aug	193.4	194.6	205.4	202.9	178.0		194.9		
Sep	194.0	176.4	172.2	179.3	185.0		181.4		
Oct	181.6	183.5	199.9	206.0	182.5		190.7		
Nov	186.9	187.4	195.3	181.0	181.3		186.4		
Dec	197.0	188.1	201.8	196.5	197.8		196.2		

Source: USDA

Lamb & Sheep Slaughter. Monthly. '000 Head

Monthly Data. Source: USDA



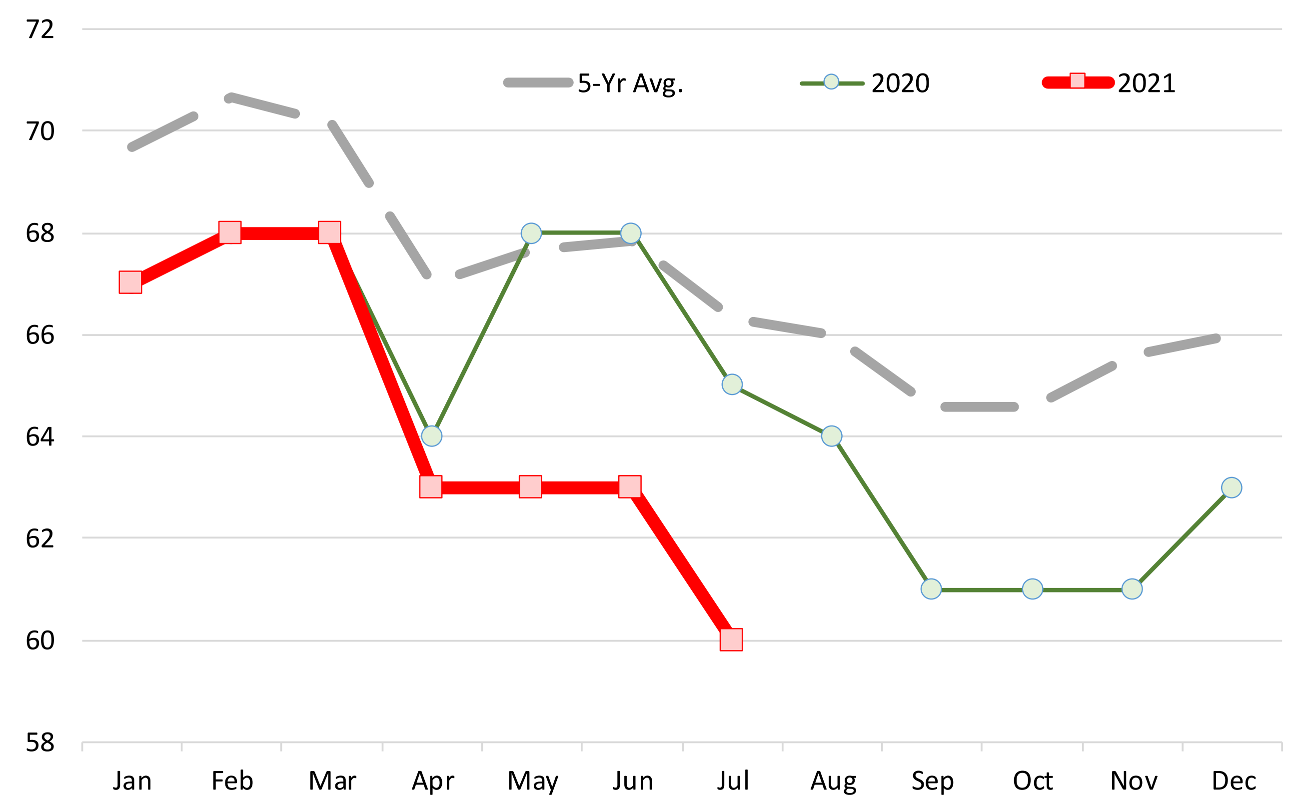
Lamb and Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	2016	2017	2018	2019	2020	2021	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	71.00	71.00	73.00	69.00	67.00	67.00	69.67	0.0%	-3.8%
Feb	73.00	72.00	74.00	69.00	68.00	68.00	70.67	0.0%	-3.8%
Mar	70.00	72.00	72.00	71.00	68.00	68.00	70.17	0.0%	-3.1%
Apr	70.00	67.00	71.00	67.00	64.00	63.00	67.00	-1.6%	-6.0%
May	72.00	67.00	70.00	66.00	68.00	63.00	67.67	-7.4%	-6.9%
Jun	69.00	68.00	71.00	68.00	68.00	63.00	67.83	-7.4%	-7.1%
Jul	69.00	68.00	70.00	66.00	65.00	60.00	66.33	-7.7%	-9.5%
Aug	66.00	67.00	68.00	65.00	64.00		66.00		
Sep	64.00	66.00	69.00	63.00	61.00		64.60		
Oct	65.00	66.00	67.00	64.00	61.00		64.60		
Nov	67.00	68.00	68.00	64.00	61.00		65.60		
Dec	68.00	69.00	67.00	63.00	63.00		66.00		

Source: USDA

Lamb and Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

Monthly Data. Source: USDA



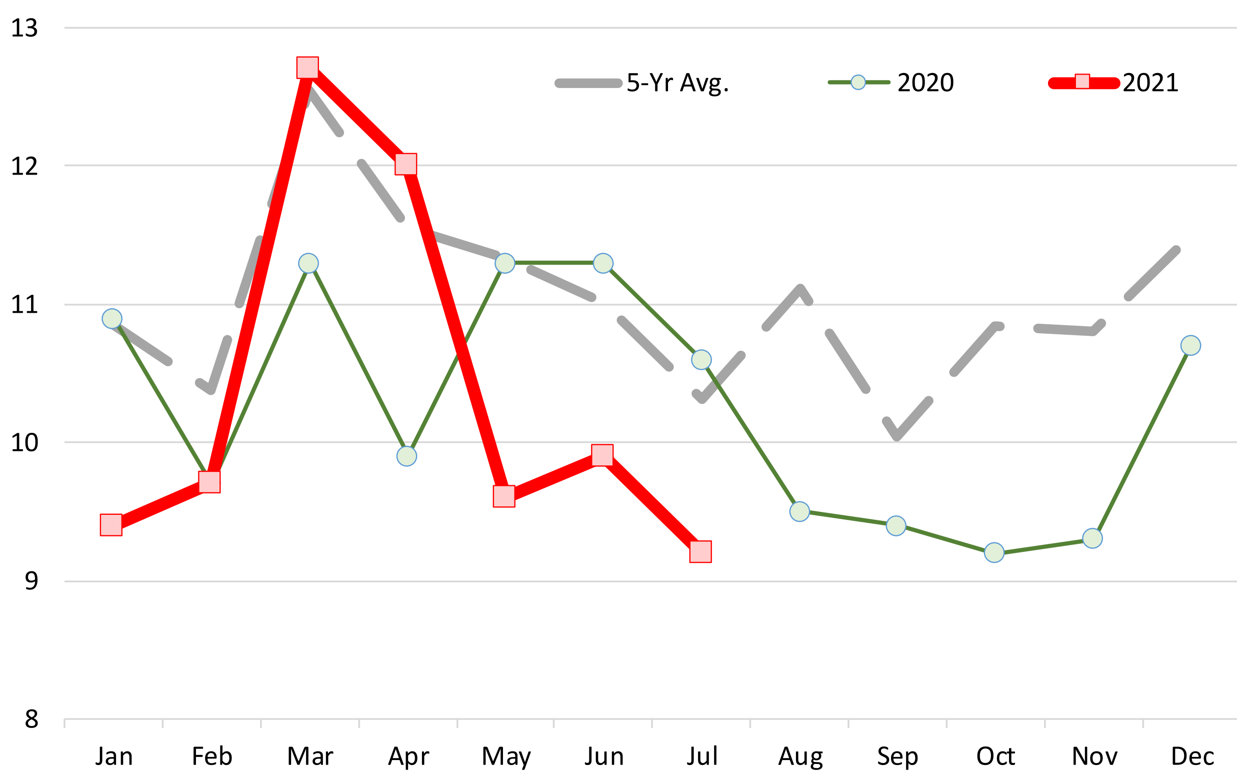
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	2016	2017	2018	2019	2020	2021	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	10.3	11.4	11.7	11.4	10.9	9.4	10.9	-13.8%	-13.4%
Feb	11.6	10.4	10.8	10.1	9.7	9.7	10.4	0.0%	-6.6%
Mar	13.2	12.7	13.3	12.1	11.3	12.7	12.6	12.4%	1.2%
Apr	11.8	10.4	11.5	13.7	9.9	12.0	11.6	21.2%	3.9%
May	12.0	10.5	12.5	12.1	11.3	9.6	11.3	-15.0%	-15.3%
Jun	12.1	11.3	11.2	10.3	11.3	9.9	11.0	-12.4%	-10.1%
Jul	10.5	9.9	11.0	10.7	10.6	9.2	10.3	-13.2%	-10.8%
Aug	11.5	11.6	11.9	11.1	9.5		11.1		
Sep	10.9	10.1	10.1	9.7	9.4		10.0		
Oct	10.7	10.9	11.9	11.5	9.2		10.8		
Nov	11.3	11.4	11.8	10.2	9.3		10.8		
Dec	12.1	11.8	11.9	11.0	10.7		11.5		

Source: USDA

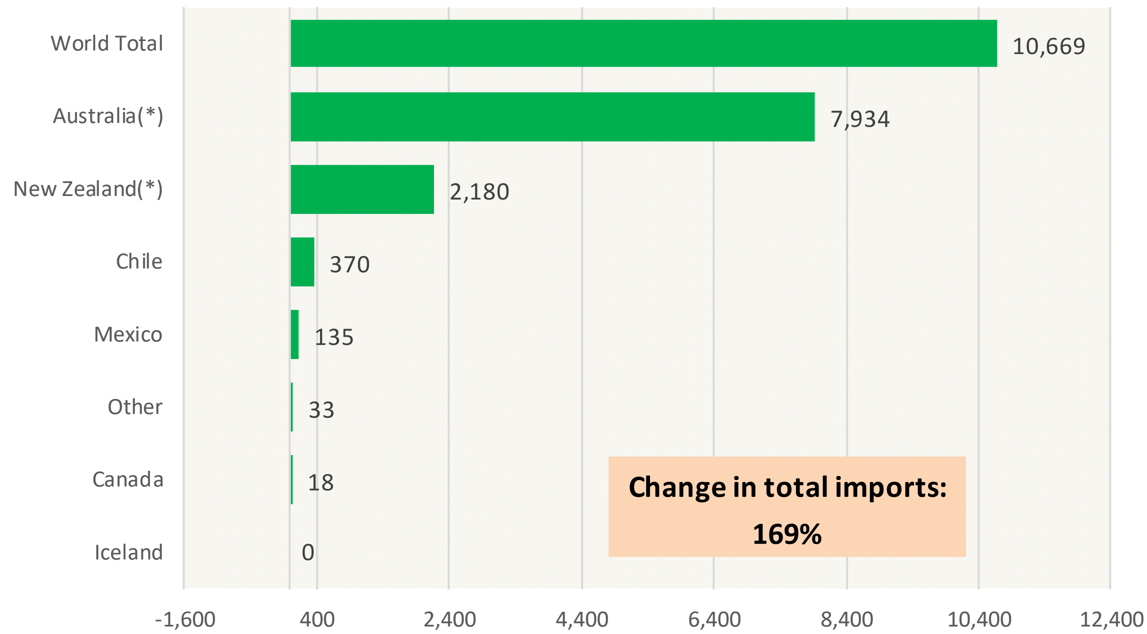
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

Monthly Data. Source: USDA



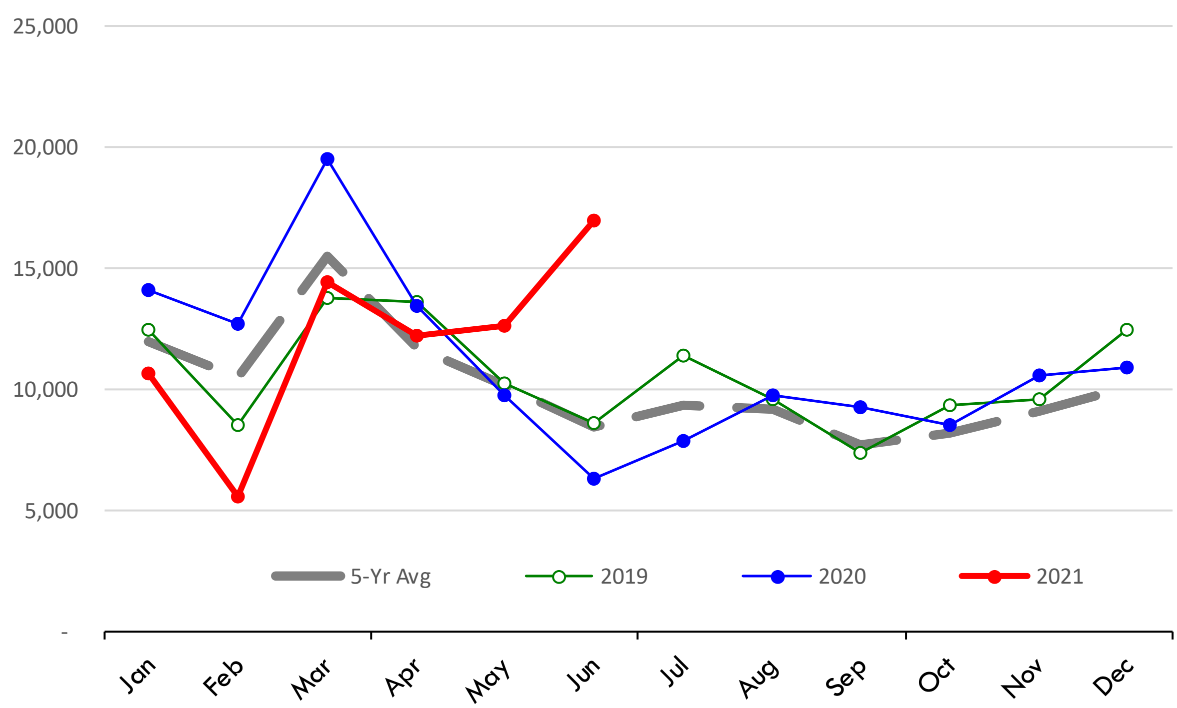
Y/Y Ch. in Jun. 21 vs. Jun. 20 US Mutton, Goat, Lamb Imports

Source: USDA/FAS Units: Metric Tons



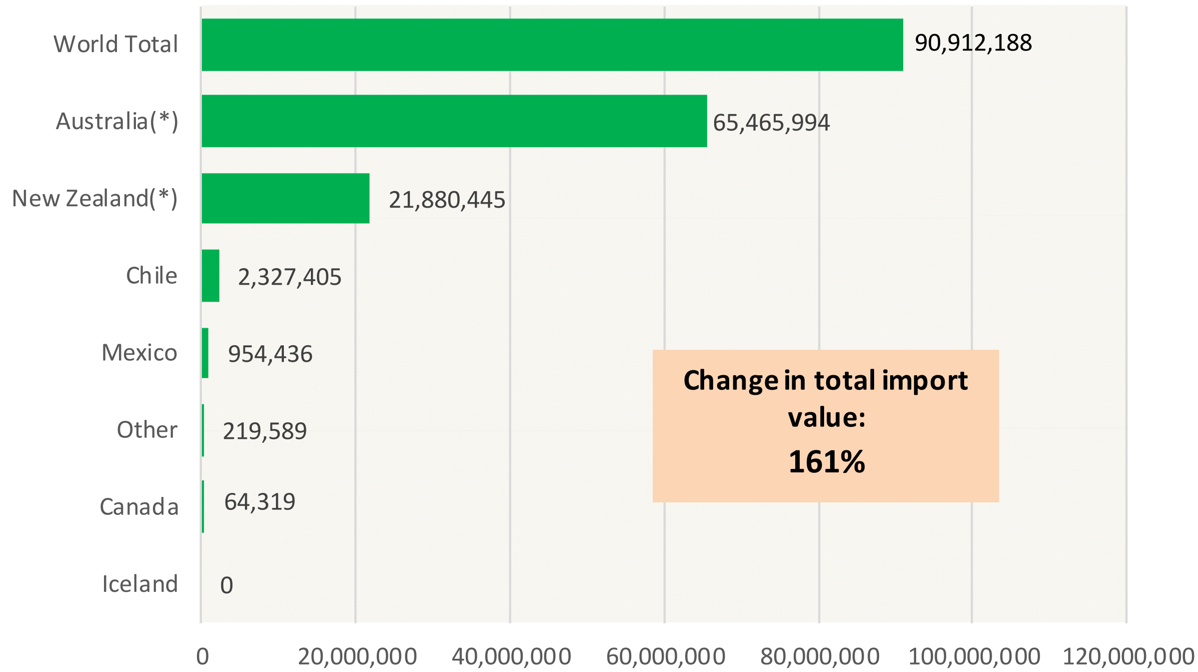
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



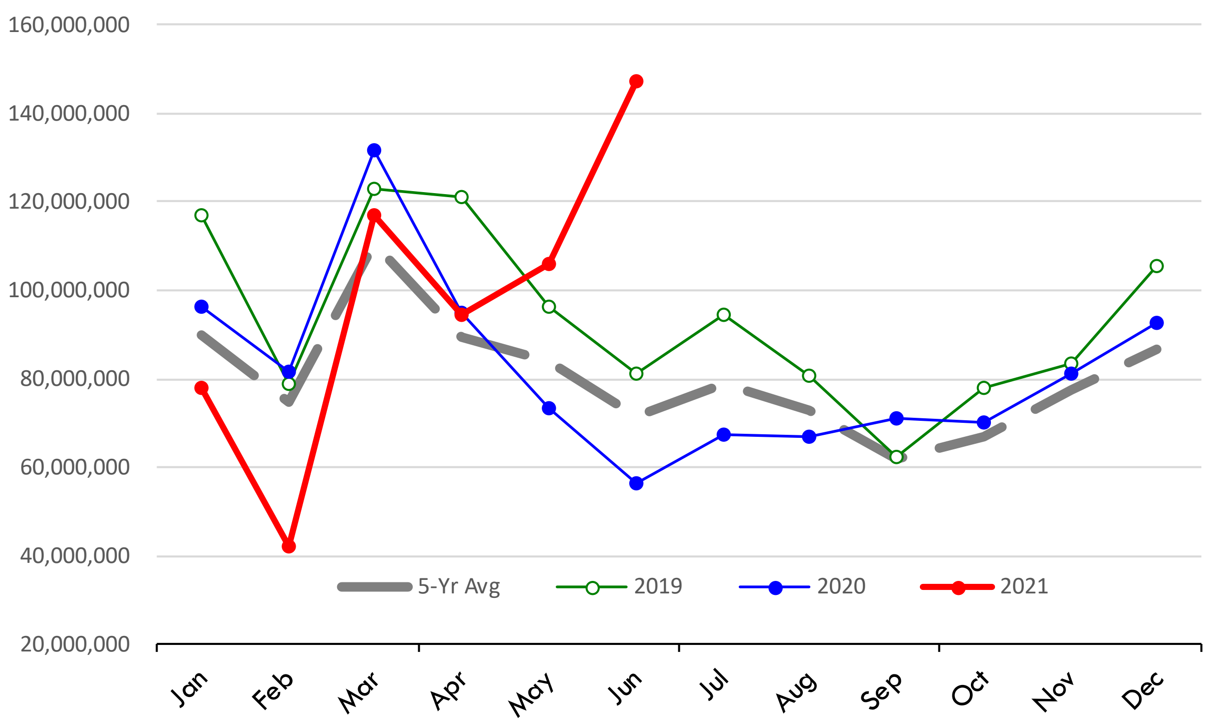
Y/Y Ch. in Jun. 21 vs. Jun 20 US Mutton, Goat, Lamb Import Value ($)

Source: USDA/FAS Units: US Dollars



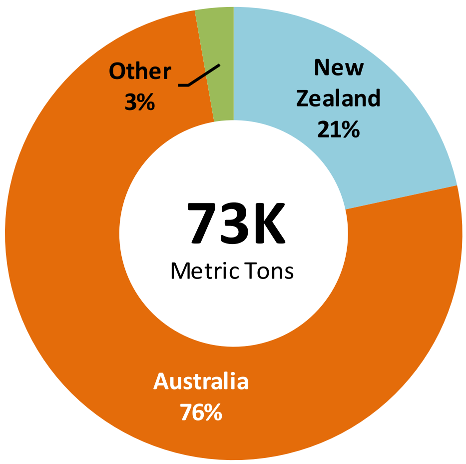
$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: World Total

Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



TOP US LAMB IMPORT MARKETS IN 2021

Total Volume and Country Shares for Period Jan - Jun 2021, MT



TOP US LAMB IMPORT MARKETS IN 2020

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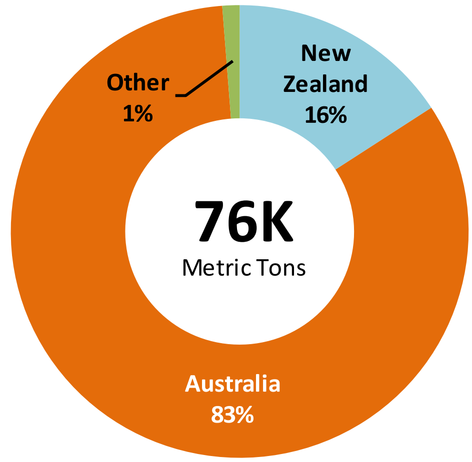
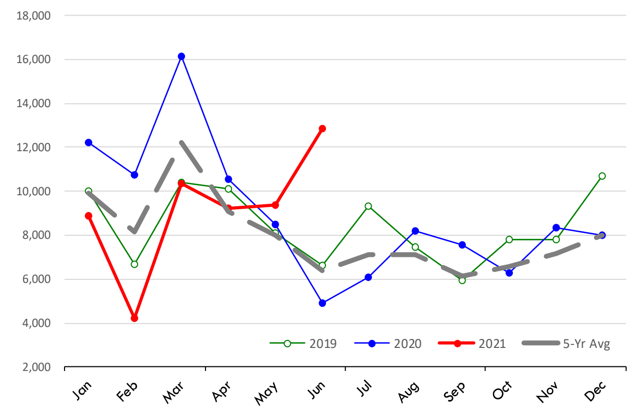


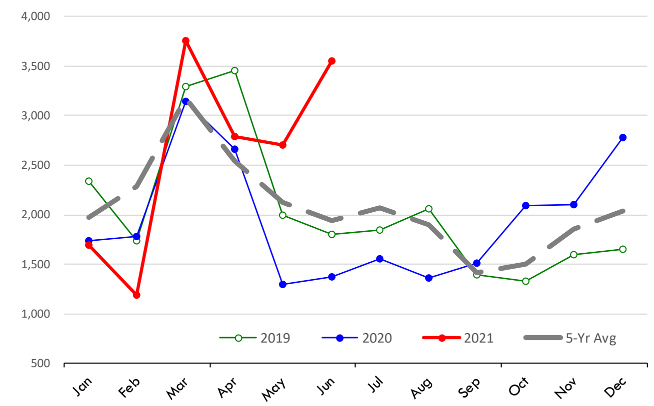
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



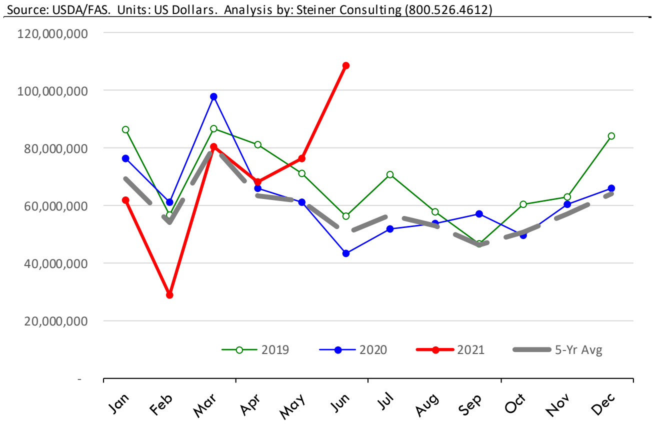
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



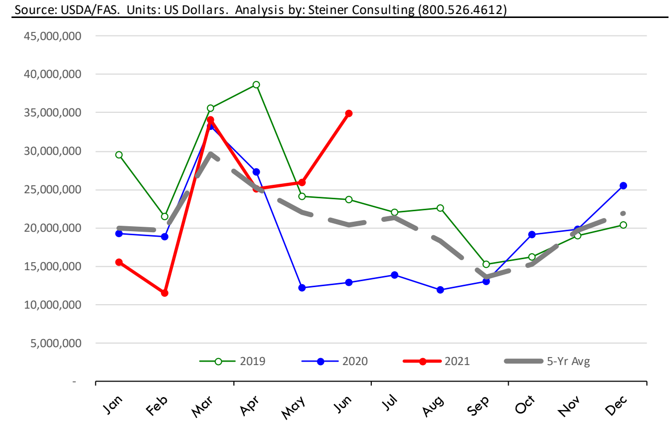
$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

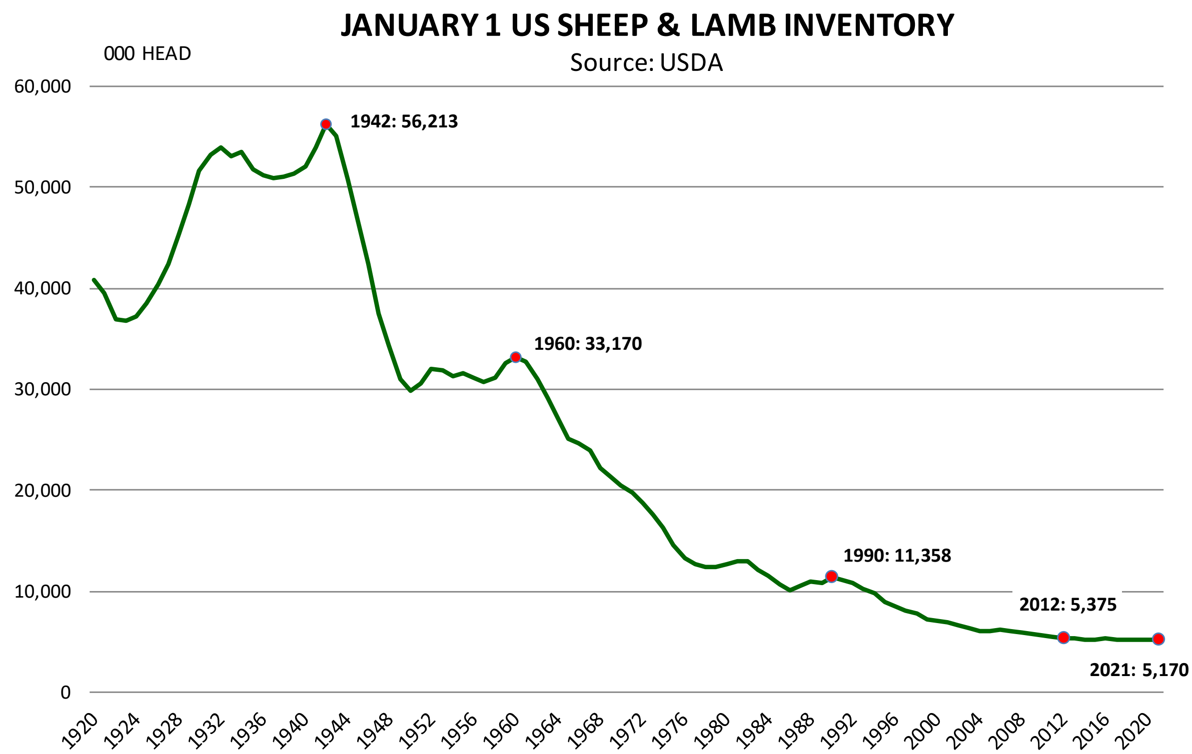
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

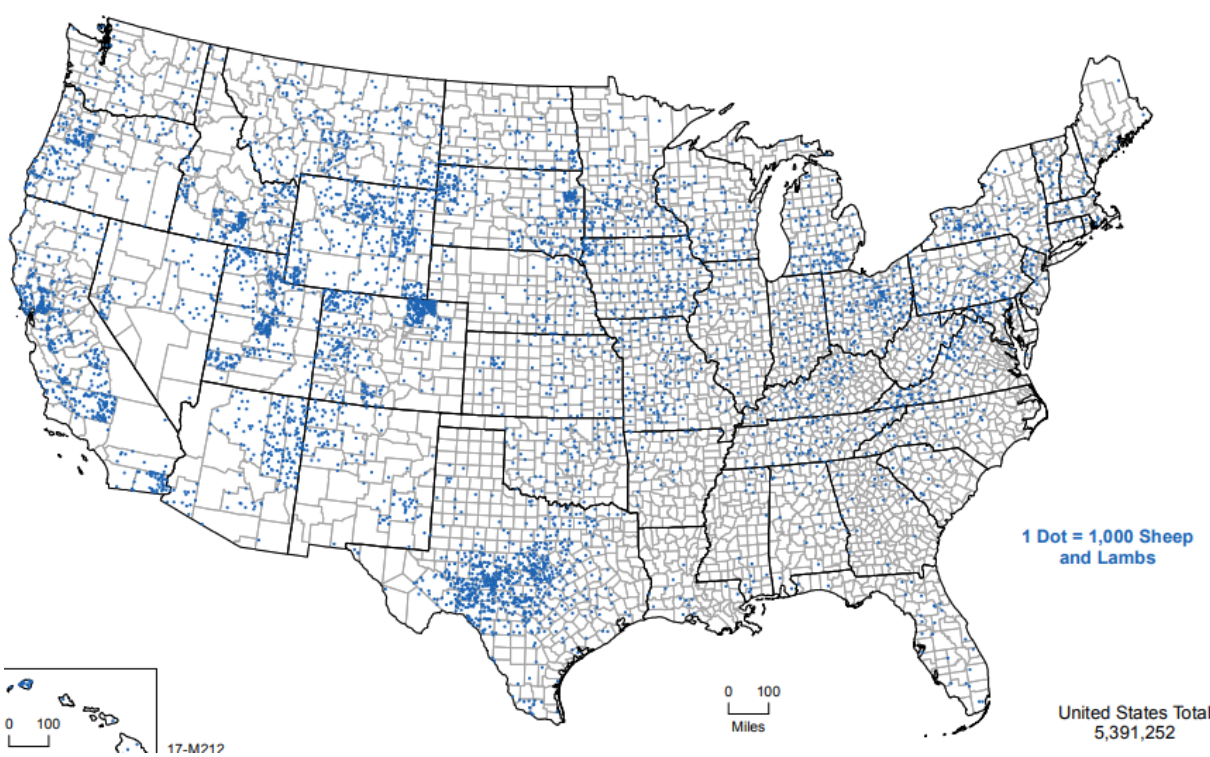
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



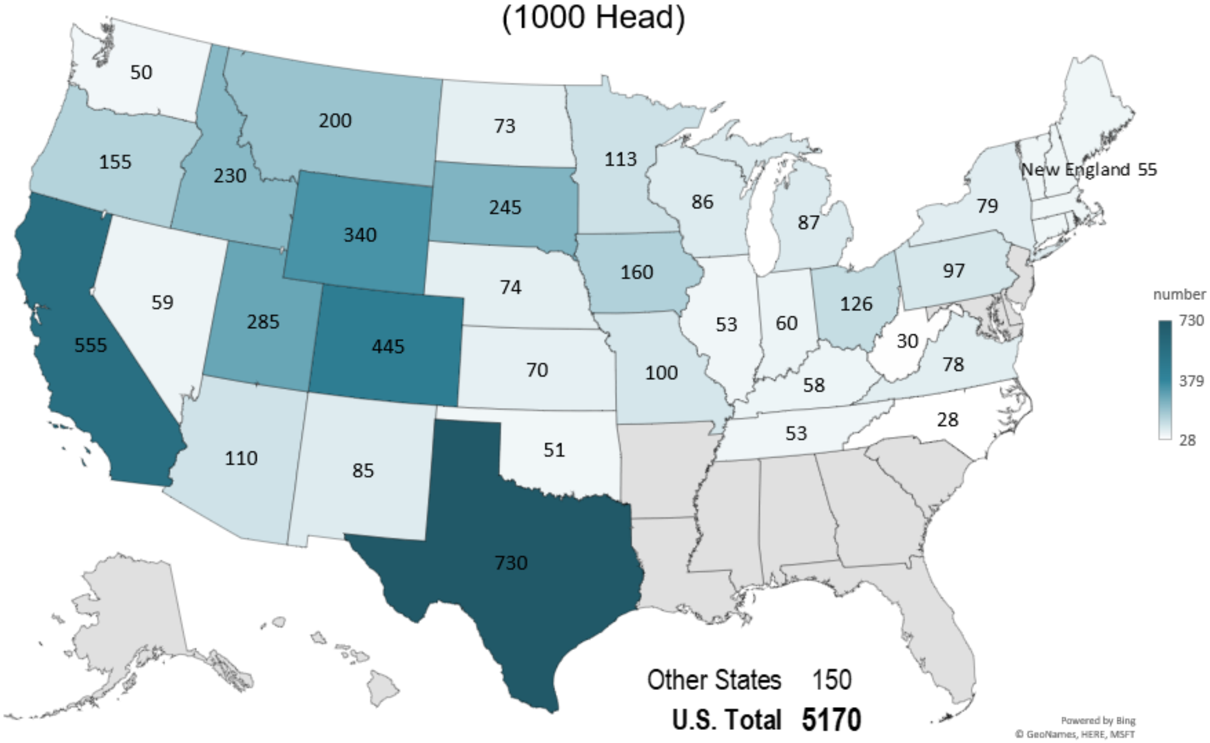


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



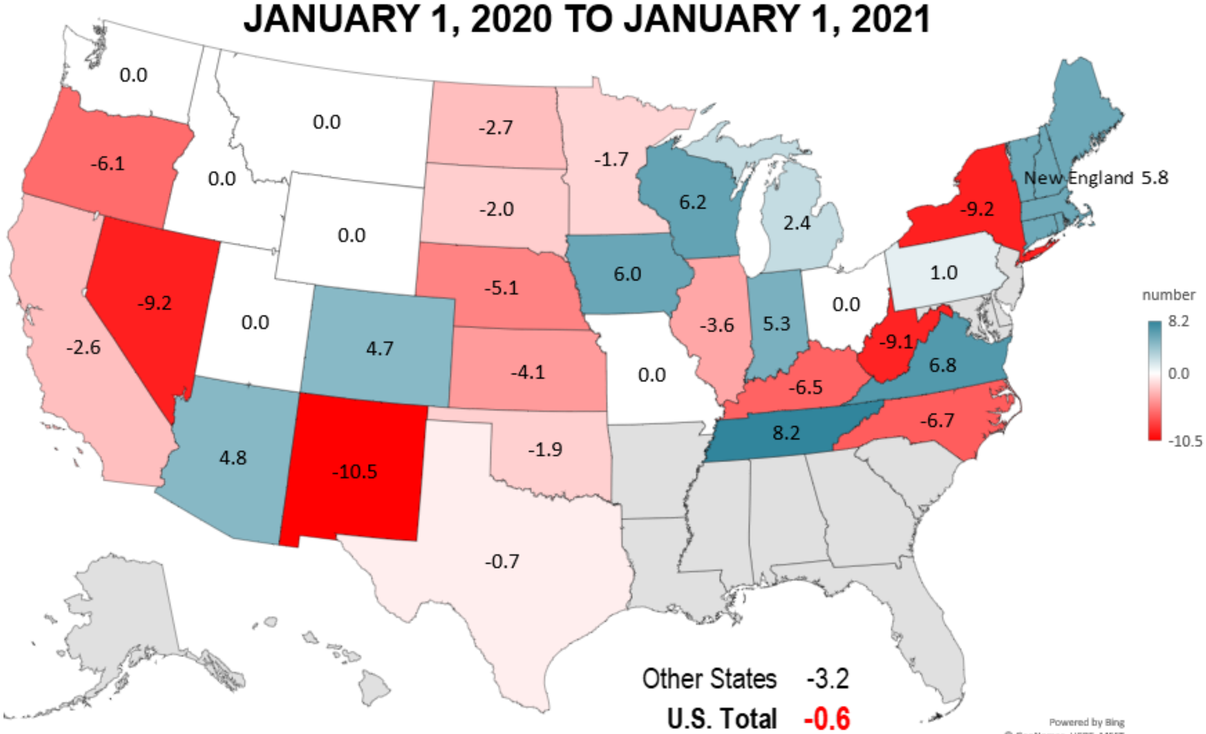
SHEEP AND LAMB NUMBERS JANUARY 1, 2021
(1000 Head)



Livestock Marketing Information Center
Data Source: USDA-NASS

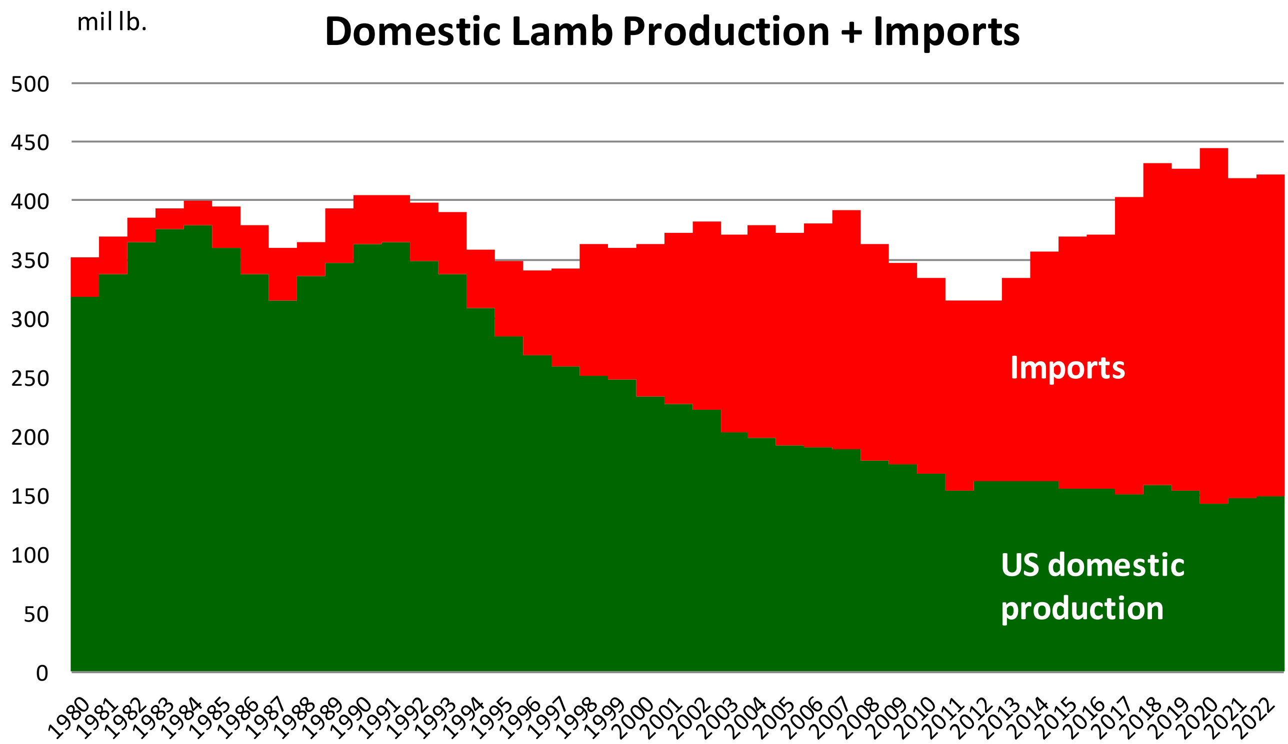
S-N-05
01/29/21

% CHANGE SHEEP AND LAMB INVENTORY JANUARY 1, 2020 TO JANUARY 1, 2021



Livestock Marketing Information Center
Data Source: USDA-NASS

S-N-13
01/29/21


mil lb.
Domestic Lamb Production + Imports
500
450
400
350
300
250
200
150
100
50
0
Imports
US domestic production
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022