

Monthly US Lamb Market Update

September 2020 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

October 1, 2020

USA Domestic Lamb Market - Supply/Demand Situation

Despite shifts in type of product featured, retail lamb features overall remain below year ago levels. USDA does a weekly survey of the printed and online features that retailers put together. By all accounts, this is not a comprehensive data set and it does not tell you exactly what consumers are paying for lamb. In order to do that one needs to use scanner data that some private companies make available. However, the USDA numbers do offer some insight as to how aggressively retailers are featuring lamb cuts and an idea on the average price of those features. The table to the right provides a summary of the USDA reported features and feature prices for the last four weeks. On average the number of lamb features is down 19% compared to a year ago and the weighted average feature price is up 2%. Last year the two most featured items were shoulder blade chops, a relatively inexpensive cut, and lamb loin chops. Blade chop features during this period were up 18% and the average price was down 6% from last year. However, loin chop features were down some 60% compared to a year ago while prices were up in double digits. Lower prices for imported racks appear to have generated some interest although we do not know from USDA data whether the features are for domestic or imported product. Retail features of racks about doubled compared to last year and the price was 17% lower, consistent with some of the lower prices for imported racks that we have seen. Seasonally retail features should see a bump for Thanksgiving and then jump sharply higher into Christmas.

Cold storage supply lower than expected. Our expectation a month ago was for cold storage supplies to increase modestly into August before sliding lower in September and October. The slow reopening of white table cloth restaurants, lack of convention and business meetings and higher imports were the main reason why we thought freezer inventories could increase. Instead, USDA pegged lamb and mutton inventories in the freezer at the end of August at 42.4 million pounds, 9% less than a year ago. Some chain steakhouses have noted that food sales have improved faster than they expected, with take out business accounting for a big share of the recovery. This tends to limit the downside in the lamb market for now although another spike in corona virus cases this fall could once again derail this demand recovery.

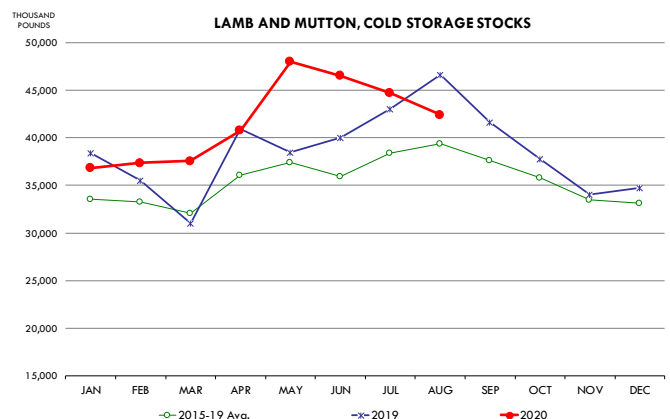
Lower domestic slaughter opens the door for more imports at retail.

US lamb slaughter has been running below year ago levels for much of this year and the trend is decidedly lower. For the week ending September 26 slaughter of sheep and lambs was estimated at 31k head, down 17.9% from a year ago. In the four weeks ending September 26, total slaughter was 134,986 head, 8% lower than last year. Average weights are also trending down. During the last four reported weeks, lamb weights averaged 62.3 pounds per carcass, down 2% vs. year ago.

Retail Lamb Features and Feature Prices in Last Four Weeks vs. Year Ago

Source: USDA-AMS. Analysis by Steiner Consulting

	Aug 26 - Sep 27, 2020		Aug 24 - Sep 25, 2020		Y/Y %	Y/Y %
	store	price in	store	price in	Feat.	Price
	features	\$/lb.	features	\$/lb.	Ch.	Ch.
Shldr Blade Chop	2,490	5.95	2,940	5.60	18%	-6%
Shldr rnd bone chop	810	6.27	380	6.89	-53%	10%
Lamb Racks	480	13.99	930	11.59	94%	-17%
Lamb Loin Chops	4,510	7.83	1,850	9.27	-59%	18%
Bone-in Lamb Leg	30	7.99	40	4.99	33%	-38%
Boneless Lamb leg	120	8.99	125	8.87	4%	-1%
Semi-Bnls Lamb Leg	-		180	6.93		
Bnls Lamb Leg, Butterflied	180	6.75				
Lamb Leg, Shank/Butt	40	3.99	510	6.68	1175%	67%
Ground Lamb	400	6.99	530	7.46	33%	7%
Lamb Shank	320	5.56	290	5.76	-9%	4%
Lamb Stew Meat	190	8.99				
Features and Wt. Avg. Price	9,570	7.41	7,775	7.53	-19%	2%



Imported Lamb Supply and Price Trends

Higher Australia shipments continue to bolster US imports.

As expected US lamb imports were higher in August and September, reflecting the pace of exports out of Australia the month prior. In July Australian beef shipments to the US were 51% higher than the previous year and in August they were 48% higher. Weekly US import data for the four weeks ending September 26 show that overall imports averaged about 1,426 MT per week, 47% higher than the previous year. Imports from Australia during this period averaged 1,030 MT/wk, up 59% while imports from New Zealand at 357 MT/wk were 15% higher than a year ago. Imports from other markets remain limited but they are higher than the almost non-existent volume we saw last year. Imports from Mexico in the last four weeks have averaged about 22 MT/wk and imports from Chile last week were 28 MT following several weeks of no import volume. Imports from other markets, like Iceland and Uruguay, remain extremely limited. We think the pace of imports in the US in October will continue to run above last year's levels. The latest data from Australia show that export shipments last month were 5,188 MT, 25% higher than the previous year.

Mutton imports improve while goat meat supplies are as tight as ever.

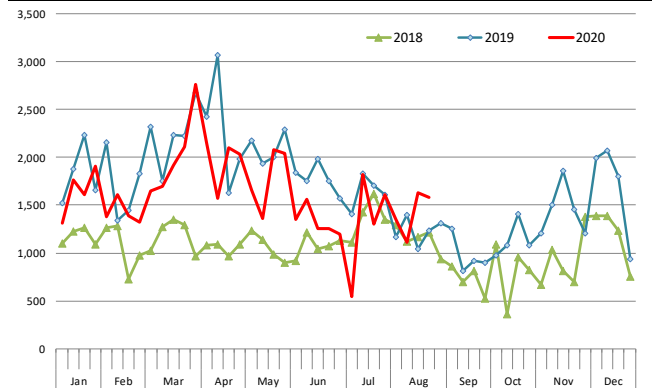
Mutton imports were lower through much of the spring and summer but they showed a notable improvement in September. Most mutton imports in the US currently come from Australia. In the four weeks ending September 26, Australian mutton imports averaged 296 MT/wk, 63% higher than the same four week period a year ago. Goat meat imports during this period averaged 224 MT/wk, 53% lower than a year ago. Imports from Australia accounted for about 78% of all imports and were down 57% compared to last year. Imports from Mexico averaged 12 MT/wk, down 15% from last year and imports from New Zealand at 38 MT/wk were 29% lower than a year ago.

Ample supplies of imported lamb and soft foodservice demand continues to pressure high value cut prices. The table on page 6 offers a complete summary of prices for fresh/frozen imported lamb cuts. A few highlights:

- Racks remain weak. Fresh Australian rack prices are currently as much as 28% lower than a year ago. Frozen racks have traded in the 5s and 6s, down as much as 46% compared to a year ago.
- Retail items continue to perform well. Fresh Australian semi-boneless leg prices are up 24% while fresh square cut shoulder is up 8% y/y.

Weekly Total Lamb Imports. Data in Metric Ton, Product Wt. Basis.

Source: USDA-AMS



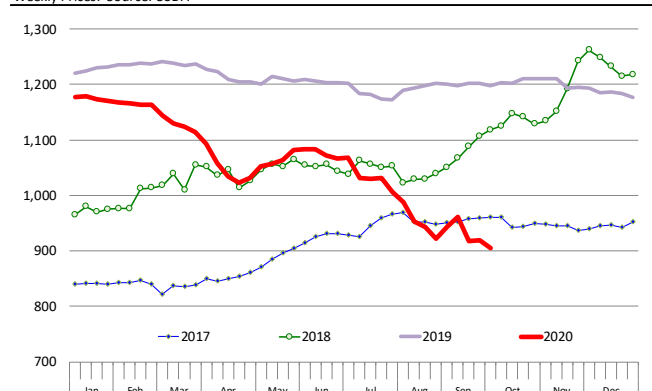
Summary of Australian Lamb Exports: September 2020

Source: MAFF

	9/1/2019	9/1/2020	MT ch.	% ch.
China	6,141	4,413	(1,729)	-28%
Japan	661	672	11	2%
South Korea	759	1,249	490	65%
Qatar	1,712	1,930	218	13%
Dubai	1,405	1,043	(362)	-26%
Jordan	620	349	(271)	-44%
USA East	2,627	3,462	835	32%
USA West	1,535	1,726	191	12%
USA Total	4,162	5,188	1,026	25%
Malaysia	306	790	484	158%
Papua New Guinea	811	1,293	482	59%
Other	3,798	4,927	1,129	30%
Total Aus	20,376	21,854	1,478	7%

Australian Lamb Racks, Fresh, Cap-off, 28 oz/up. 4-WK Moving Avg.

Weekly Prices. Source: USDA



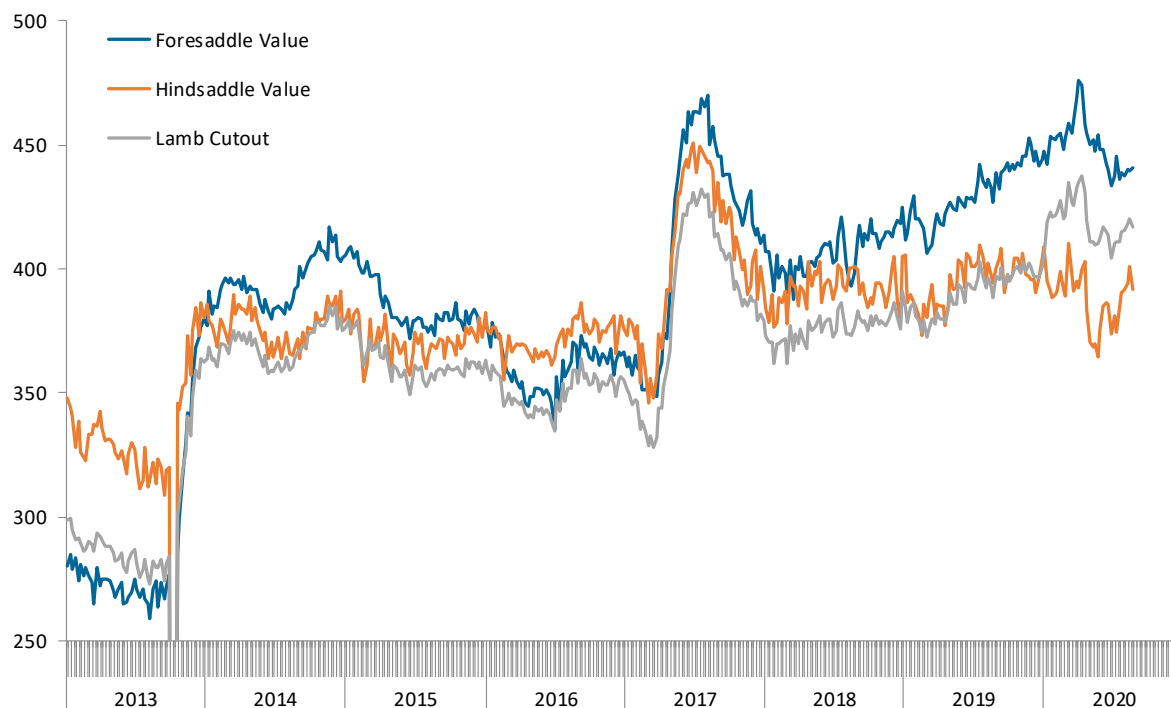
US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		8/21/2020	8/14/2020	w/w	8/23/2019	y/y
		US\$/cwt	US\$/cwt	% ch.	US\$/cwt	% ch.
Foresaddle	204 Rack, 8-Rib, Medium	832.2	815.6	2.0%	839.9	-0.9%
	209 Breast	294.5	305.8	-3.7%	228.3	29.0%
	207 Shoulders, Square Cut	331.4	326.5	1.5%	316.6	4.7%
	210 Foreshank	416.3	418.2	-0.4%	413.3	0.7%
	Neck	181.3	237.9	-23.8%	193.4	-6.2%
Foresaddle Value		440.8	439.7	0.3%	426.8	3.3%
Hindsaddle	232 Loin, Trimmed, 4x4	10.0	10.0	0.0%	505.6	-98.0%
	232E Flank, Untrimmed	109.5	214.2	-48.9%	138.2	-20.8%
	233A Leg, Trotter Off	365.0	367.5	-0.7%	381.0	-4.2%
Hindsaddle Value		391.4	400.6	-2.3%	394.2	-0.7%
Carcass Value		416.5	420.5	-0.9%	388.3	7.3%

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

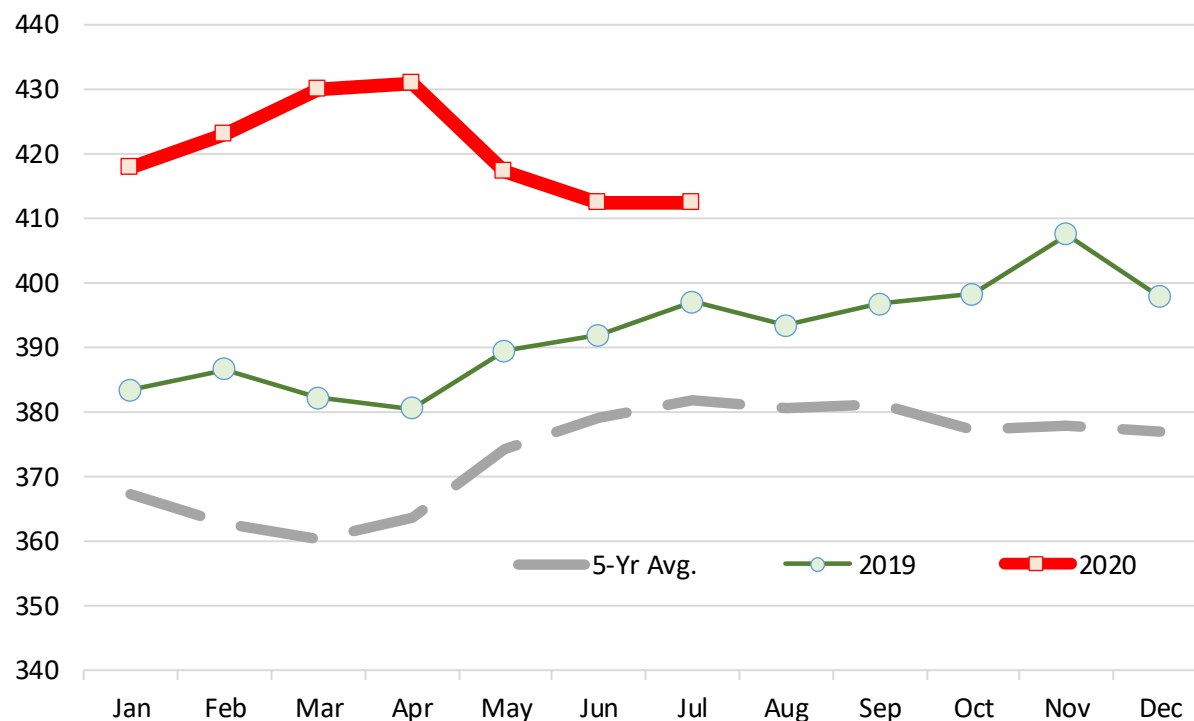
Source: Agricultural Marketin Service, USDA. \$ per 100 lb. Dressed Carcass

	2015	2016	2017	2018	2019	2020	5-Yr Avg.	% ch. vs. Yr Ago	% ch. vs. 5-Yr Avg.
Jan	377.17	358.74	348.34	368.85	383.43	417.78	367.31	9.0%	13.7%
Feb	366.93	351.23	338.77	370.47	386.61	423.08	362.80	9.4%	16.6%
Mar	369.36	347.15	332.97	369.88	382.21	429.97	360.31	12.5%	19.3%
Apr	364.78	344.57	355.50	373.25	380.42	430.76	363.70	13.2%	18.4%
May	361.36	342.63	400.16	377.43	389.48	417.20	374.21	7.1%	11.5%
Jun	355.17	341.06	425.44	382.01	391.81	412.29	379.10	5.2%	8.8%
Jul	357.71	343.29	428.96	381.66	397.03	412.33	381.73	3.9%	8.0%
Aug	356.28	355.42	421.48	375.87	393.39		380.49		
Sep	359.34	356.77	414.16	378.23	396.62		381.02		
Oct	359.34	354.23	395.31	379.26	398.15		377.26		
Nov	360.56	354.47	386.74	379.39	407.49		377.73		
Dec	361.26	353.66	388.59	383.36	397.78		376.93		

Note: Monthly Cutout Value Calculated Using Weekly Data

USA Domestic Lamb Cutout Value

Monthly Avg. Price; Source: USDA



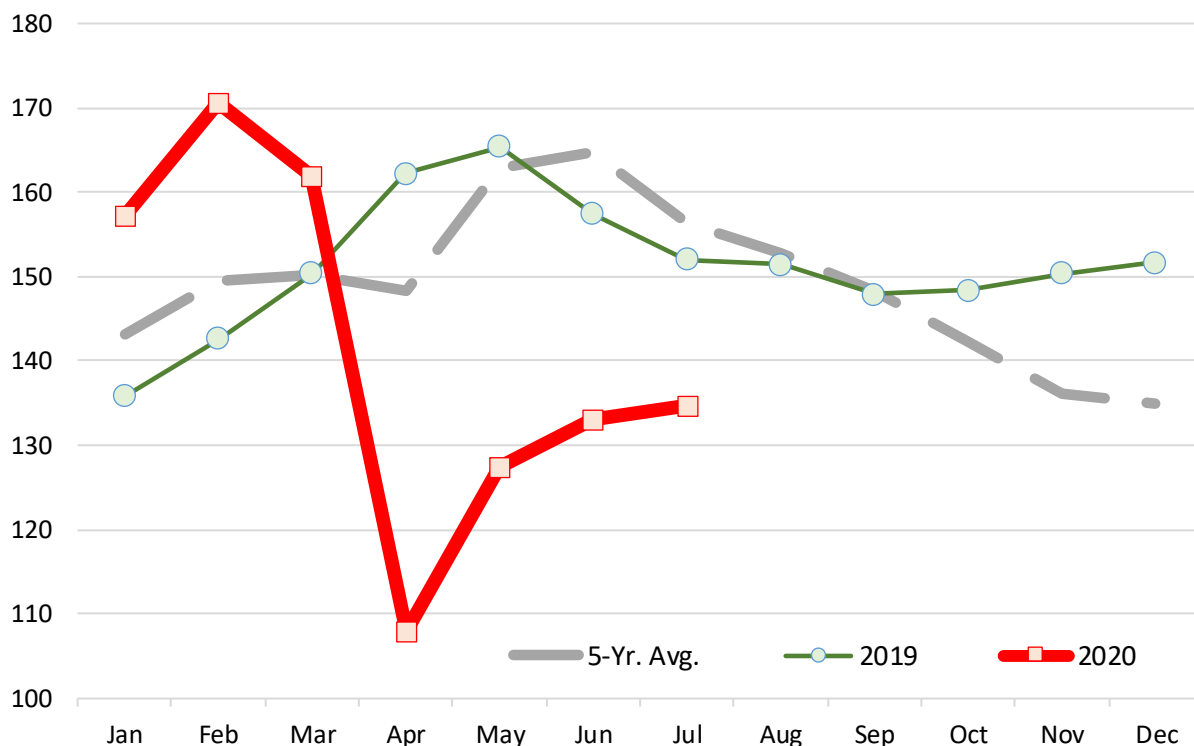
Slaughter Lamb Price, Sioux Falls, SD Basis

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

	2015	2016	2017	2018	2019	2020	5-Yr. Avg.	% ch. vs. Yr Ago.	% ch. vs. 5-Yr Avg.
Jan	143.3	138.5	141.7	142.1	135.8	157.2	143.1	15.7%	9.8%
Feb	144.5	139.9	144.6	154.1	142.6	170.6	149.4	19.6%	14.2%
Mar	141.8	135.5	158.1	153.6	150.4	161.9	150.2	7.7%	7.8%
Apr	143.4	143.0	177.9	156.0	162.2	107.8	148.4	-33.5%	-27.3%
May	156.6	156.7	209.9	161.6	165.4	127.5	163.0	-22.9%	-21.7%
Jun	167.5	164.0	200.6	166.6	157.4	133.0	164.9	-15.5%	-19.3%
Jul	158.9	168.7	177.7	146.3	152.0	134.7	156.4	-11.4%	-13.8%
Aug	157.7	166.0	156.3	132.4	151.5		152.8		
Sep	159.4	161.3	144.0	129.3	147.9		148.4		
Oct	157.7	140.3	134.3	130.4	148.4		142.2		
Nov	138.7	131.5	131.4	129.1	150.3		136.2		
Dec	129.1	134.3	126.8	133.0	151.7		135.0		

*Source: USDA***Slaughter Lamb Price, Sioux Falls, SD Basis**

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



Imported Lamb Price Summary

Source: USDA Agricultural Marketing Service, Mandatory Price Reporting

	2019 Volume	2019 Wt. Avg. \$	2019 Implied Value	Sep 16, 2019	Sep 7, 2020	Sep 14, 2020	% ch. vs. wk Ago	% ch. vs. Year Ago
Fresh/Chilled								
	Pounds	\$/lb.	Total \$					
AUS Shortloin, 1-Rib, 0x0	8,528,127	\$ 4.95	\$ 42,199,023	\$ 4.85	\$ 4.94	\$ 5.29	7.0%	9.1%
AUS Shoulder, Square-cut	4,481,193	\$ 3.02	\$ 13,543,443	\$ 2.98	\$ 3.23	\$ 3.18	-1.7%	6.5%
AUS Rack, FR, Cap-off, 24-28 oz	797,608	\$ 11.95	\$ 9,532,114	\$ 11.89	\$ 9.88	\$ 8.81	-10.8%	-25.9%
AUS Rack, FR, Cap-off, 28 oz/up	785,560	\$ 12.07	\$ 9,478,315	\$ 12.03	\$ 9.73	\$ 8.58	-11.8%	-28.7%
AUS Shortloin, 1-Rib, 1x1	740,994	\$ 4.26	\$ 3,153,708	\$ 4.50	\$ 4.22	\$ 4.21	-0.2%	-6.5%
AUS Leg, semi bnls	574,293	\$ 3.71	\$ 2,133,410	\$ 3.55	\$ 3.93	\$ 4.44	12.9%	25.1%
AUS Rack, FR, Cap-off, 20-24 oz	307,216	\$ 11.88	\$ 3,650,508	\$ 11.82	\$ 8.31	\$ 8.36	0.6%	-29.3%
AUS Foreshank, VP	135,199	\$ 3.03	\$ 410,129	\$ -	\$ 3.32	\$ 3.52	6.0%	
Subtotal	16,350,190	\$ 5.14	\$ 84,100,651	\$ 5.05	\$ 4.92	\$ 5.00	1.6%	-1.0%
Frozen								
AUS Leg, Long	8,370,493	\$ 2.39	\$ 20,019,990	\$ 3.61	\$ 3.61	\$ 3.69	2.2%	2.2%
AUS Foreshank, LP	3,790,731	\$ 2.39	\$ 9,066,419	\$ 2.69	\$ 2.78	\$ 2.67	-4.1%	-0.8%
AUS Shoulder, Square-cut	2,513,670	\$ 2.39	\$ 6,012,029	\$ 2.60	\$ 2.76	\$ 4.06	47.2%	55.9%
AUS Leg, bnls	1,743,261	\$ 2.39	\$ 4,169,416	\$ 3.79	\$ 3.82	\$ 3.74	-2.1%	-1.3%
AUS Hindshank, LP	1,174,944	\$ 2.39	\$ 2,810,153	\$ 2.61	\$ 2.91	\$ 2.78	-4.7%	6.5%
AUS Shoulder, Square-cut, bnls	944,929	\$ 2.39	\$ 2,260,019	\$ -	\$ 3.86	\$ 3.79	-1.6%	
AUS Rack, FR, Cap-off, 20-24 oz	862,556	\$ 2.39	\$ 2,063,004	\$ 10.76	\$ 9.19	\$ 8.28	-9.8%	-23.0%
AUS Rack, FR, Cap-off, 24-28 oz	706,739	\$ 2.39	\$ 1,690,331	\$ 10.85	\$ 5.63	\$ 6.43	14.1%	-40.7%
AUS Rack, FR, Cap-off, 28 oz/up	671,365	\$ 2.39	\$ 1,605,726	\$ 11.05	\$ 6.11	\$ 7.43	21.6%	-32.8%
AUS Hindshank, VP	40,426	\$ 2.39	\$ 96,688	\$ -	\$ -	\$ -		
NZ Rack, FR, Cap-off, 16-20 oz	3,524,701	\$ 2.39	\$ 8,430,146	\$ 11.57	\$ 9.52	\$ 8.97	-5.8%	-22.5%
NZ Rack, FR, Cap-off, 12-16 oz	1,665,018	\$ 2.39	\$ 3,982,280	\$ 11.81	\$ 9.57	\$ 8.99	-6.0%	-23.8%
NZ Rack, FR, Cap-off, 20 oz/up	1,107,888	\$ 2.39	\$ 2,649,773	\$ 11.11	\$ 8.33	\$ 6.64	-20.3%	-40.3%
NZ Rack, FR, Cap-off, 12 oz/dn	86,283	\$ 2.39	\$ 206,366	\$ 12.54	\$ 11.09	\$ 11.09	0.0%	-11.6%
Subtotal	27,203,004	\$ 2.39	\$ 65,062,342	\$ 5.69	\$ 5.04	\$ 5.00	-0.7%	-12.1%

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.

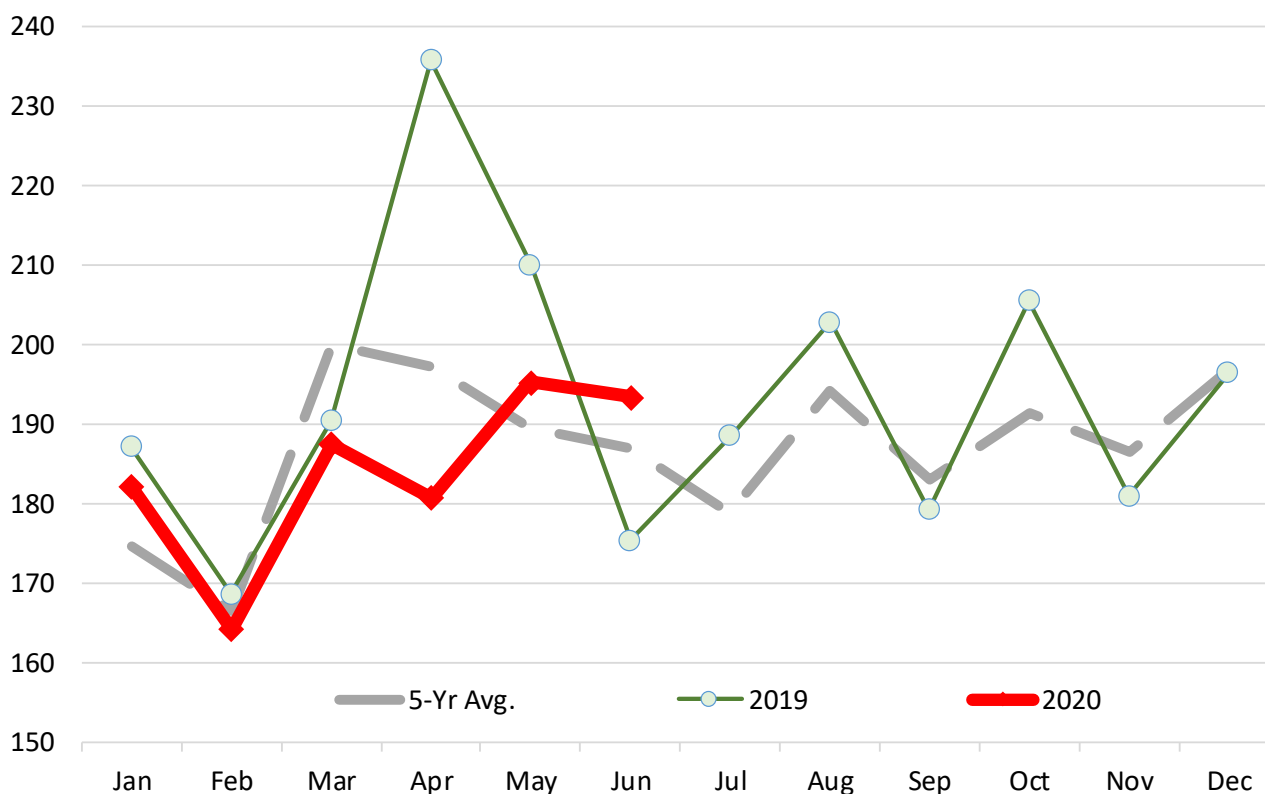
Lamb & Sheep Slaughter. Monthly. '000 Head

	2015	2016	2017	2018	2019	2020	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	167.0	160.8	177.4	180.6	187.2	182.2	174.6	-2.7%	4.4%
Feb	164.0	176.1	159.4	164.3	168.7	164.3	166.5	-2.6%	-1.3%
Mar	205.2	206.5	196.3	201.5	190.4	187.5	200.0	-1.5%	-6.2%
Apr	199.3	189.8	179.7	181.5	235.7	180.8	197.2	-23.3%	-8.3%
May	169.4	185.7	180.8	201.8	210.0	195.3	189.5	-7.0%	3.0%
Jun	194.9	195.9	187.7	180.6	175.4	193.4	186.9	10.3%	3.5%
Jul	188.0	170.2	166.9	180.0	188.6	195.1	178.7	3.4%	9.2%
Aug	175.2	193.4	194.6	205.4	202.9		194.3		
Sep	192.9	194.0	176.4	172.2	179.3		183.0		
Oct	185.9	181.6	183.5	199.9	205.5		191.3		
Nov	181.4	186.9	187.4	195.3	181.0		186.4		
Dec	200.4	197.0	188.1	201.8	196.5		196.8		

Source: USDA

Lamb & Sheep Slaughter. Monthly. '000 Head

Monthly Data. Source: USDA



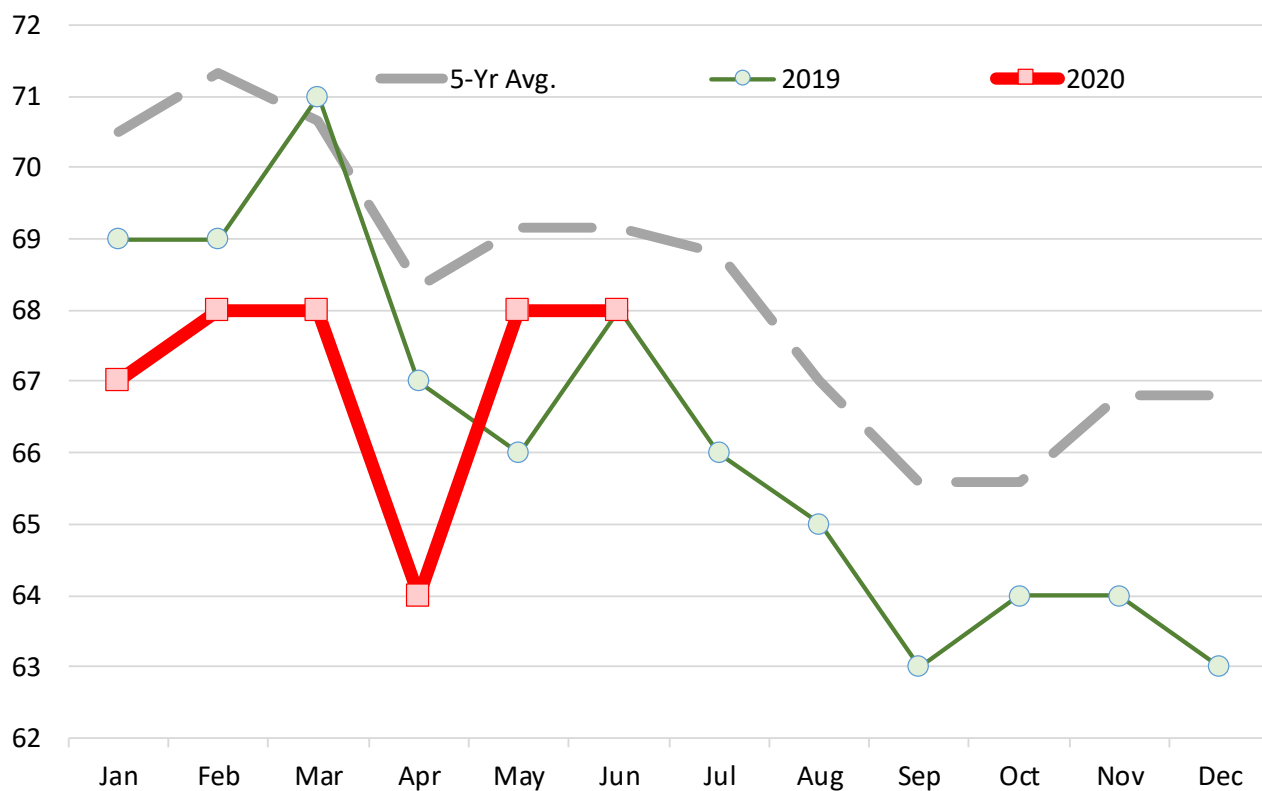
Lamb Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	2015	2016	2017	2018	2019	2020	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	72.00	71.00	71.00	73.00	69.00	67.00	70.50	-2.9%	-5.0%
Feb	72.00	73.00	72.00	74.00	69.00	68.00	71.33	-1.4%	-4.7%
Mar	71.00	70.00	72.00	72.00	71.00	68.00	70.67	-4.2%	-3.8%
Apr	71.00	70.00	67.00	71.00	67.00	64.00	68.33	-4.5%	-6.3%
May	72.00	72.00	67.00	70.00	66.00	68.00	69.17	3.0%	-1.7%
Jun	71.00	69.00	68.00	71.00	68.00	68.00	69.17	0.0%	-1.7%
Jul	71.00	69.00	68.00	70.00	66.00	65.00	68.17	-1.5%	-4.6%
Aug	69.00	66.00	67.00	68.00	65.00		67.00		
Sep	66.00	64.00	66.00	69.00	63.00		65.60		
Oct	66.00	65.00	66.00	67.00	64.00		65.60		
Nov	67.00	67.00	68.00	68.00	64.00		66.80		
Dec	67.00	68.00	69.00	67.00	63.00		66.80		

Source: USDA

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

Monthly Data. Source: USDA

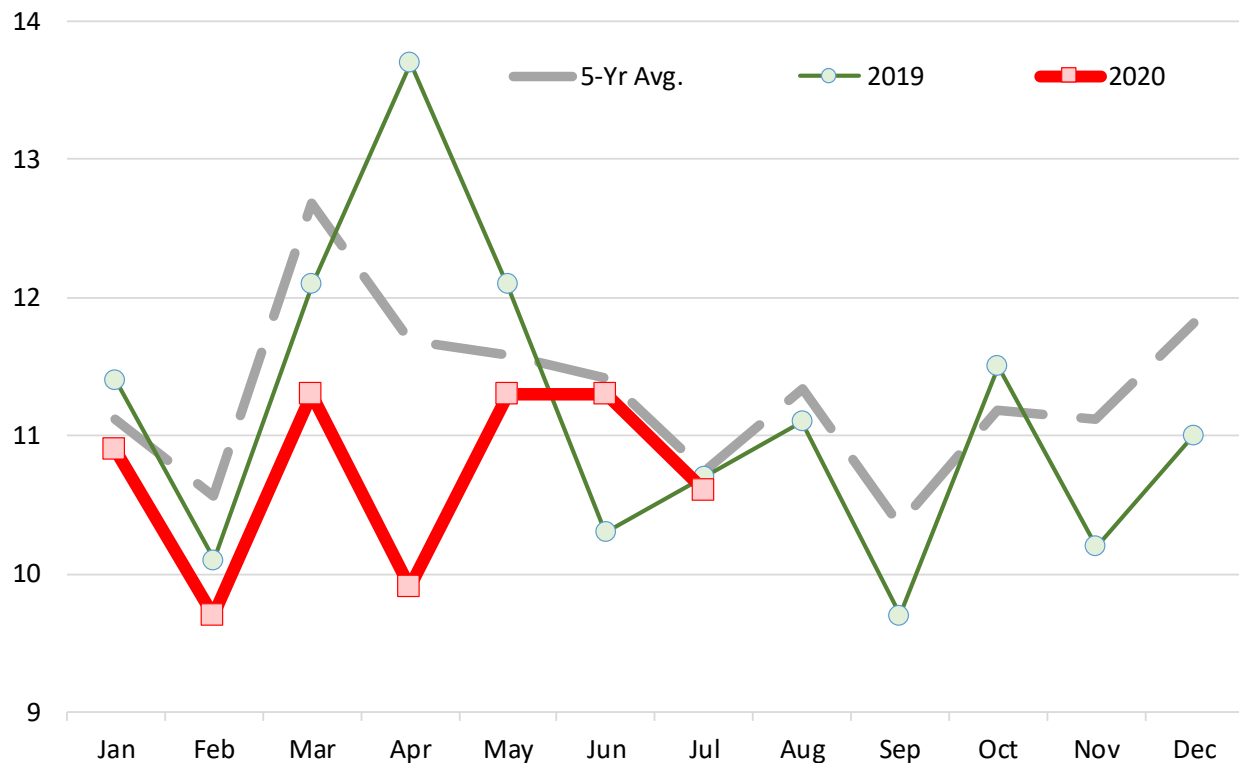


Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	2015	2016	2017	2018	2019	2020	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	11.00	10.30	11.40	11.70	11.40	10.90	11.12	-4.4%	-1.9%
Feb	10.80	11.60	10.40	10.80	10.10	9.70	10.57	-4.0%	-8.2%
Mar	13.50	13.20	12.70	13.30	12.10	11.30	12.68	-6.6%	-10.9%
Apr	12.80	11.80	10.40	11.50	13.70	9.90	11.68	-27.7%	-15.3%
May	11.10	12.00	10.50	12.50	12.10	11.30	11.58	-6.6%	-2.4%
Jun	12.30	12.10	11.30	11.20	10.30	11.30	11.42	9.7%	-1.0%
Jul	11.80	10.50	9.90	11.00	10.70	10.60	10.75	-0.9%	-1.4%
Aug	10.60	11.50	11.60	11.90	11.10		11.34		
Sep	11.00	10.90	10.10	10.10	9.70		10.36		
Oct	10.90	10.70	10.90	11.90	11.50		11.18		
Nov	10.90	11.30	11.40	11.80	10.20		11.12		
Dec	12.30	12.10	11.80	11.90	11.00		11.82		

*Source: USDA***Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.**

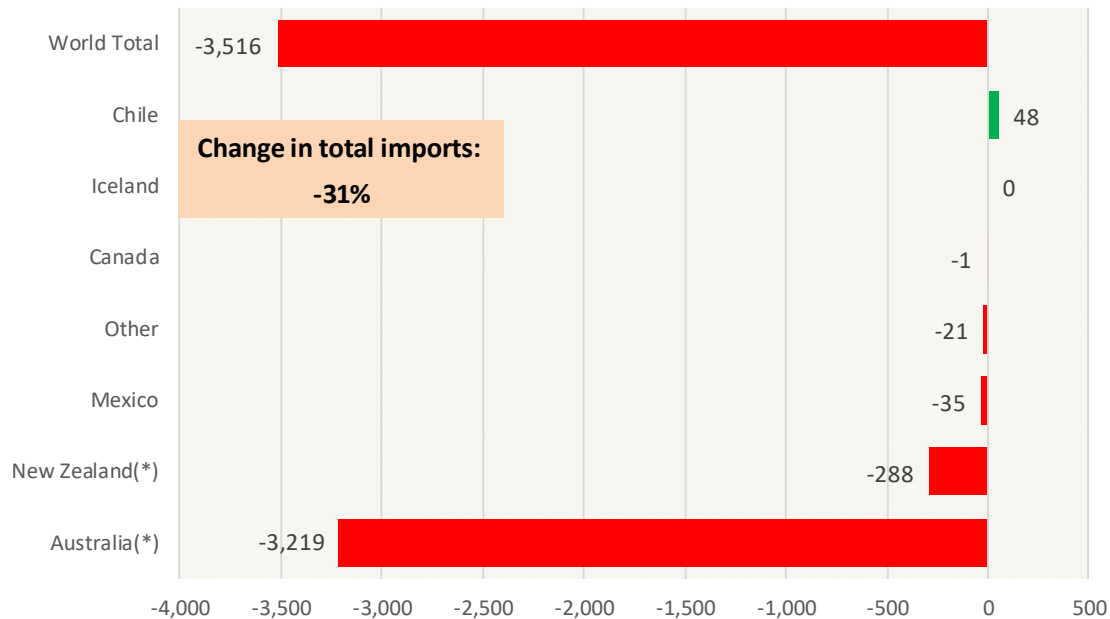
Monthly Data. Source: USDA



Y/Y Ch. in Jul. 20 vs. Jul. 19 US Mutton, Goat, Lamb Imports

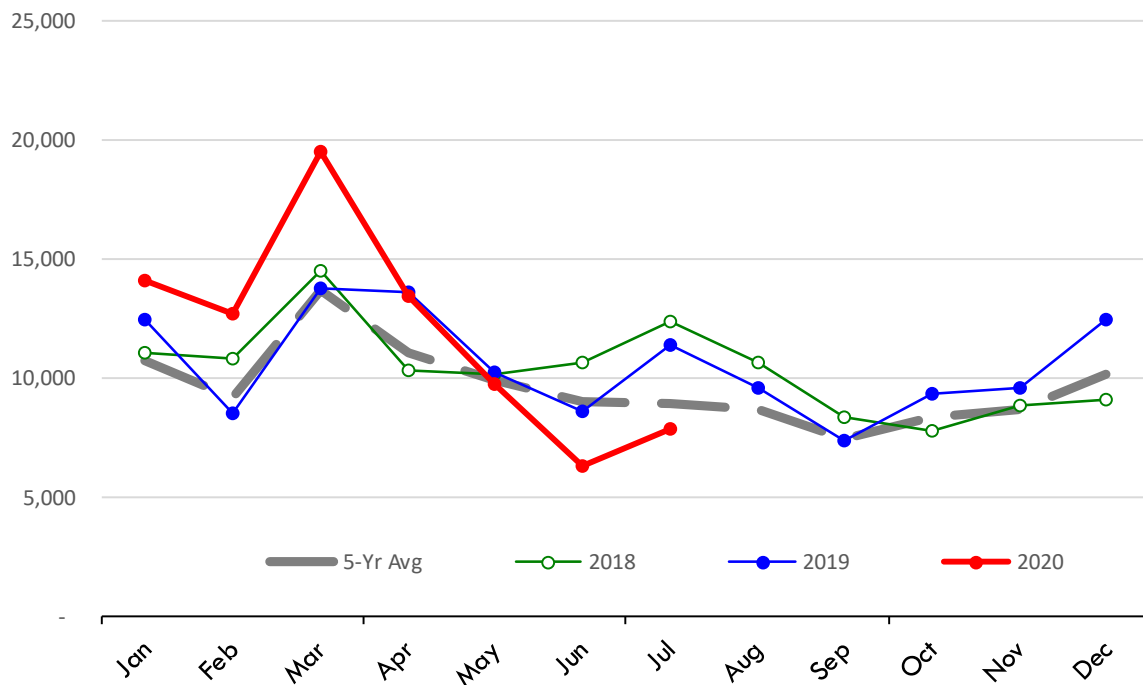
Source: USDA/FAS

Units: Metric Tons



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

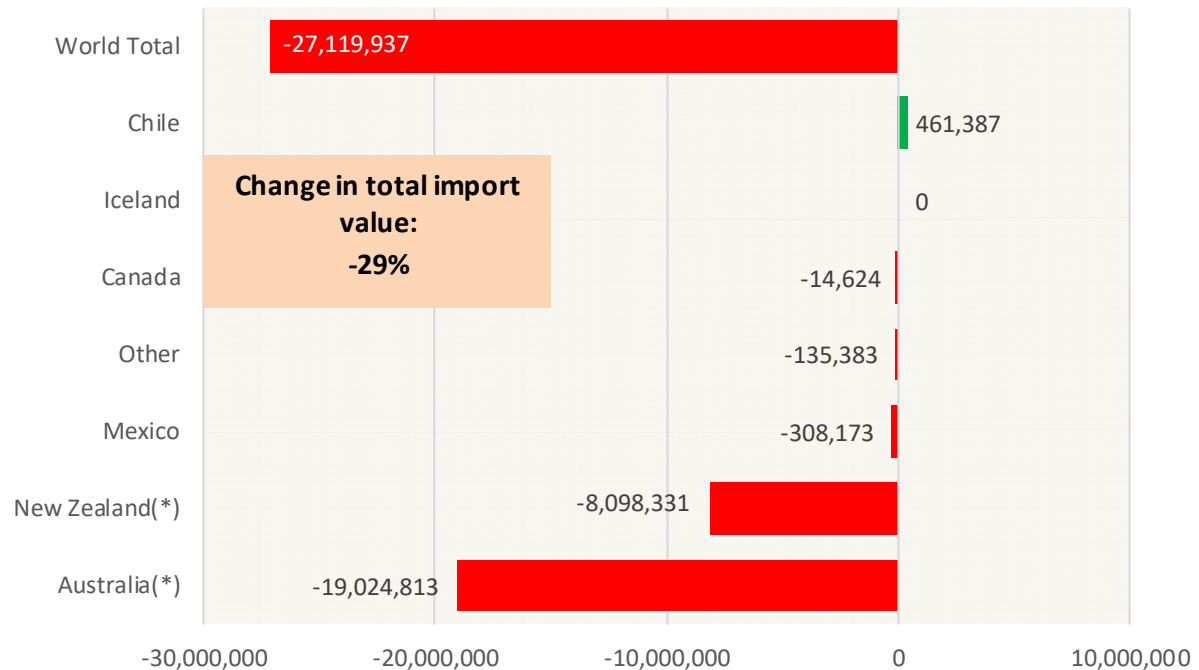
Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



Y/Y Ch. in Jul. 20 vs. Jul 19 US Mutton, Goat, Lamb Import Value (\$)

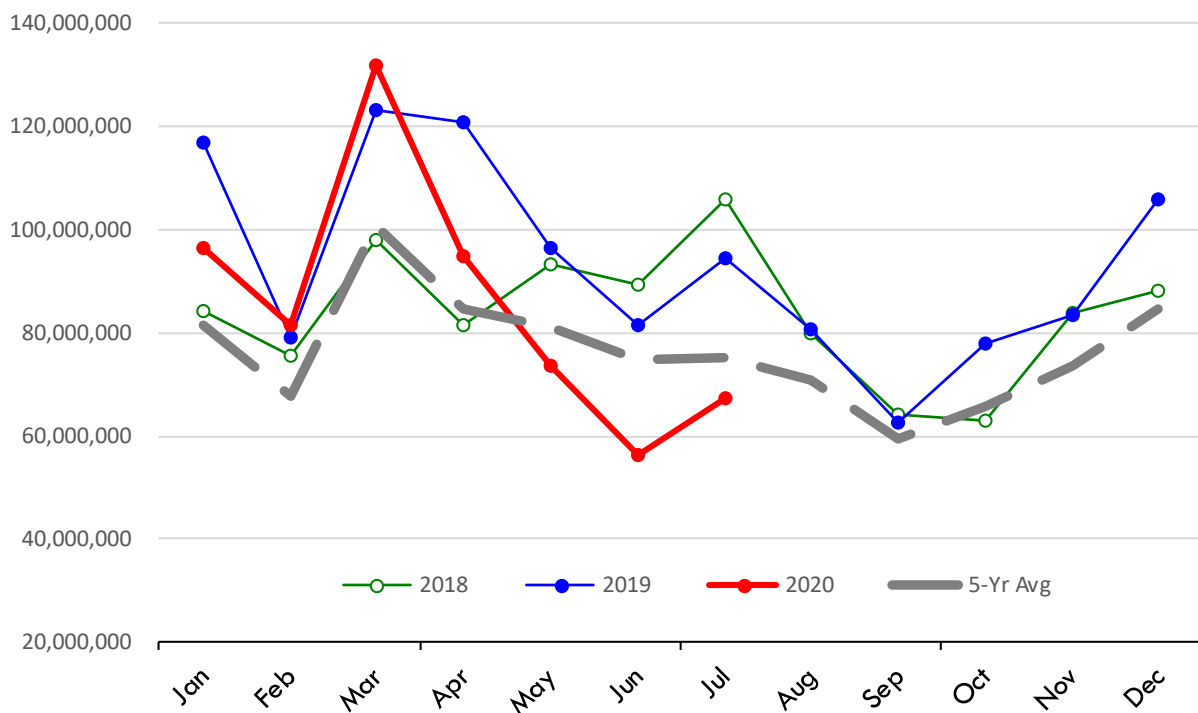
Source: USDA/FAS

Units: US Dollars



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

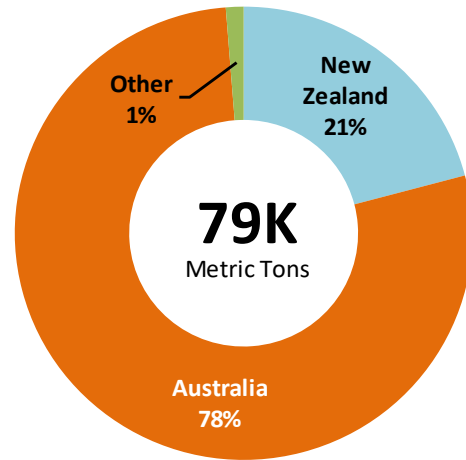
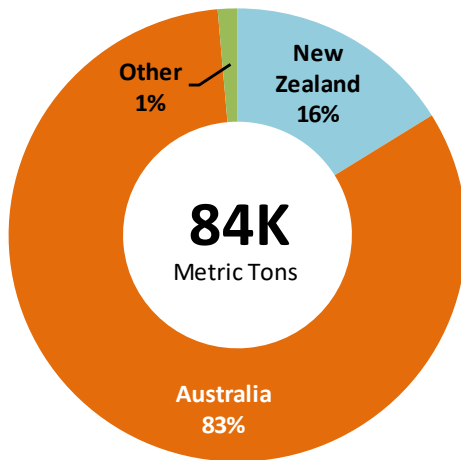
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



TOP US LAMB IMPORT MARKETS IN **2020** TOP US LAMB IMPORT MARKETS IN **2019**

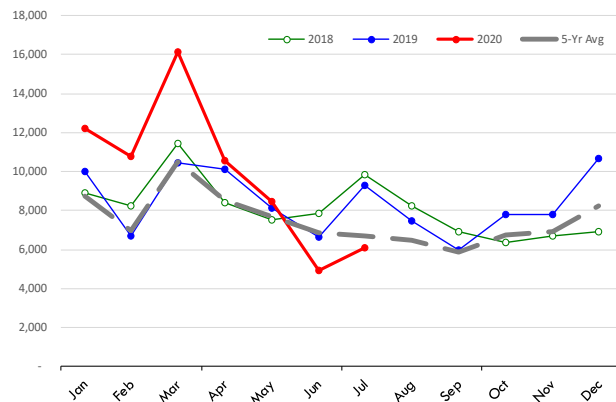
Total Volume and Country Shares for Period Jan - Jul 2020, MT

Total Volume and Country Shares for Period Jan - Jul 2019, MT



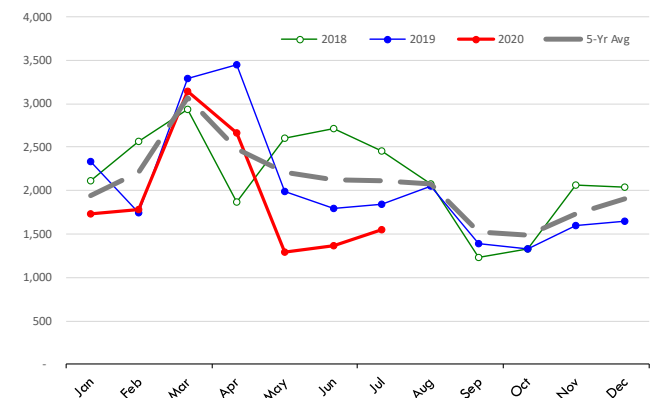
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



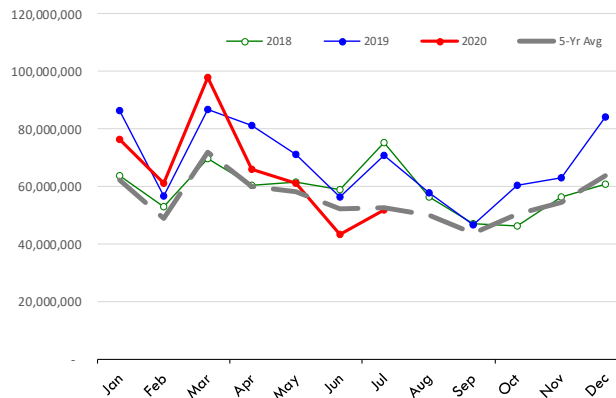
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



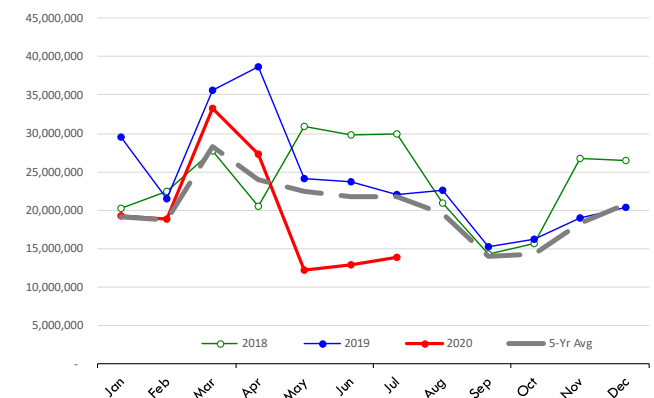
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

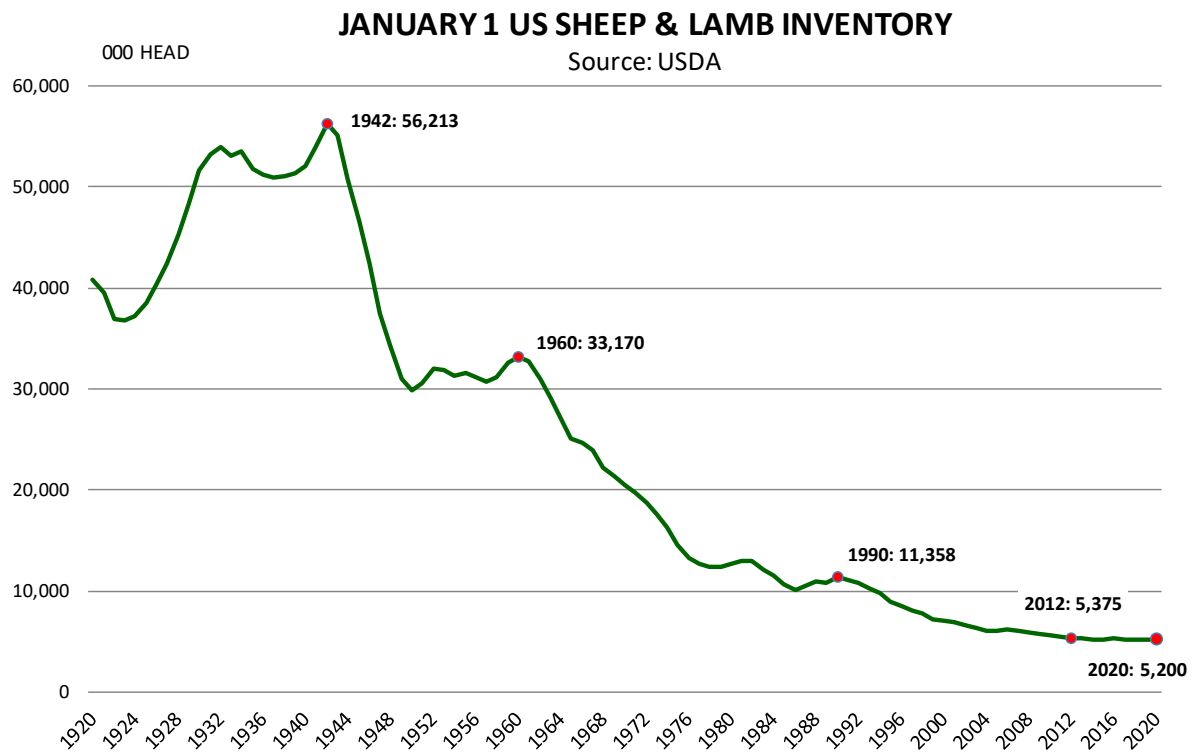
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

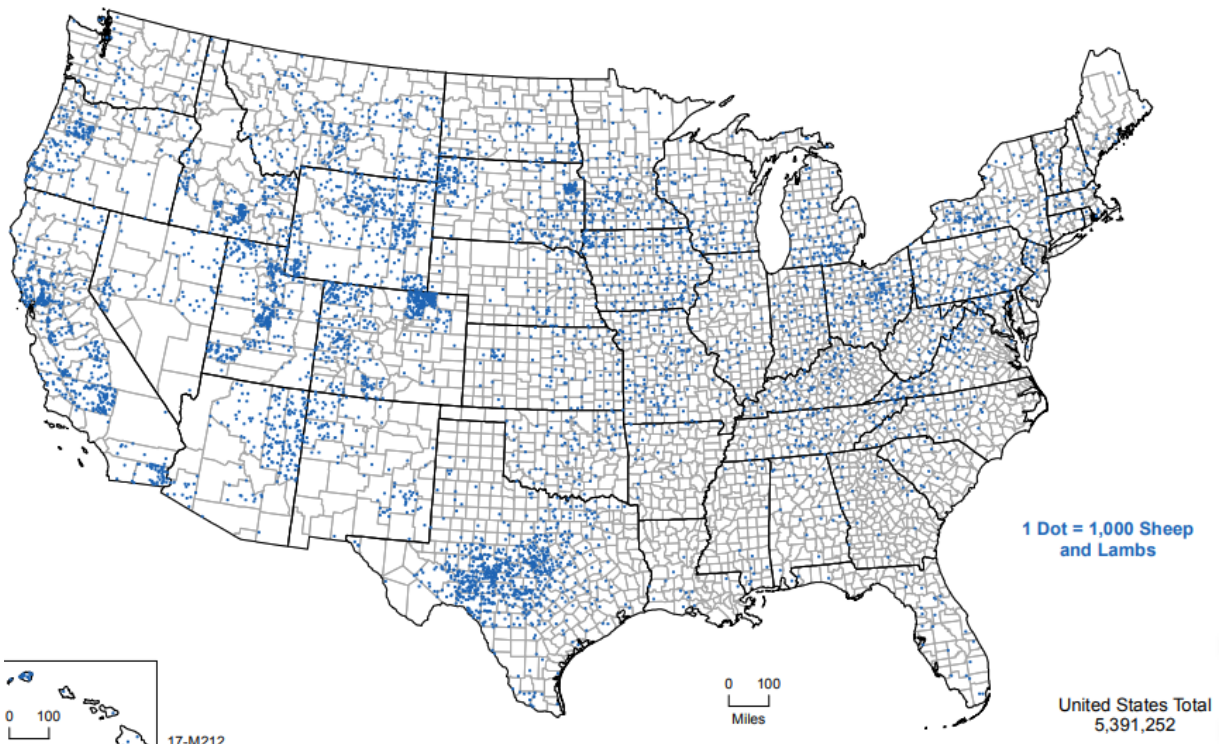
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



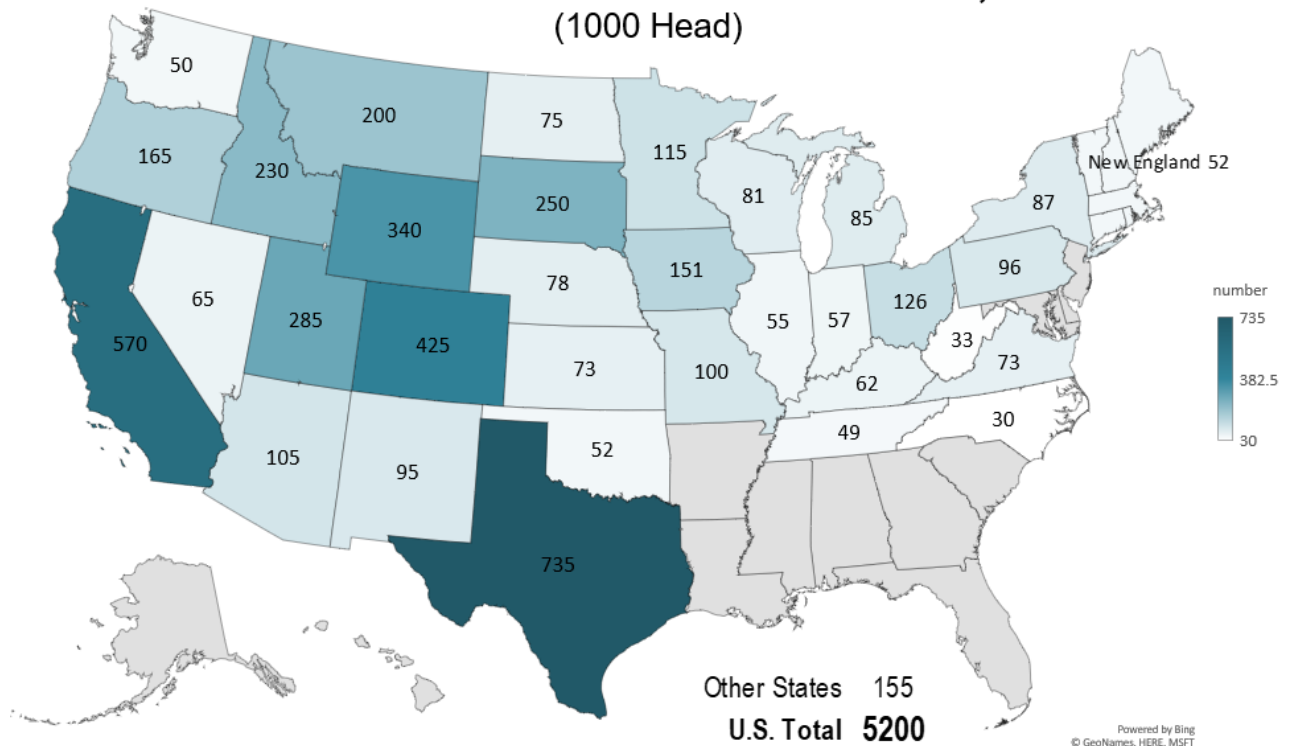


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



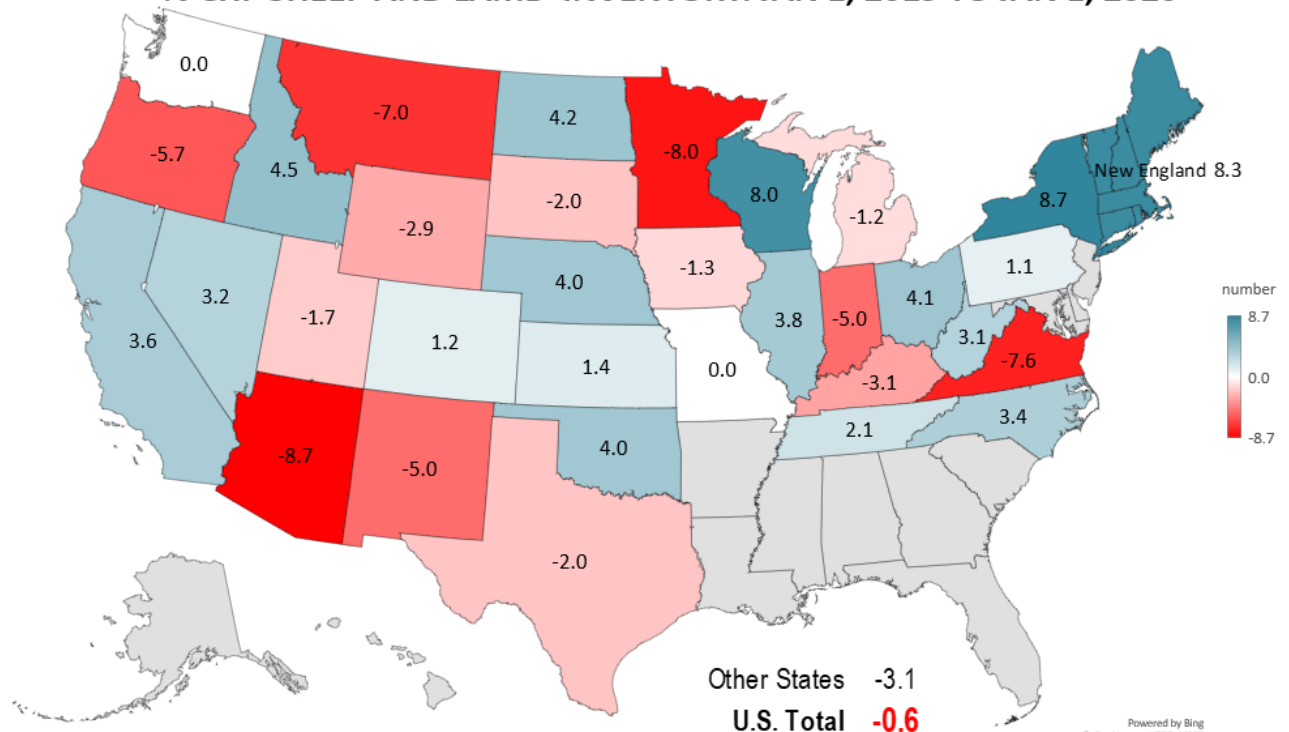
SHEEP AND LAMB NUMBERS JANUARY 1, 2020 (1000 Head)



Livestock Marketing Information Center
Data Source: USDA-NASS

S-N-05
02/03/20

% CH. SHEEP AND LAMB INVENTORY: JAN 1, 2019 TO JAN 1, 2020



Livestock Marketing Information Center
Data Source: USDA-NASS

S-N-13
02/03/20

