

# Monthly US Lamb Market Update

October 2020 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

October 27, 2020

## USA Domestic Lamb Market - Supply/Demand Situation

**September lamb slaughter up despite the closure of the JBS plant in Colorado.** Total US domestic lamb and sheep slaughter in September was estimated at 185,200 head, up 3.3% compared to a year ago. There was one more slaughter day September and that explains the year over year slaughter. However, the more important point looking at the data is the dramatic shift as to where lambs are now being processed. Indeed, the increase in September slaughter follows the 14% drop in slaughter in August, a time when producers were truly worried that they would not be able to get their livestock slaughtered. The closure of the Mountain State Rosen plant in Colorado has resulted in a sharp decline in lamb and sheep slaughter in the state, with September figures showing a decline of 18,100 head or 33%. But it also appears that the industry has adjusted, at least in the near term. Slaughter in other states has picked up, with Texas slaughter up 9,300 head or 74% compared to a year ago. At this time we do not know how much, if any, of the additional slaughter in Texas is due to the reopening of the Double J Lamb company in San Angelo, Texas. The plant had been vacant for 15 years but on September 1 city officials approved to lease the plant so it could resume processing lamb, sheep and goats. According to news reports, the goal is to process about 16,700 lambs per month in the new plant. Slaughter in other states also picked up, with Pennsylvania, Ohio and Indiana slaughter up by more than 40% compared to a year ago. Expectations are for Colorado slaughter capacity to increase once a new plant in Brush, Colorado goes into full production. Our understanding is that the plant has started operations but will not hit full capacity until early next year.

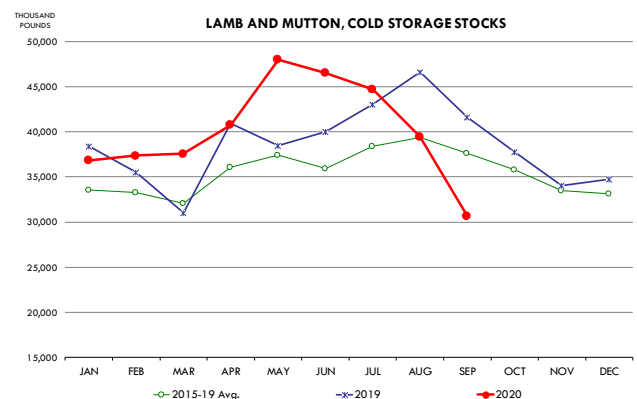
**Sharp decline in cold storage inventories as end users look to match supply with available demand.** The inventory of lamb and mutton in cold storage at the end of September was estimated at 30.7 million pounds, down 26.4% compared to a year ago and 18.5% lower than the five year average. The decline came even as lamb imports have likely increased. September freezer stocks declined 22% from August compared to an average 4% drawdown in stocks we have seen in the past five years. Limited foodservice demand going into the year-end holiday period, especially very weak pricing for high value cuts, such as racks, is the primary reason for the drawdown.

**Retail lamb features continue to track well below year ago levels.** According to USDA, retail lamb features for the week ending October 23 were down 22% compared to a year ago and 40% lower than the five year average. In the last four weeks, features have also been 23% under last year and 35% lower than the five year average. Shoulder blade chops remain the most featured retail item, with prices 3% above last year. Lamb rack prices at retail were down 15% y/y on limited features.

## Top 10 States for Lamb/Sheep Slaughter in September

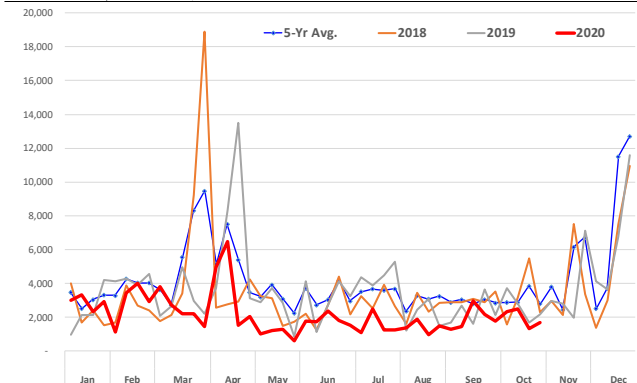
Source: USDA-NASS. Analysis by Steiner Consulting

		2019 head	2020 head	% ch.
1	Colorado	54,600	36,500	-33.2%
2	California	24,400	26,100	7.0%
3	Texas	12,600	21,900	73.8%
4	New Jersey	13,500	18,500	37.0%
5	Pennsylvania	6,500	9,100	40.0%
6	Ohio	4,900	7,000	42.9%
7	Indiana	4,200	6,100	45.2%
8	Oregon	4,100	4,700	14.6%
9	New York	4,400	4,500	2.3%
10	Illinois	4,300	4,200	-2.3%
	Other	45,800	46,600	1.7%
	Total	179,300	185,200	3.3%



## NATIONAL RETAIL LAMB FEATURE REPORT: ACTIVITY INDEX

Source: USDA. Latest data point is for October 23, 2020



## Imported Lamb Supply and Price Trends

### **Higher imports in September and early October but pace of growth appears to be slowing down.**

Australian lamb shipments to the US market in July were 51% higher than the previous year and August shipments were 48% higher. This helped bolster US imports in September and early October. However, the pace of imports appears to be slowing down, in part because we saw a significant uptick in imports during Q4 of last year. According to USDA, lamb imports from Australia for the week ending October 17 were 679 MT, down 27% from a year ago. However, in the four weeks ending October 17 imports were still 30% higher than the previous year. Imports from New Zealand for the most current week were down 17% and they were about the same as a year ago in the last four weeks. Imports from other markets are non-existent at this time.

### **Goat imports remain extremely tight and mutton imports are also slowing down.**

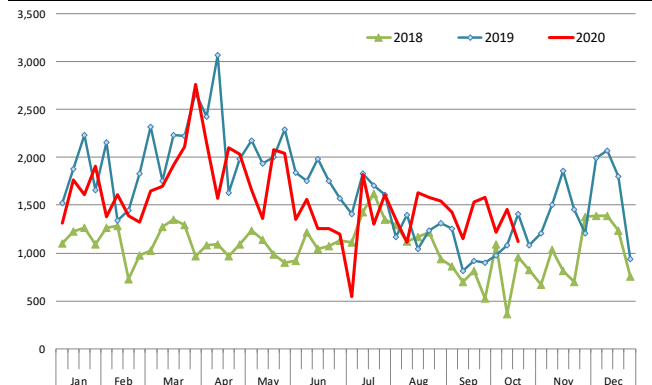
Australia accounts for about 80% of all US goat meat imports. In the four weeks ending October 17 US goat meat imports from Australia averaged 166 MT/wk, down 56% compared to a year ago. Goat meat imports from New Zealand averaged 32 MT/wk, about the same as last year while imports from Mexico at an average 12 MT/wk were half of what they were last year for the period. Mutton imports from Australia in late September and early October averaged about 238 MT per week, above year ago levels. However, for the weeks ending October 10 and 17, weekly mutton imports have been 137 MT and 123 MT, respectively, 27% lower than a year ago.

**Racks remain under pressure while cheaper cuts continue to benefit from good demand and higher prices at retail.** The table on page 6 offers a complete summary of prices for fresh/frozen imported lamb cuts. A few highlights:

- Racks have yet to find traction and, with foodservice facing further restrictions, the outlook looks weak. Fresh Australian racks continued to lose ground last week and they are currently as much as 32% lower than a year ago. Frozen racks are down as much as 37%.
- Fresh shoulders and legs appear to be performing the best, with recent prices up 18% and 7.5%, respectively.
- Frozen legs, however, are for the most part steady to slightly under last year's levels. The average price for frozen legs at \$3.57 was down 3.6% from last year while boneless legs at \$3.89 were up 3.6%.
- The price of frozen New Zealand racks is following Australian product, down as much as 35% from a year ago.

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

Source: USDA-AMS



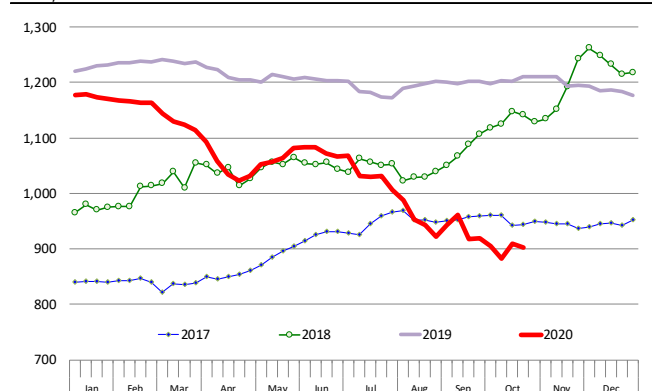
### **Summary of Australian Lamb Exports: September 2020**

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%
<b>Total Aus</b>	<b>20,376</b>	<b>21,854</b>	<b>1,478</b>	<b>7%</b>

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

Weekly Prices. Source: USDA



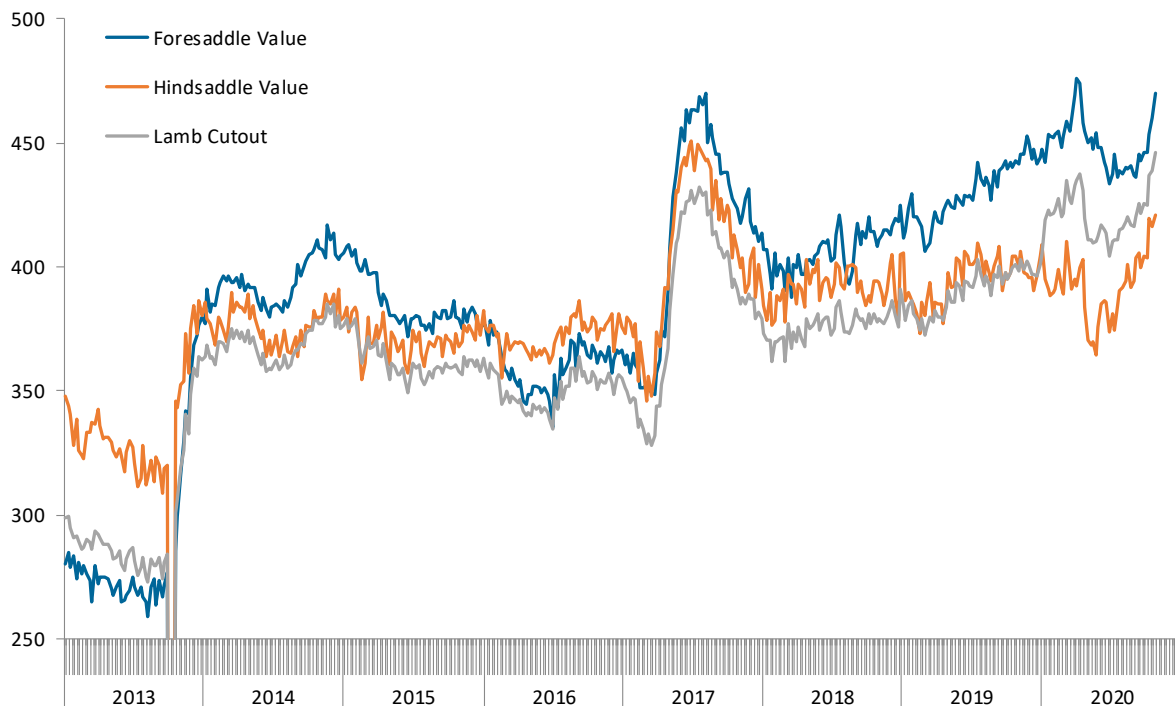
## US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		10/23/2020	10/16/2020	w/w	10/25/2019	y/y
		US\$/cwt	US\$/cwt	% ch.	US\$/cwt	% ch.
Foresaddle	204 Rack, 8-Rib, Medium	871.4	835.8	4.3%	871.0	0.1%
	209 Breast	328.1	312.3	5.1%	247.8	32.4%
	207 Shoulders, Square Cut	360.3	352.7	2.1%	330.2	9.1%
	210 Foreshank	422.8	411.1	2.8%	409.7	3.2%
	Neck	224.8	221.4	1.5%	179.1	25.5%
Foresaddle Value		470.2	459.7	2.3%	442.9	6.2%
Hindsaddle	232 Loin, Trimmed, 4x4	691.1	678.9	1.8%	535.1	29.2%
	232E Flank, Untrimmed	175.7	204.4	-14.1%	137.1	28.1%
	233A Leg, Trotter Off	393.6	381.4	3.2%	384.8	2.3%
Hindsaddle Value		420.9	416.4	1.1%	403.9	4.2%
Carcass Value		446.0	438.5	1.7%	400.6	11.3%

## Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



## Domestic Lamb Cutout Value, USA

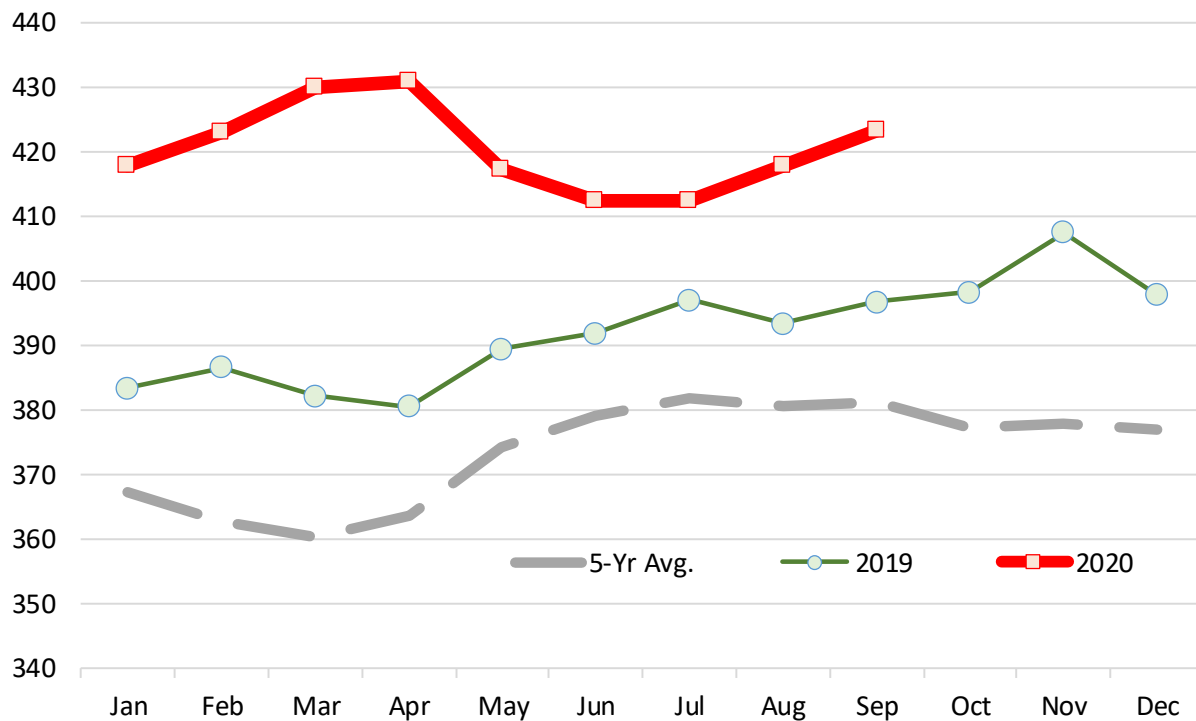
Source: Agricultural Marketin Service, USDA. \$ per 100 lb. Dressed Carcass

	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	417.76	380.49	6.2%	9.8%
Sep	359.34	356.77	414.16	378.23	396.62	423.22	381.02	6.7%	11.1%
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

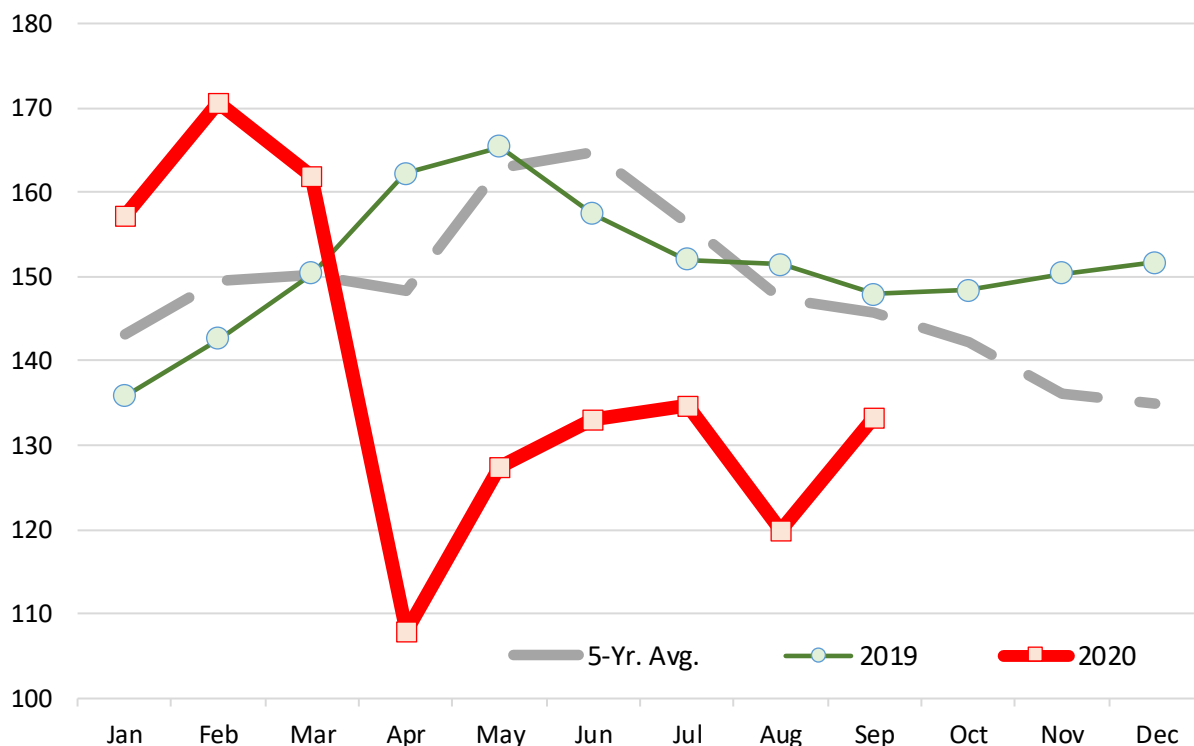
Monthly Average Prices, 100-150 lb. Woolled and Shorn, Choice & Prime 2-3 . \$ per 100 lb.

	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	119.8	147.3	-20.9%	-18.7%
Sep	159.4	161.3	144.0	129.3	147.9	133.3	145.9	-9.9%	-8.6%
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	Oct 28, 2019	Oct 19, 2020	Oct 26, 2020	% ch. vs. wk Ago	% ch. vs. Year Ago
<b>Fresh/Chilled</b>								
	Pounds	\$/lb.	Total \$					
AUS Shortloin, 1-Rib, 0x0	8,528,127	\$ 4.95	\$ 42,199,023	\$ 5.08	\$ 5.03	\$ 4.96	-1.5%	-2.3%
AUS Shoulder, Square-cut	4,481,193	\$ 3.02	\$ 13,543,443	\$ 3.09	\$ 3.40	\$ 3.32	-2.4%	7.5%
AUS Rack, FR, Cap-off, 24-28 oz	797,608	\$ 11.95	\$ 9,532,114	\$ 11.91	\$ 8.63	\$ 8.49	-1.6%	-28.7%
AUS Rack, FR, Cap-off, 28 oz/up	785,560	\$ 12.07	\$ 9,478,315	\$ 11.96	\$ 8.64	\$ 8.66	0.3%	-27.6%
AUS Shortloin, 1-Rib, 1x1	740,994	\$ 4.26	\$ 3,153,708	\$ 4.44	\$ 4.41	\$ 4.41	0.0%	-0.6%
AUS Leg, semi bnls	574,293	\$ 3.71	\$ 2,133,410	\$ 3.81	\$ 4.62	\$ 4.50	-2.7%	18.0%
AUS Rack, FR, Cap-off, 20-24 oz	307,216	\$ 11.88	\$ 3,650,508	\$ 12.09	\$ 8.22	\$ 8.16	-0.8%	-32.5%
AUS Foreshank, VP	135,199	\$ 3.03	\$ 410,129	\$ 3.09	\$ 3.63	\$ 3.18	-12.3%	2.9%
<b>Subtotal</b>	<b>16,350,190</b>	<b>\$ 5.14</b>	<b>\$ 84,100,651</b>	<b>\$ 5.24</b>	<b>\$ 4.94</b>	<b>\$ 4.86</b>	<b>-1.5%</b>	<b>-7.1%</b>
<b>Frozen</b>								
AUS Leg, Long	8,370,493	\$ 2.39	\$ 20,019,990	\$ 3.70	\$ 3.59	\$ 3.57	-0.8%	-3.6%
AUS Foreshank, LP	3,790,731	\$ 2.39	\$ 9,066,419	\$ 2.78	\$ 2.69	\$ 2.70	0.1%	-3.0%
AUS Shoulder, Square-cut	2,513,670	\$ 2.39	\$ 6,012,029	\$ 2.74	\$ 2.65	\$ 2.85	7.6%	3.9%
AUS Leg, bnls	1,743,261	\$ 2.39	\$ 4,169,416	\$ 3.76	\$ 3.79	\$ 3.89	2.6%	3.6%
AUS Hindshank, LP	1,174,944	\$ 2.39	\$ 2,810,153	\$ 2.76	\$ 2.39	\$ 2.72	13.8%	-1.6%
AUS Shoulder, Square-cut, bnls	944,929	\$ 2.39	\$ 2,260,019	\$ 3.69	\$ 3.88	\$ 3.88	0.0%	5.0%
AUS Rack, FR, Cap-off, 20-24 oz	862,556	\$ 2.39	\$ 2,063,004	\$ 10.95	\$ 7.10	\$ 6.92	-2.4%	-36.8%
AUS Rack, FR, Cap-off, 24-28 oz	706,739	\$ 2.39	\$ 1,690,331	\$ 10.35	\$ 6.93	\$ 7.31	5.5%	-29.4%
AUS Rack, FR, Cap-off, 28 oz/up	671,365	\$ 2.39	\$ 1,605,726	\$ 10.63	\$ 6.20	\$ 6.95	12.2%	-34.6%
AUS Hindshank, VP	40,426	\$ 2.39	\$ 96,688	\$ 3.45	\$ -	\$ -		
NZ Rack, FR, Cap-off, 16-20 oz	3,524,701	\$ 2.39	\$ 8,430,146	\$ 11.51	\$ 8.64	\$ 9.05	4.8%	-21.3%
NZ Rack, FR, Cap-off, 12-16 oz	1,665,018	\$ 2.39	\$ 3,982,280	\$ 11.84	\$ 8.53	\$ 9.01	5.6%	-23.9%
NZ Rack, FR, Cap-off, 20 oz/up	1,107,888	\$ 2.39	\$ 2,649,773	\$ 11.22	\$ 7.45	\$ 7.34	-1.5%	-34.6%
NZ Rack, FR, Cap-off, 12 oz/dn	86,283	\$ 2.39	\$ 206,366	\$ -	\$ 9.11	\$ 9.11	0.0%	#DIV/0!
<b>Subtotal</b>	<b>27,203,004</b>	<b>\$ 2.39</b>	<b>\$ 65,062,342</b>	<b>\$ 5.82</b>	<b>\$ 4.74</b>	<b>\$ 4.87</b>	<b>2.8%</b>	<b>-16.4%</b>

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.



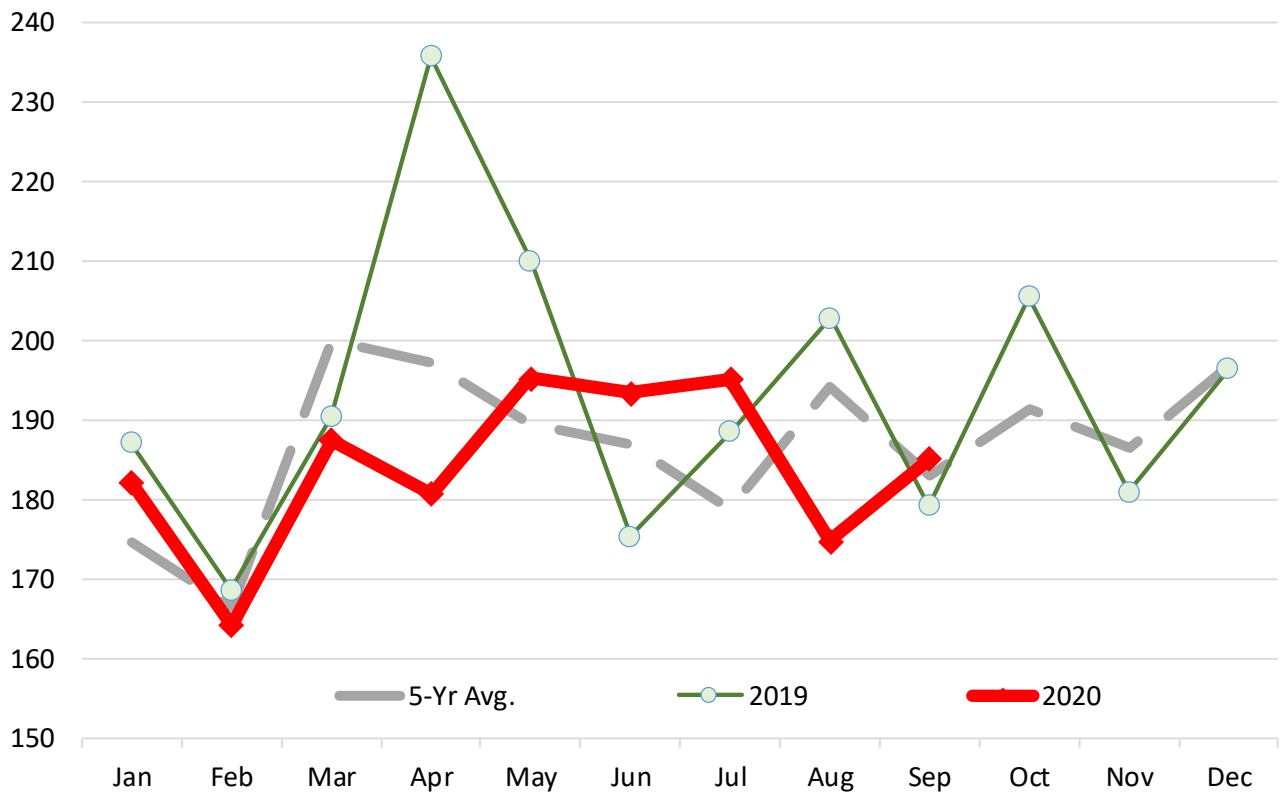
**Lamb & Sheep Slaughter. Monthly. '000 Head**

	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	195.2	178.7	3.5%	9.2%
Aug	175.2	193.4	194.6	205.4	202.9	174.8	194.3	-13.8%	-10.0%
Sep	192.9	194.0	176.4	172.2	179.3	185.2	183.0	3.3%	1.2%
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



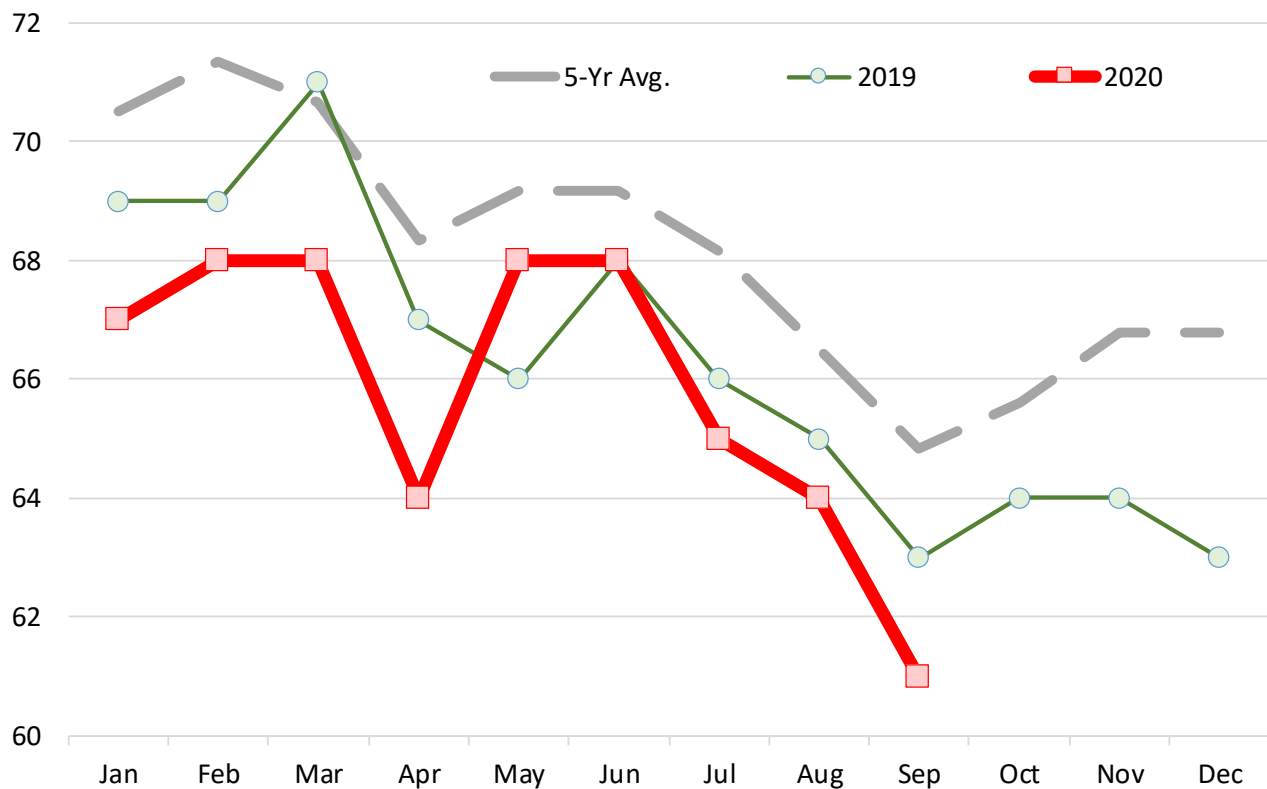
**Lamb Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass**

	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



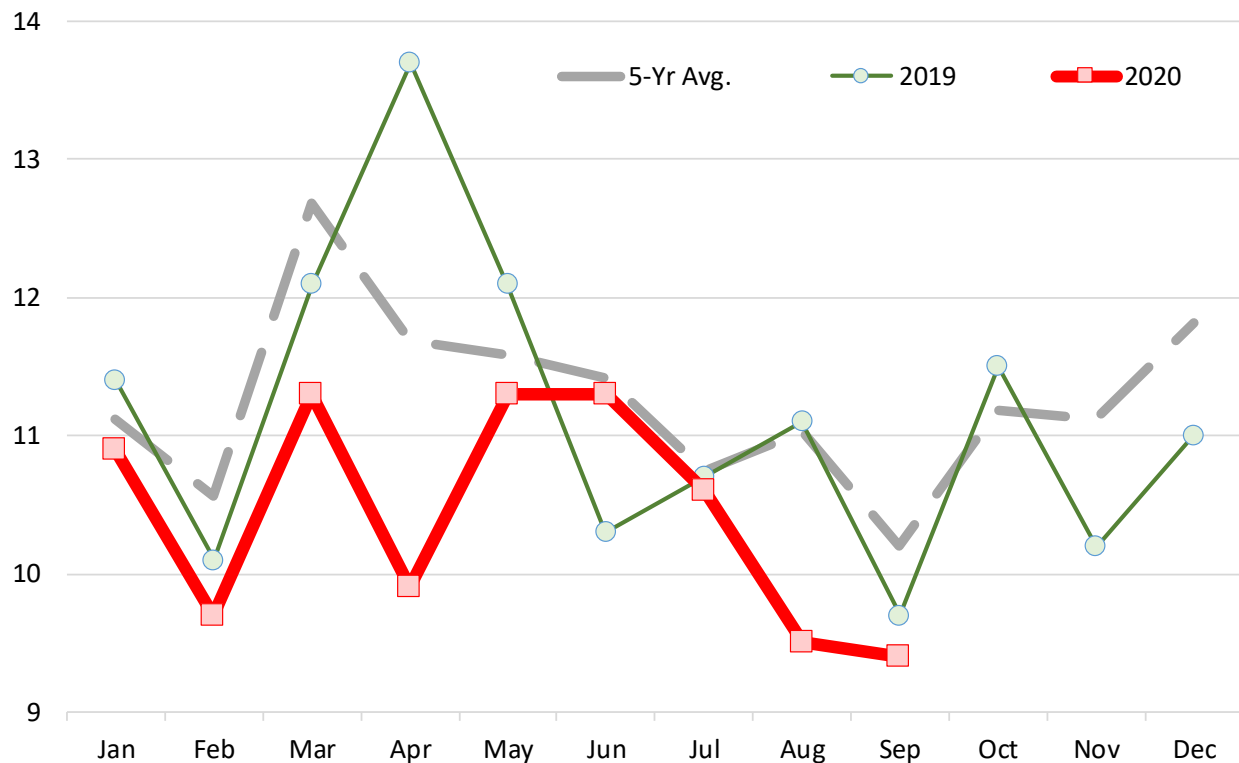


**Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.**

	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.**

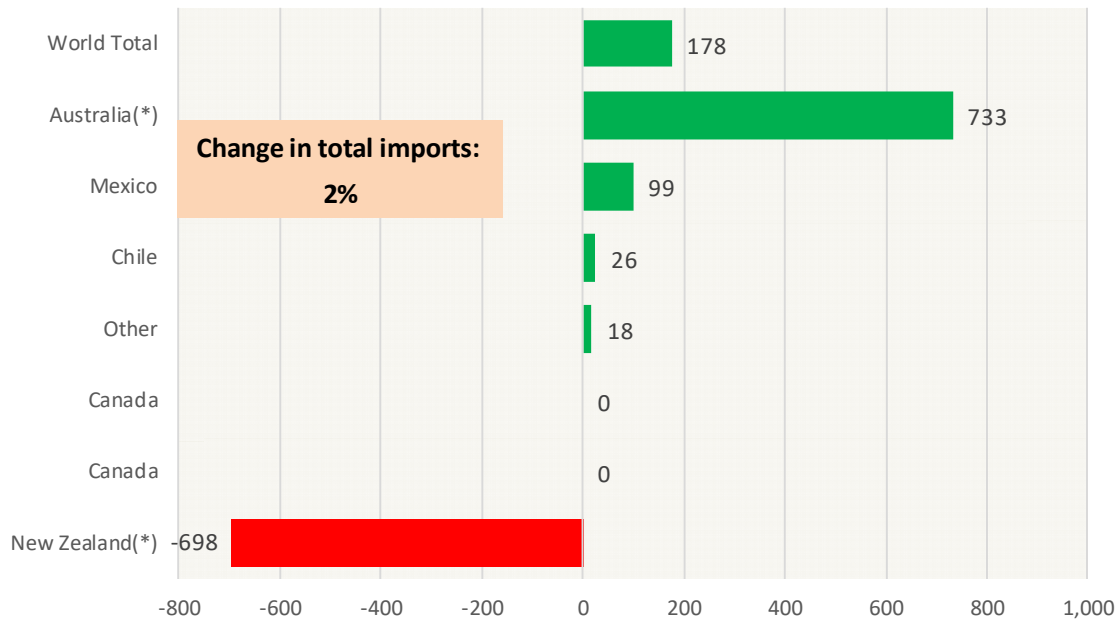
Monthly Data. Source: USDA



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

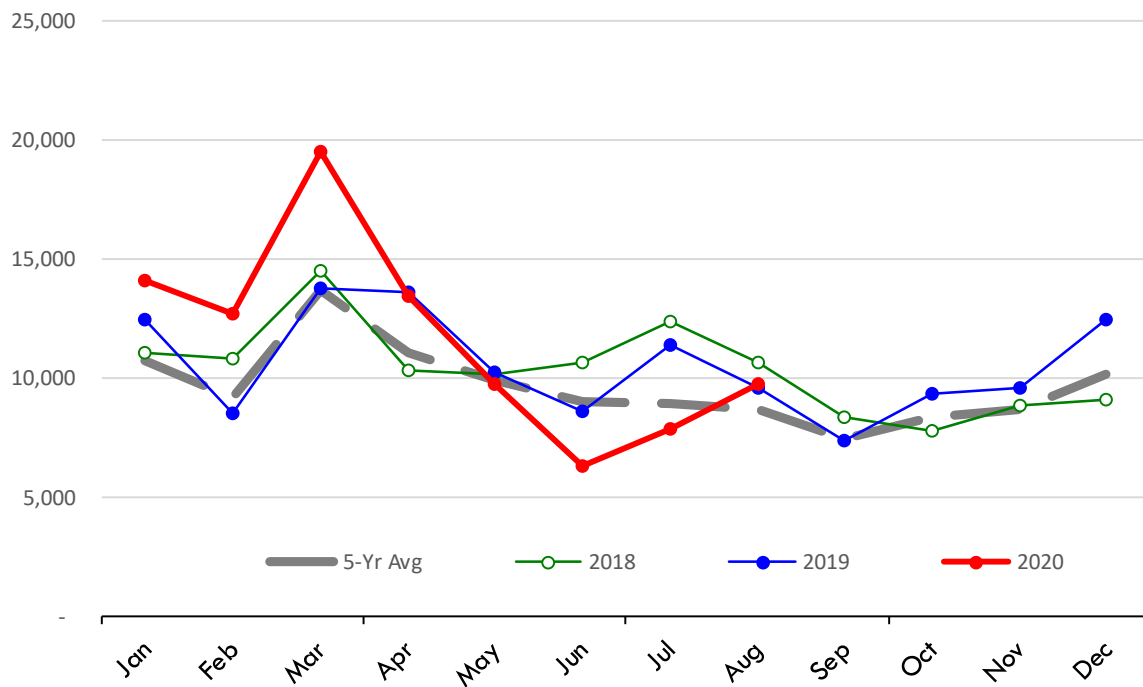
Source: USDA/FAS

Units: Metric Tons



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

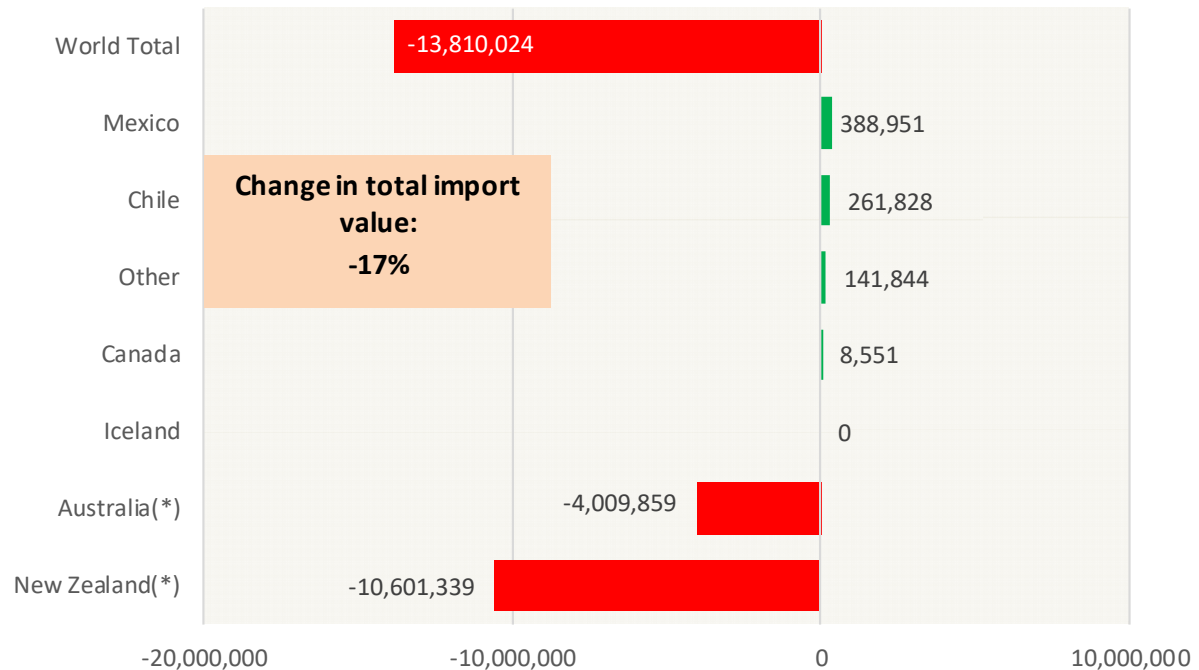
Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



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

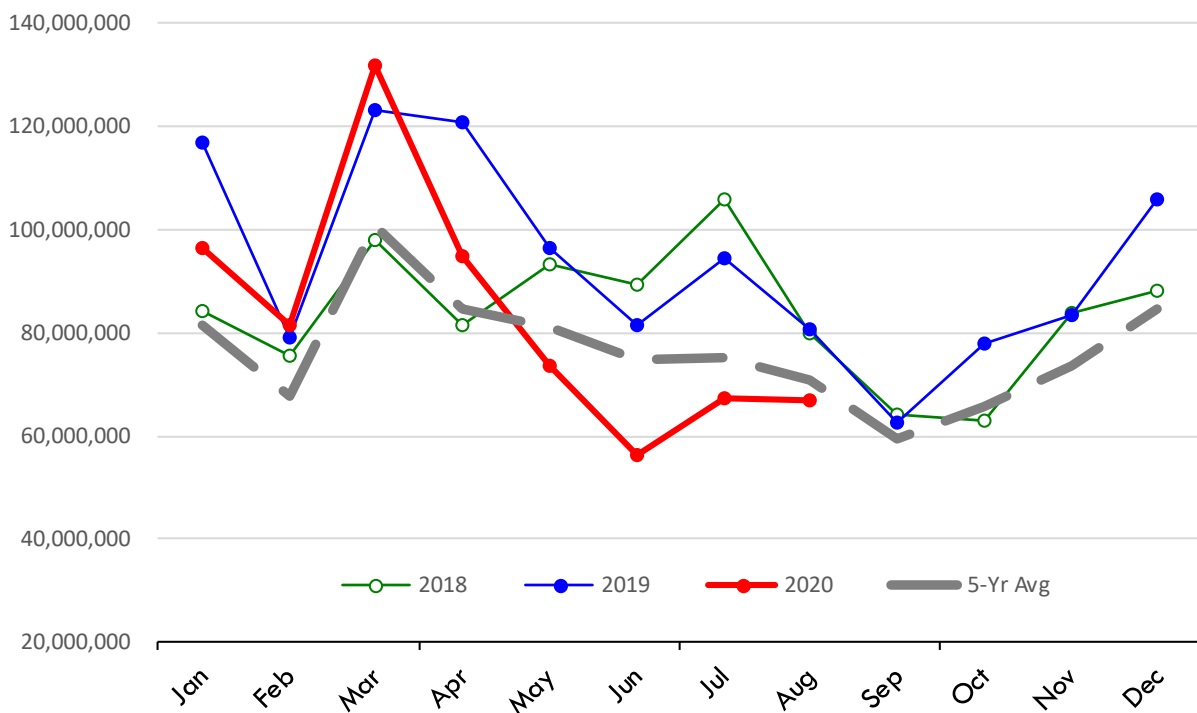
Source: USDA/FAS

Units: US Dollars



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

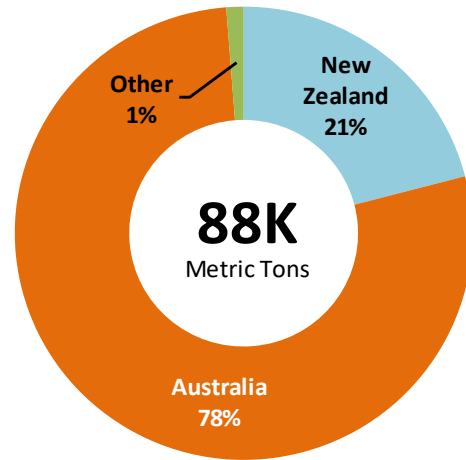
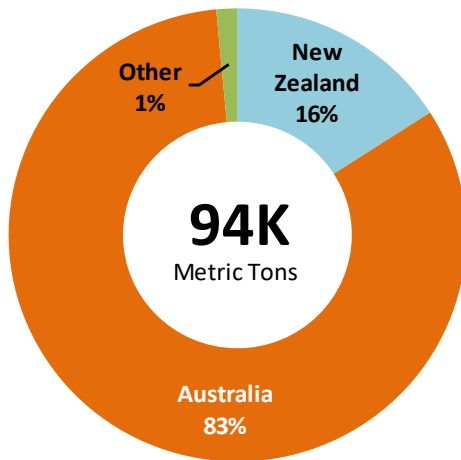
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

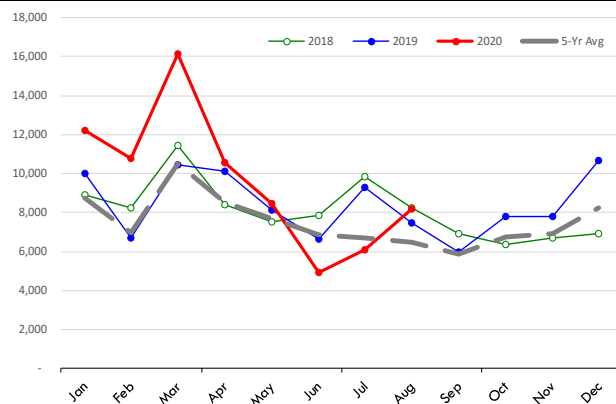
Total Volume and Country Shares for Period Jan - Aug 2020, MT

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



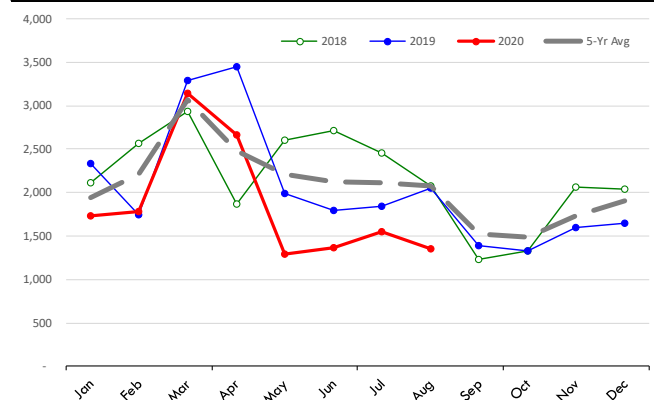
### Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(\*)

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



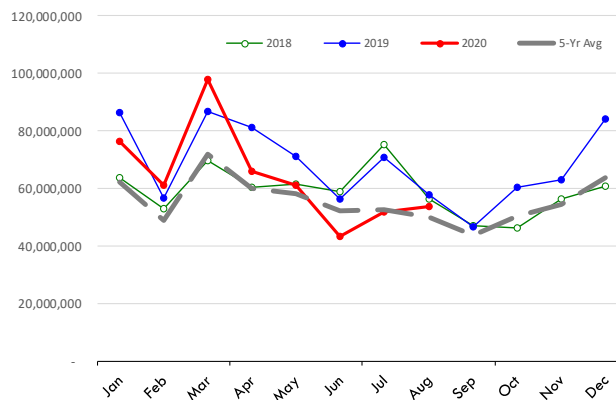
### Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(\*)

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



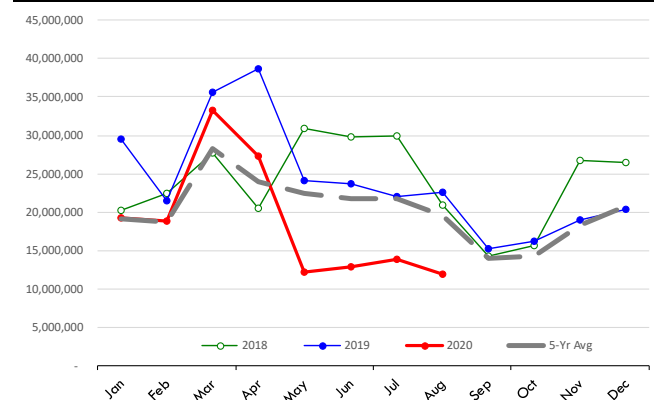
### \$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(\*)

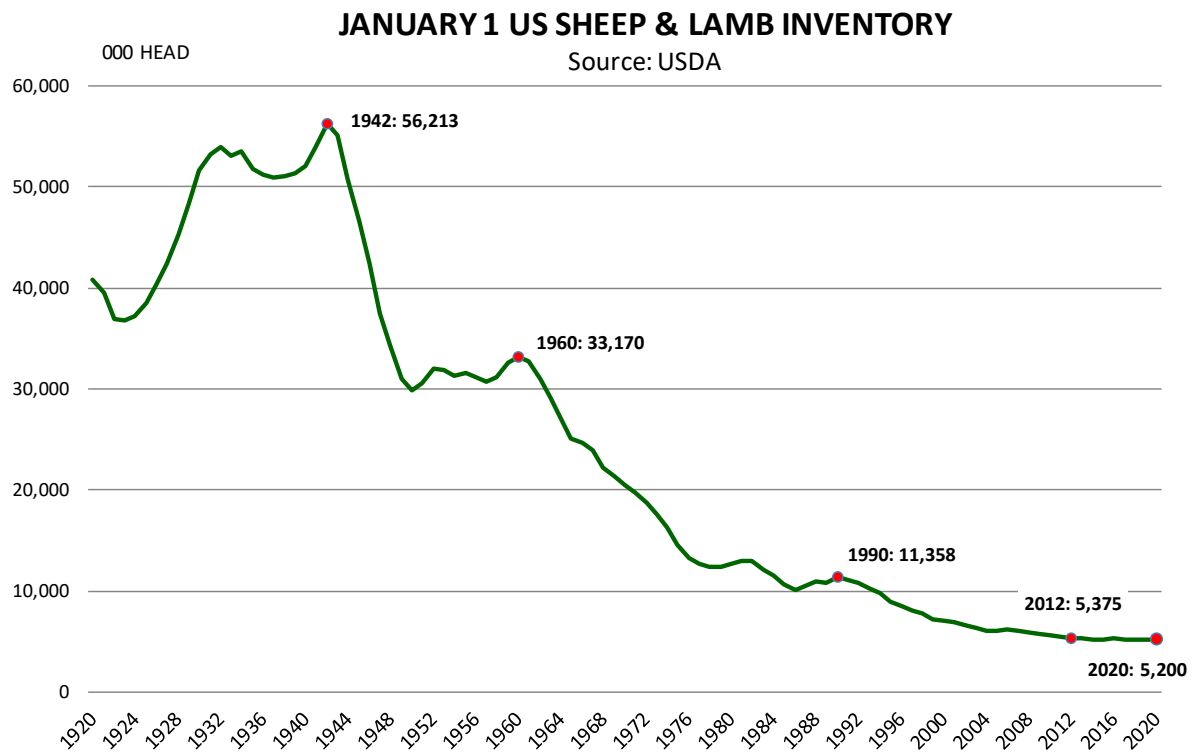
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

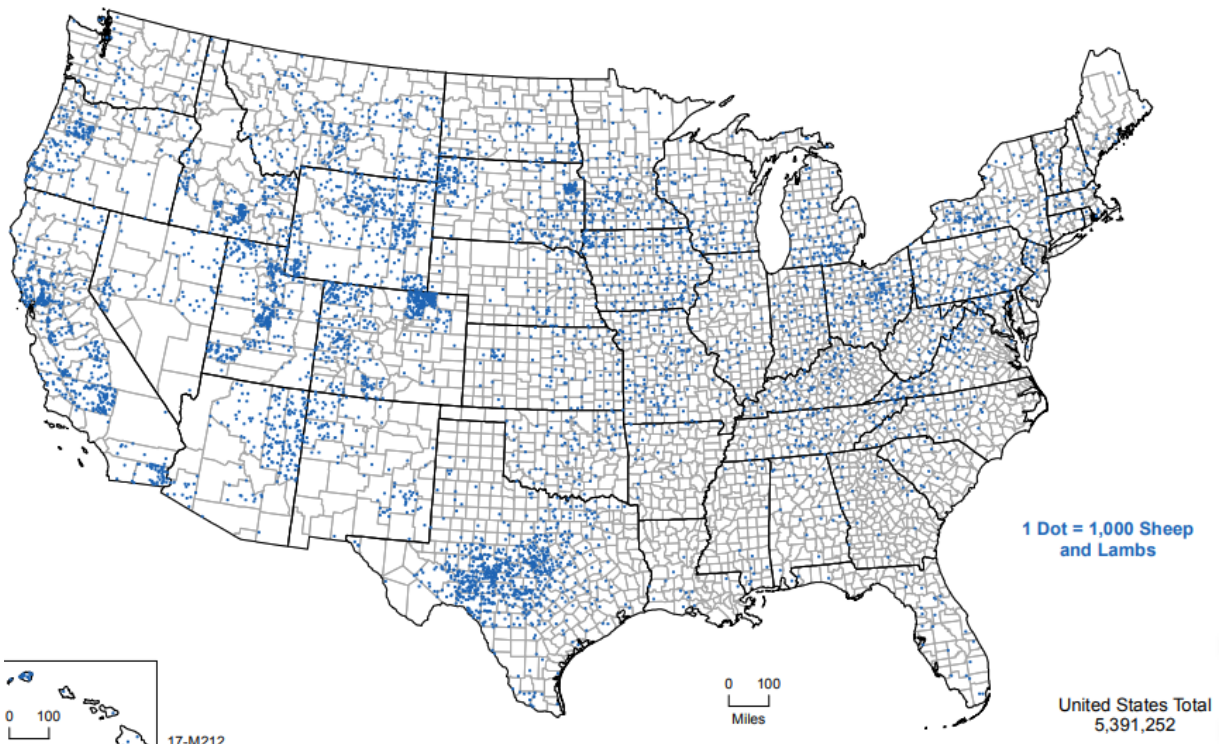
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



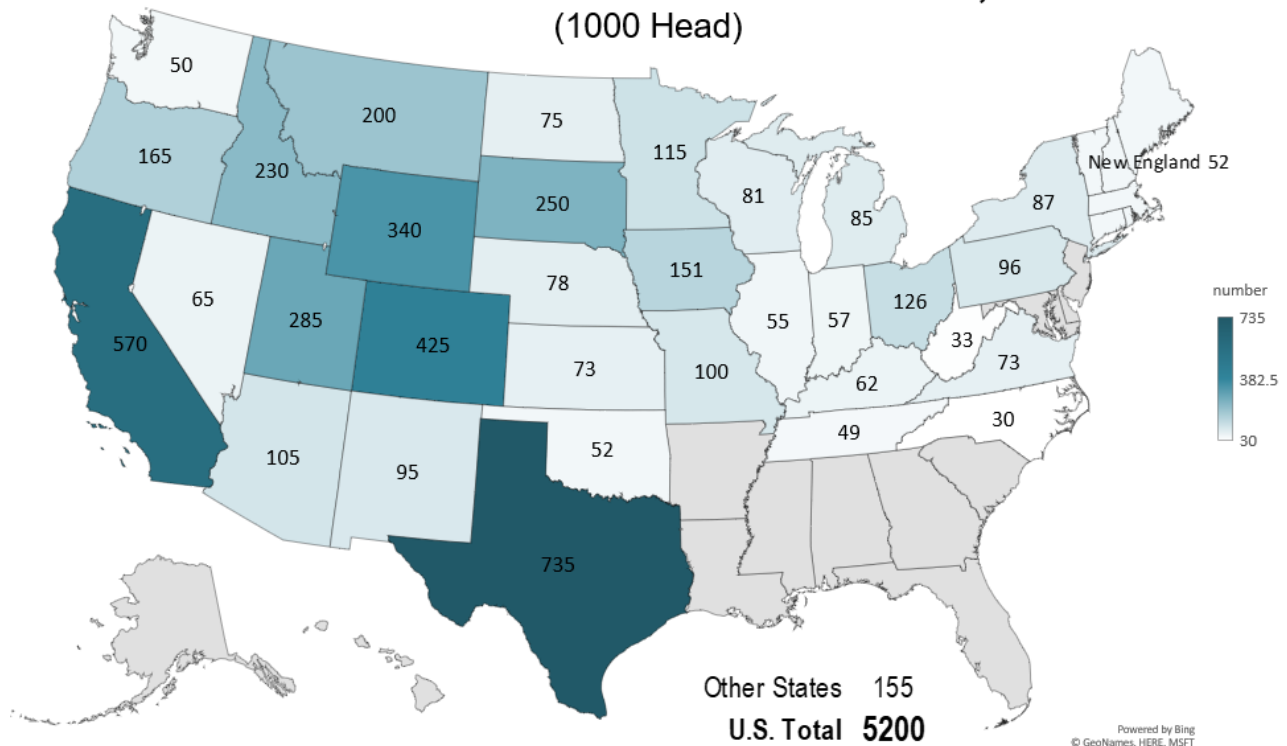


### Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



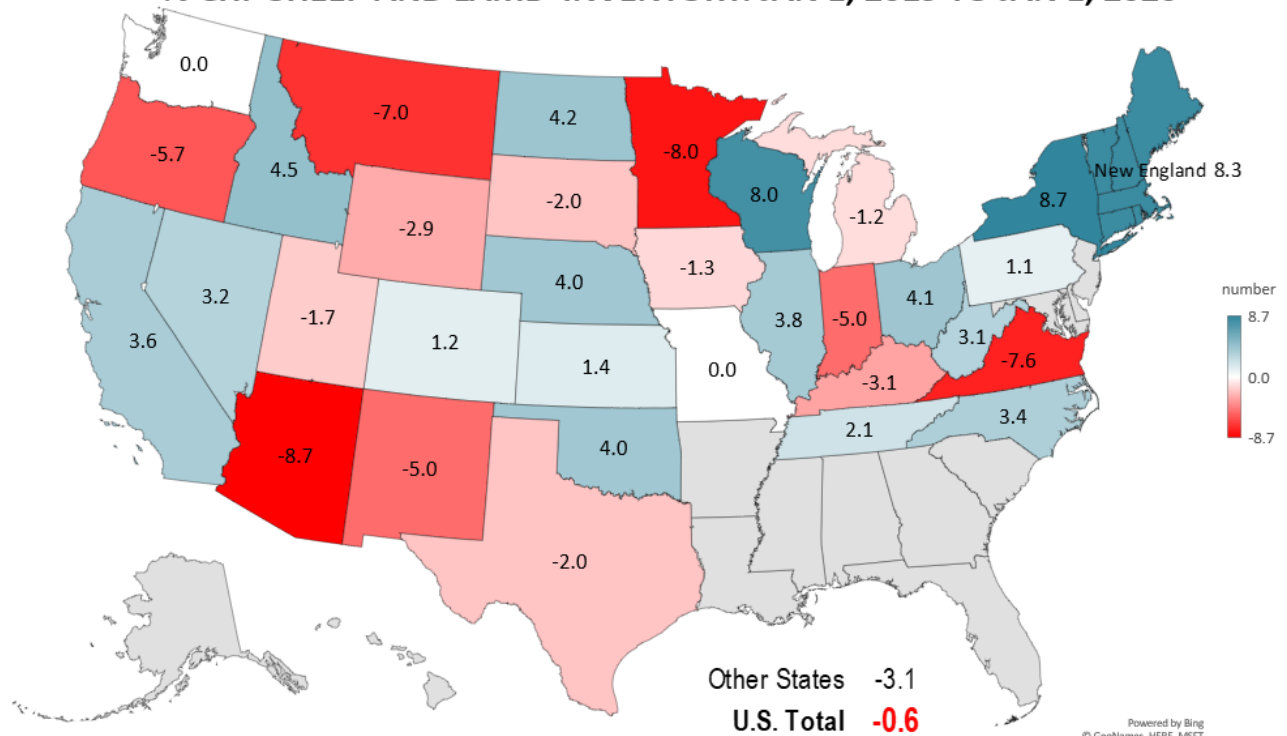
## SHEEP AND LAMB NUMBERS JANUARY 1, 2020 (1000 Head)



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

