

Monthly US Lamb Market Update

December 2021 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

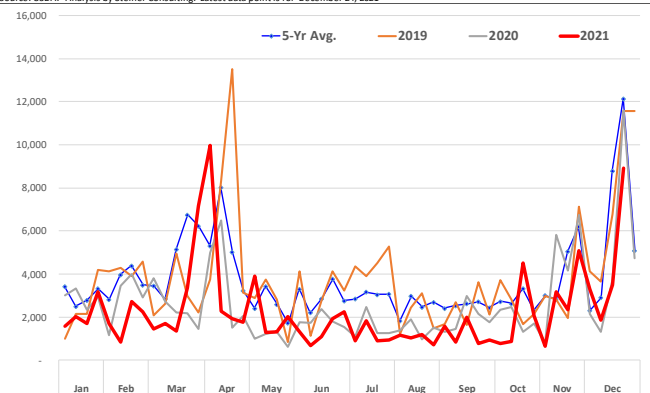
December 30, 2021

USA Domestic Lamb Market - Supply/Demand Situation

- Limited supply and high prices significantly impacted retail features during the holiday season.** Easter is the biggest lamb featuring holiday in the US although this is not apparent in the attached chart because the Easter feature peak falls on different dates and thus is diluted when running a five year average. But this is obvious when you look at 2019 (COVID ruined Easter in 2020). This year's retail lamb features for Thanksgiving were down as much as 25% and retail features going into Christmas were down as much as 23% compared to a year ago and 27% lower than the five year average.
- Price inflation was apparent across the various items featured in the retail meat case,** likely a reason why retailers gave up on lamb features this year. But there were some exceptions and retailers likely sought to maintain the price of some items flat in order to keep customers coming in. Bone-in lamb legs are one of the more featured items and the average price this year in the week prior to Christmas was \$7.37/lb., about the same as a year ago. However, the boneless leg price was \$9.89, up almost 50% from a year ago and the semi-boneless leg price was 31% higher. Features for lamb racks were down 31% compared to a year ago while the average price of lamb racks was a stunning \$16.75/lb. (around \$55 AUD/kg), 42% higher than the average feature price a year ago.
- Lamb inventories** in cold storage remain limited despite a sharp increase in US lamb imports. The supply of lamb and mutton in cold storage at the end of November was 23.5 million pounds, 9.4% lower than the previous year and 21% lower than the five year average. Foodservice operators and retailers will start the year with a significantly lower inventory than in past years. This will continue to keep prices at elevated levels in order to ration out demand.
- US production ramped up in November as processors sought to fill needs going into the holiday period.** Strong prices for lamb also proved to be a strong incentive to ramp up production despite ongoing supply chain bottlenecks. Total lamb and mutton production in November was estimated at 23.9 million pounds (carcass wt.), 11.5% higher than the previous year. Colorado slaughter has been running below year ago and 2019 levels for much of this year but in November production there was up as much as 7% from a year ago. Production was up by double digits in other top producing states, California, Texas and New Jersey (see chart). Texas has seen a dramatic change in the average weight of lambs going to market, largely because some Colorado feedlot lambs are now getting shipped for slaughter there. Average weight of lambs going to market in November in Texas was 29% higher than a year ago.

NATIONAL RETAIL LAMB FEATURE REPORT: ACTIVITY INDEX

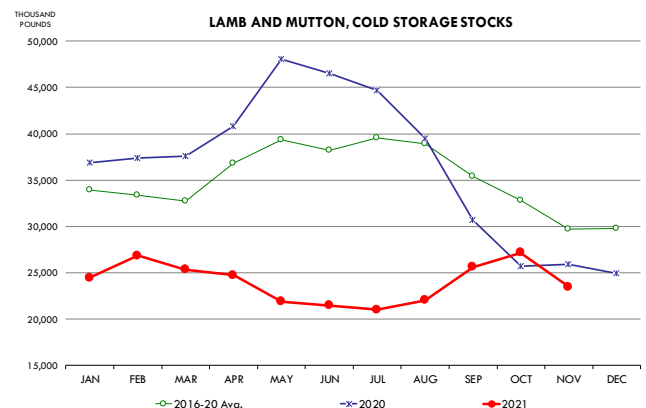
Source: USDA. Analysis by Steiner Consulting. Latest data point is for December 24, 2021



Top 10 States for Lamb/Sheep Slaughter and Production in November

Source: USDA-NASS. Analysis by Steiner Consulting

	2020			2021			Y/Y % Ch.
	Sltr. '1000 hd	Live Wt. lb.	Prod. 1000 lb.	Sltr. '1000 hd	Live Wt. lb.	Prod. 1000 lb.	
1 Colorado	43.4	146.0	6,350	44.6	152.0	6,772	7%
2 California	26.1	137.0	3,567	28.9	139.0	4,002	12%
3 Texas	19.6	83.0	1,622	22.1	107.0	2,365	46%
4 New Jersey	14.2	83.0	1,172	17.0	82.0	1,395	19%
5 Pennsylvania	8.7	102.0	888	8.9	106.0	942	6%
6 Ohio	6.1	154.0	948	5.9	150.0	882	-7%
7 Indiana	6.4	109.0	692	7.3	111.0	807	17%
8 Oregon	4.2	132.0	554	5.2	135.0	697	26%
9 New York	4.4	101.0	442	5.6	105.0	582	32%
10 Illinois	3.4	75.0	256	4.8	79.0	374	46%
Other	44.8	109.8	4,919	44.8	112.6	5,045	3%
United States	181.3	118.0	21,410	195.1	122.0	23,863	11.5%



Imported Lamb Supply and Price Trends

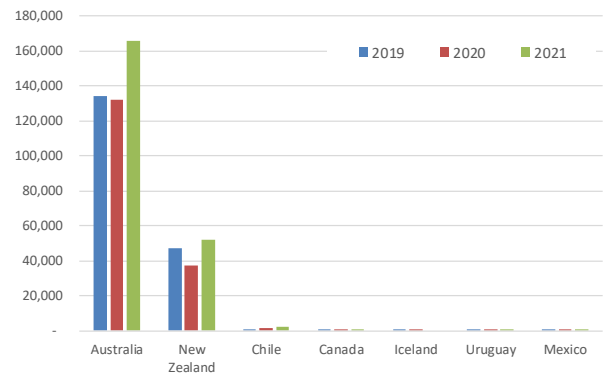
Official November import data for lamb, mutton and goat meat will not be released until early January and we already provided an update of October statistics in our previous report. So in this report we decided to take a look at lamb and mutton imports relative to domestic consumption. To do that we need to convert imports on a carcass weight basis because domestic production data is on a carcass weight basis as well. Here's a couple of key points from that analysis:

- US lamb imports through October were some 221 million pounds, 49 million pounds or 28% higher than the previous year. While COVID disruptions limited imports in 2020, current import volume is also up 38.5 million pounds or 21% compared to 2019 levels.
- Australia remains by far the biggest lamb supplier to the US. For the period Jan-Oct, US lamb imports from Australia were 165.6 million pounds, almost 40 million pounds or 26% higher than the previous year. Compare this to total US domestic lamb production, which through October was 100.6 million pounds (carcass wt) down 2.4% from the previous year. Looking at 2021 domestic production and import data, it appears that Australian lamb accounted for a little over half of all the lamb that was consumed in the US. Imports from New Zealand during this period were 52.2 million pounds, 38.4% higher than the previous year and accounting for about 16.5% of the supply available for consumption during this period. Keep in mind that the data above is only for 10 months so far this year but we do not expect the shares to change much. The last page of this report offers a longer term view of the shift in US domestic lamb consumption, with imports now accounting for a much larger share of the lamb consumed in the US.
- Mutton imports through October were 73.9 million pounds, down about 4.8 million pounds or 6% compared to a year ago. Australia accounted for 88% of all mutton imports and during this period imports were down 10.6% from last year.

Imported lamb prices were expected to stay firm through the holidays and that has indeed been the case. While we expect prices to remain firm in 2022, the pace of price inflation will likely slow. The table on page 6 offers a recap of the main imported lamb items traded in the US, both as chilled and frozen product. Chilled and frozen racks continue to see the biggest price gains, now up as much as 70% compared to a year ago. But prices for legs and shoulders are also up 40-50% compared to a year ago.

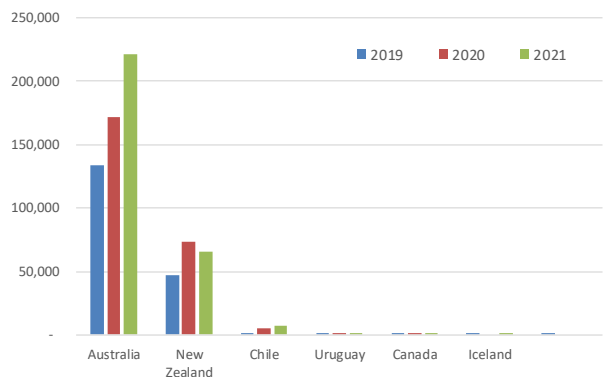
US Lamb Imports on a Carcass Weight Basis. '000 Pounds

Source: USDA-ERS. Analysis by Steiner Consulting



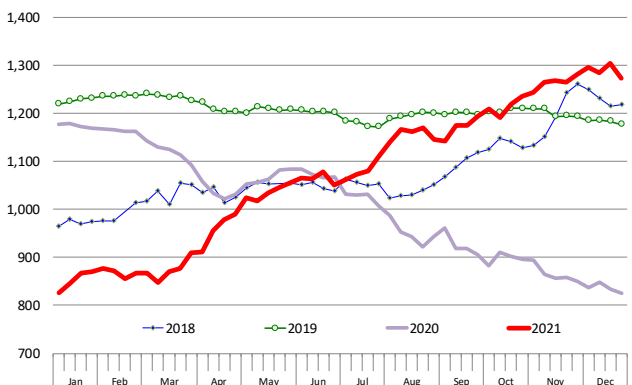
US Mutton Imports on a Carcass Weight Basis. '000 Pounds

Source: USDA-ERS. Analysis by Steiner Consulting



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

Weekly Prices. Source: USDA



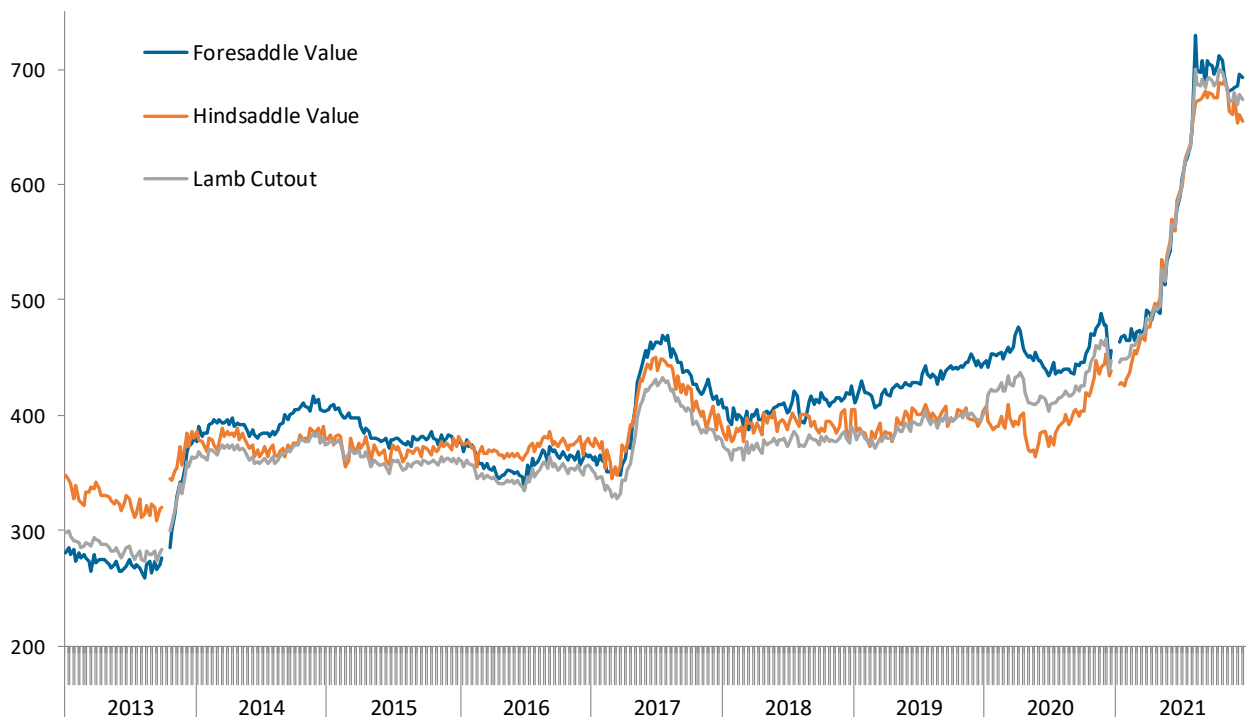
US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		12/18/2020	12/10/2021	12/17/2021	w/w	y/y
		US\$/cwt	US\$/cwt	US\$/cwt	% ch.	% ch.
Foresaddle	204 Rack, 8-Rib, Medium	934.4	1454.3	1450.5	-0.3%	55.2%
	209 Breast	286.5	407.5	414.7	1.8%	44.7%
	207 Shoulders, Square Cut	364.8	495.0	491.1	-0.8%	34.6%
	210 Foreshank	441.9	636.2	630.9	-0.8%	42.8%
	Neck	201.5	310.3	288.6	-7.0%	43.2%
Foresaddle Value		455.7	695.5	692.1	-0.5%	51.9%
Hindsaddle	232 Loin, Trimmed, 4x4	697.2	996.8	945.5	-5.1%	35.6%
	232E Flank, Untrimmed	211.9	303.5	351.0	15.6%	65.6%
	233A Leg, Trotter Off	390.0	591.5	597.3	1.0%	53.2%
Hindsaddle Value		438.7	660.7	654.8	-0.9%	49.3%
Carcass Value		447.4	678.6	674.0	-0.7%	50.7%

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

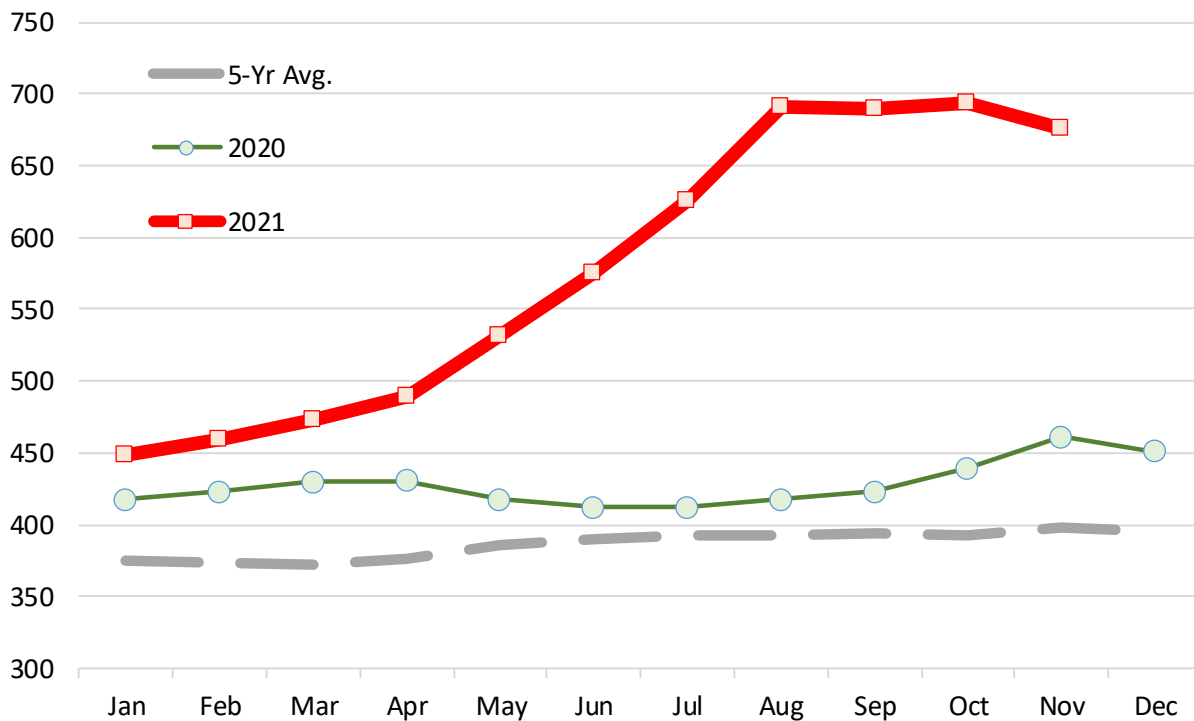
Source: Agricultural Marketin Service, USDA. \$ per 100 lb. Dressed Carcass

	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	691.20	392.78	65.5%	76.0%
Sep	356.77	414.16	378.23	396.62	423.22	689.51	393.80	62.9%	75.1%
Oct	354.23	395.31	379.26	398.15	439.53	693.44	393.30	57.8%	76.3%
Nov	354.47	386.74	379.39	407.49	461.31	676.35	397.88	46.6%	70.0%
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

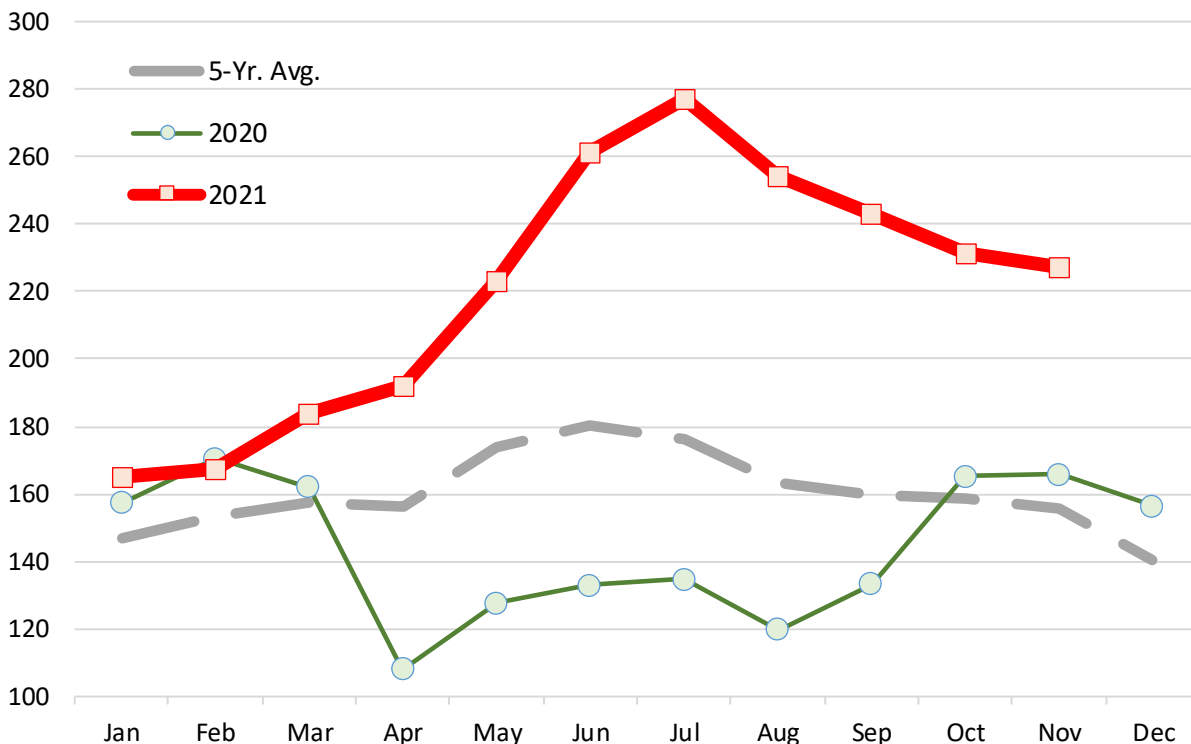
Monthly Average Prices, 100-150 lb. Woolled and Shorn, Choice & Prime 2-3 . \$ per 100 lb.

	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	254.2	163.4	112.2%	55.6%
Sep	161.3	144.0	129.3	147.9	133.3	242.9	159.8	82.3%	52.0%
Oct	140.3	134.3	130.4	148.4	165.3	231.6	158.4	40.1%	46.3%
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. Woolled 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	Dec 28, 2020	Dec 20, 2021	Dec 27, 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	\$ 5.16	\$ 7.24	\$ 7.31	0.9%	41.7%
AUS Shoulder, Square-cut	8,994,775	\$ 3.22	\$ 28,989,584	\$ 3.24	\$ 3.92	\$ 3.87	-1.2%	19.6%
AUS Leg, bnls	6,268,292	\$ 4.36	\$ 27,355,892	\$ 4.45	\$ 6.12	\$ 6.23	1.8%	40.0%
AUS Leg, semi bnls	1,985,283	\$ 4.08	\$ 8,100,010	\$ 3.96	\$ 5.26	\$ 5.24	-0.5%	32.3%
AUS Rack, FR, Cap-off, 20-24 oz	1,870,146	\$ 9.52	\$ 17,796,182	\$ 8.18	\$ 13.42	\$ 13.66	1.8%	66.9%
AUS Rack, FR, Cap-off, 24-28 oz	1,405,292	\$ 9.84	\$ 13,832,964	\$ 8.43	\$ 13.07	\$ 12.90	-1.3%	53.0%
AUS Rack, FR, Cap-off, 28 oz/up	1,241,798	\$ 9.95	\$ 12,360,440	\$ 8.09	\$ 13.15	\$ 12.10	-8.0%	49.5%
AUS Shortloin, 1-Rib, 1x1	896,958	\$ 4.33	\$ 3,885,234	\$ 4.39	\$ 6.87	\$ 6.92	0.8%	57.7%
AUS Foreshank, VP	605,016	\$ 3.36	\$ 2,031,645	\$ 3.51	\$ 4.16	\$ 4.33	4.2%	23.5%
AUS Shoulder, Square-cut, bnls	1,471	\$ 6.00	\$ 8,826	\$ -	\$ -	\$ -		0.0%
Subtotal	37,886,567	\$ 4.88	\$ 184,920,813	\$ 4.79	\$ 6.75	\$ 6.76	0.0%	41.1%
Frozen								
AUS Leg, Long	7,153,328	\$ 3.69	\$ 26,425,668	\$ 3.71	\$ 5.45	\$ 5.25	-3.7%	41.4%
AUS Foreshank, LP	4,083,880	\$ 2.76	\$ 11,269,505	\$ 2.71	\$ 3.84	\$ 3.77	-1.8%	39.0%
NZ Rack, FR, Cap-off, 16-20 oz	2,386,029	\$ 10.04	\$ 23,946,315	\$ 8.50	\$ 11.88	\$ 12.97	9.2%	52.7%
AUS Shoulder, Square-cut	1,679,483	\$ 2.84	\$ 4,765,242	\$ 2.69	\$ -	\$ -		0.0%
AUS Leg, bnls	1,644,850	\$ 3.91	\$ 6,423,177	\$ 3.79	\$ 5.31	\$ 5.60	5.6%	47.7%
AUS Shoulder, Square-cut, bnls	1,591,611	\$ 3.93	\$ 6,247,621	\$ 3.89	\$ 5.80	\$ 5.66	-2.5%	45.3%
AUS Hindshank, LP	1,377,995	\$ 2.76	\$ 3,806,928	\$ 3.09	\$ 4.70	\$ 4.29	-8.6%	39.2%
AUS Leg, bnls, shank-off	1,234,157	\$ 3.90	\$ 4,816,990	\$ 4.16	\$ 5.36	\$ 5.78	7.8%	38.7%
NZ Rack, FR, Cap-off, 12-16 oz	1,004,423	\$ 10.05	\$ 10,096,657	\$ 8.57	\$ 11.95	\$ 13.91	16.4%	62.4%
NZ Rack, FR, Cap-off, 20 oz/up	932,757	\$ 8.60	\$ 8,022,179	\$ 7.26	\$ 11.29	\$ 12.48	10.5%	72.0%
AUS Rack, FR, Cap-off, 20-24 oz	637,951	\$ 8.42	\$ 5,368,366	\$ 7.02	\$ 12.52	\$ 12.27	-2.0%	74.8%
AUS Rack, FR, Cap-off, 24-28 oz	619,344	\$ 8.03	\$ 4,975,165	\$ 8.31	\$ 12.52	\$ 12.27	-2.0%	47.7%
AUS Rack, FR, Cap-off, 28 oz/up	611,734	\$ 8.07	\$ 4,936,693	\$ 8.19	\$ 13.43	\$ 11.98	-10.9%	46.3%
AUS Hindshank, VP	17,648	\$ 3.53	\$ 62,334	\$ -	\$ 4.39	\$ 4.39	0.0%	
AUS Rack, FR, Cap-off, 20 oz/dn	11,430	\$ 5.61	\$ 64,142	\$ -	\$ -	\$ -		
NZ Rack, FR, Cap-off, 12 oz/dn	10,418	\$ 10.24	\$ 106,702	\$ -	\$ 12.59	\$ 12.59	0.0%	
Subtotal	24,997,038	\$ 4.85	\$ 121,333,682	\$ 4.57	\$ 6.43	\$ 6.55	1.8%	43.2%

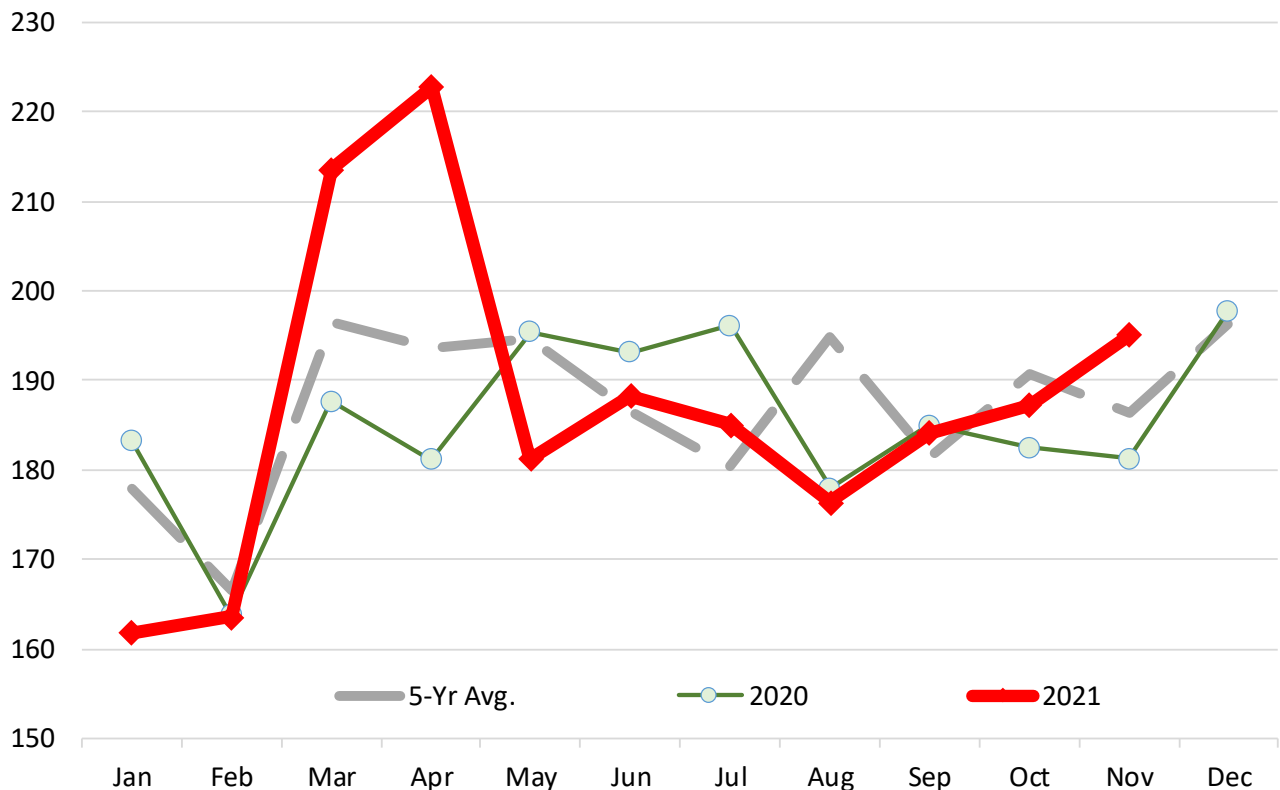
Please note that the prices, volume and sales value reported above represents only subset of total US lamb imports. It only reflects the data reported through the Mandatory Price Reporting System. It is only for negotiated sales, no formula sales. Trade from smaller importers and traders is not included 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	176.4	194.9	-0.9%	-9.5%
Sep	194.0	176.4	172.2	179.3	185.0	184.2	181.4	-0.4%	1.6%
Oct	181.6	183.5	199.9	206.0	182.5	187.3	190.7	2.6%	-1.8%
Nov	186.9	187.4	195.3	181.0	181.3	195.1	186.4	7.6%	4.7%
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



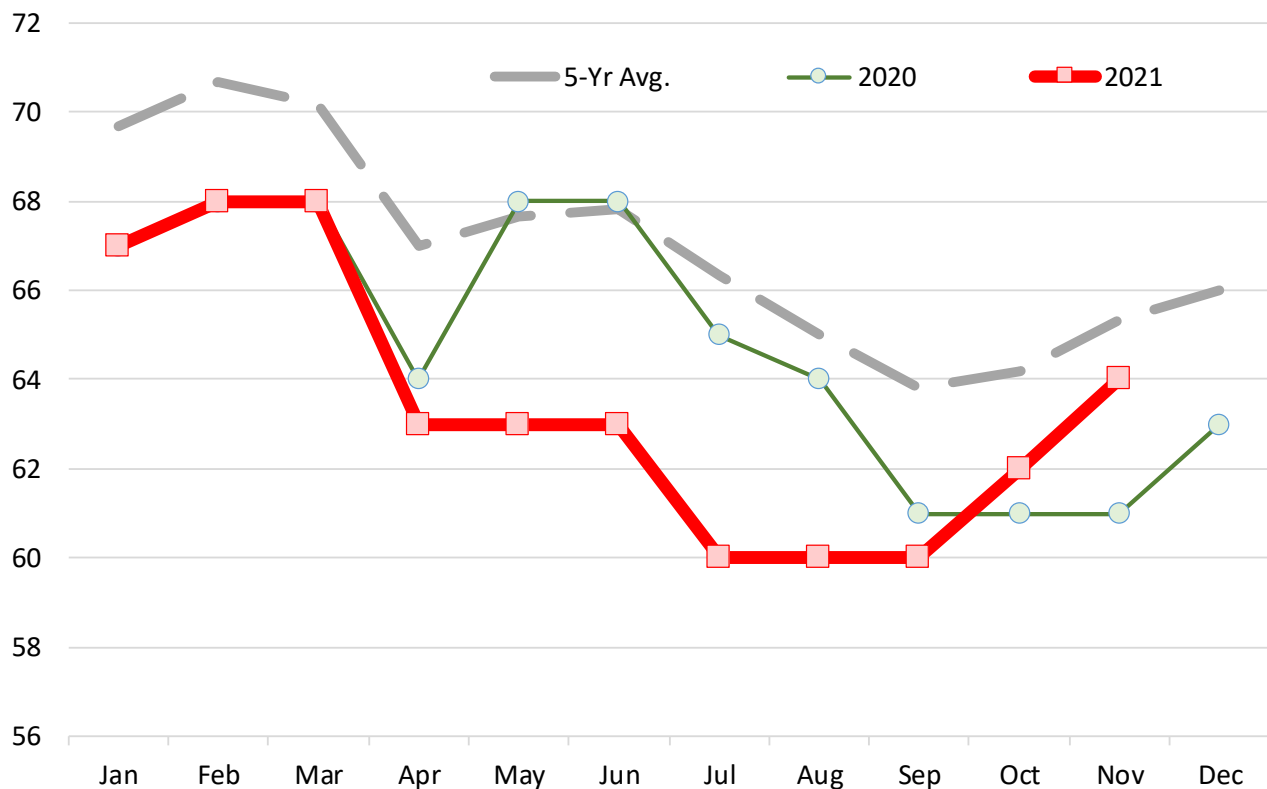
Lamb and Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	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	60.00	65.00	-6.3%	-7.7%
Sep	64.00	66.00	69.00	63.00	61.00	60.00	63.83	-1.6%	-6.0%
Oct	65.00	66.00	67.00	64.00	61.00	62.00	64.17	1.6%	-3.4%
Nov	67.00	68.00	68.00	64.00	61.00	64.00	65.33	4.9%	-2.0%
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

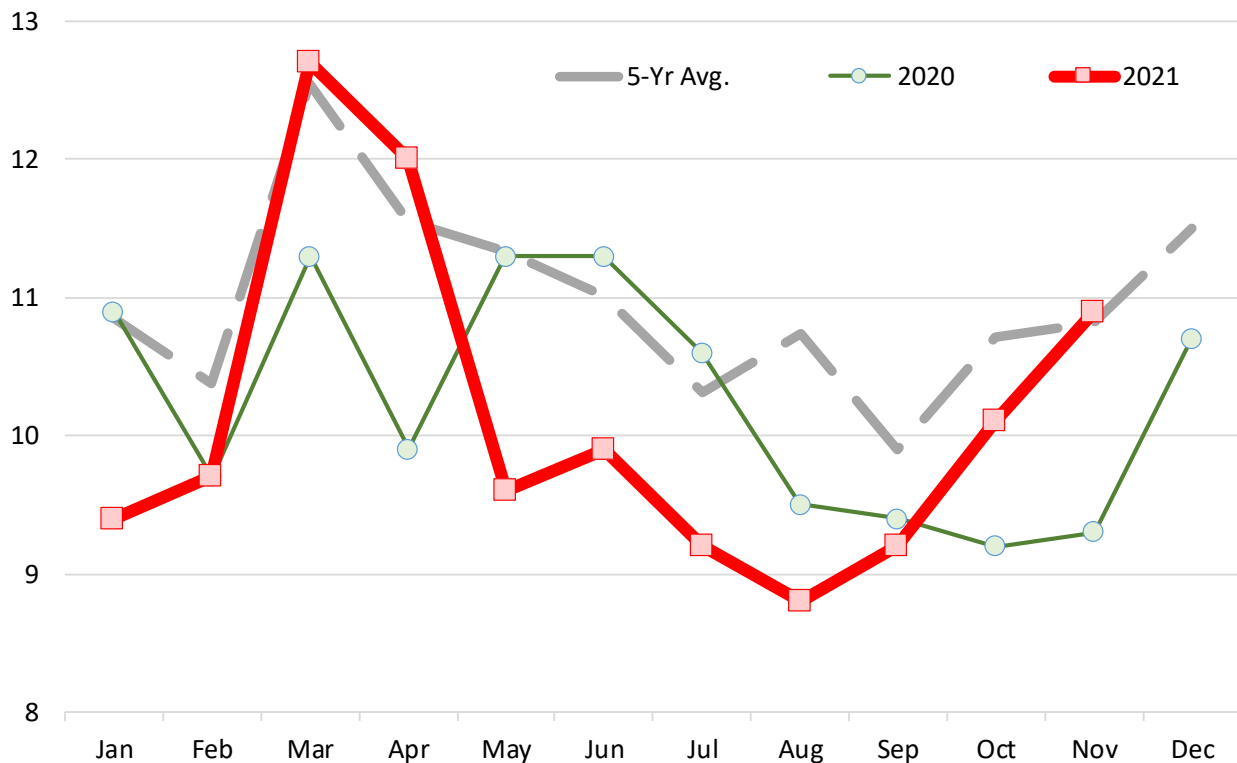


Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	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	8.8	10.7	-7.4%	-18.0%
Sep	10.9	10.1	10.1	9.7	9.4	9.2	9.9	-2.1%	-7.1%
Oct	10.7	10.9	11.9	11.5	9.2	10.1	10.7	9.8%	-5.8%
Nov	11.3	11.4	11.8	10.2	9.3	10.9	10.8	17.2%	0.8%
Dec	12.1	11.8	11.9	11.0	10.7		11.5		

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

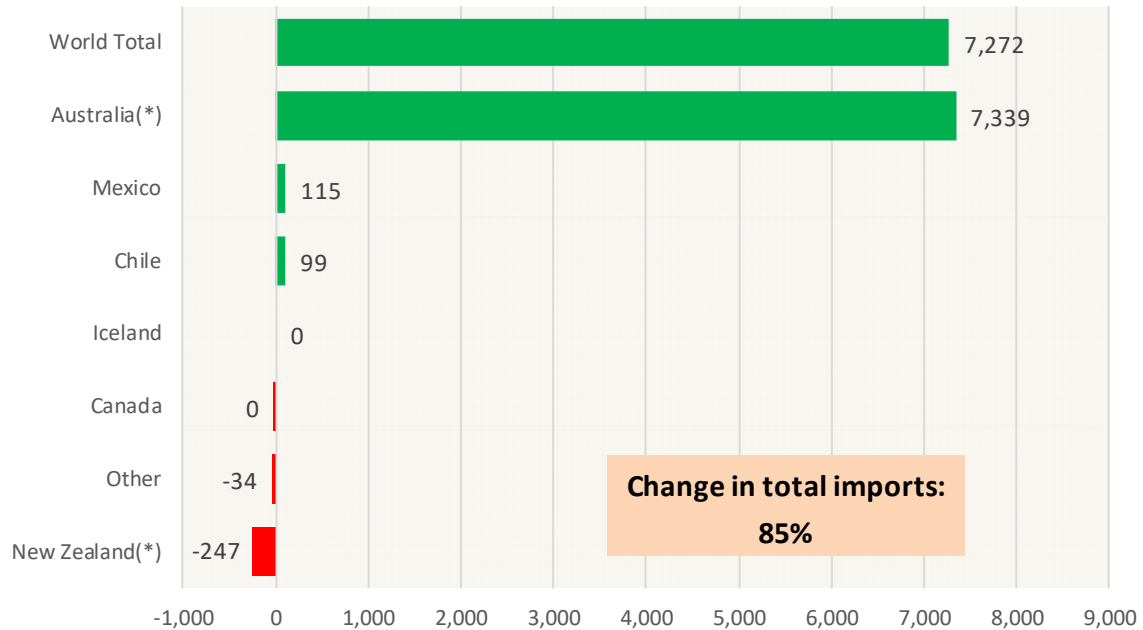
Monthly Data. Source: USDA



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

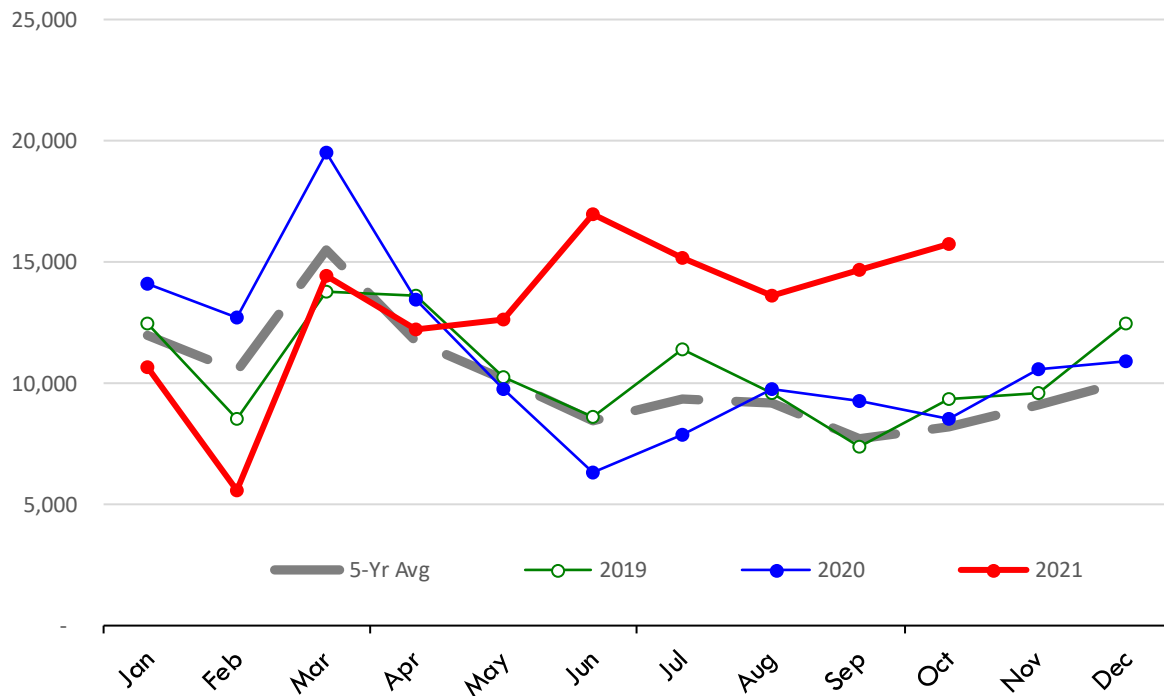
Source: USDA/FAS

Units: Metric Tons



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

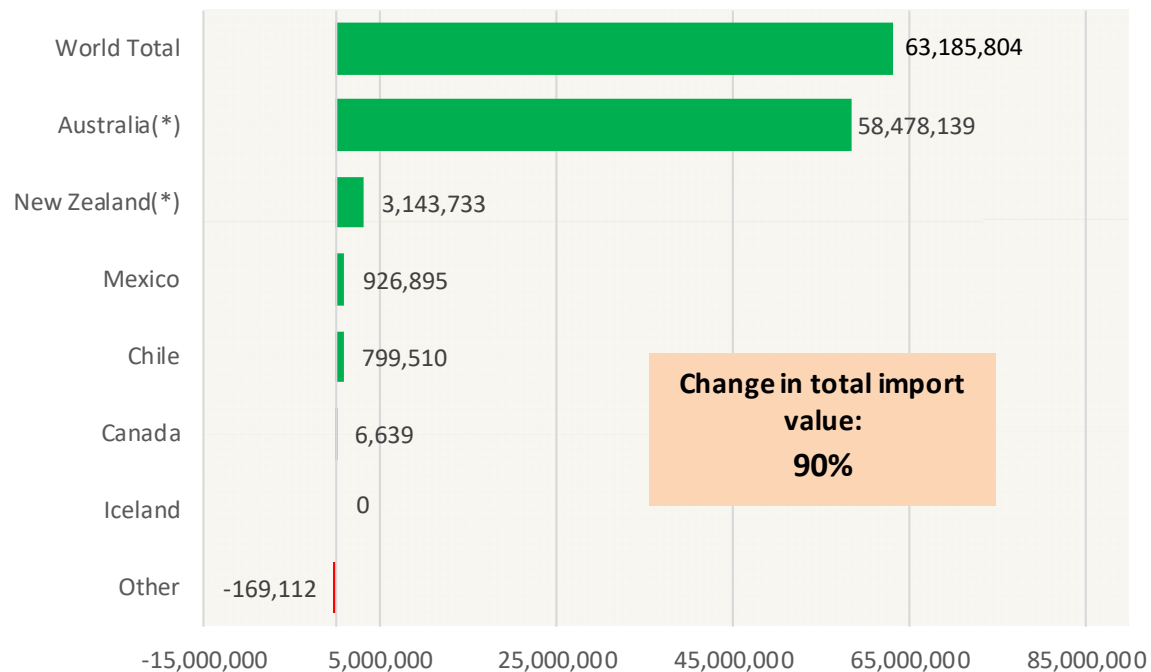
Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



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

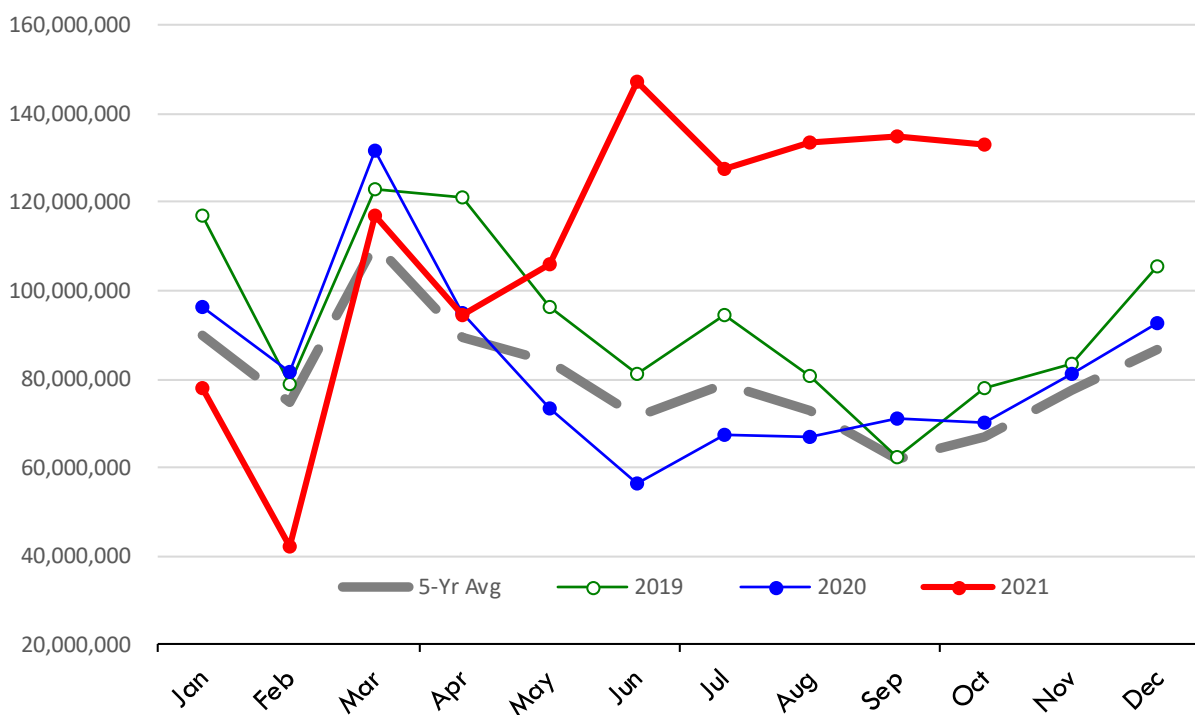
Source: USDA/FAS

Units: US Dollars



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

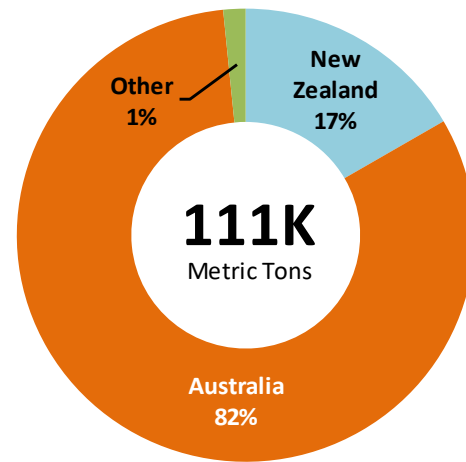
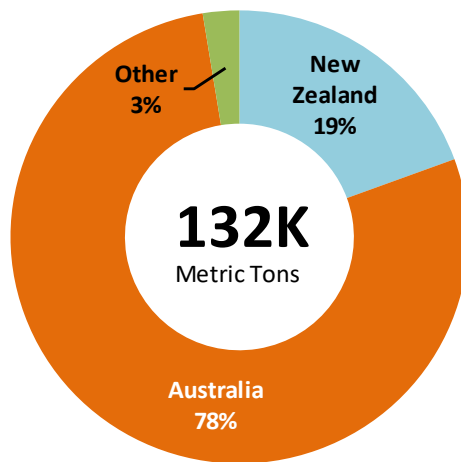
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



TOP US LAMB IMPORT MARKETS IN **2021** TOP US LAMB IMPORT MARKETS IN **2020**

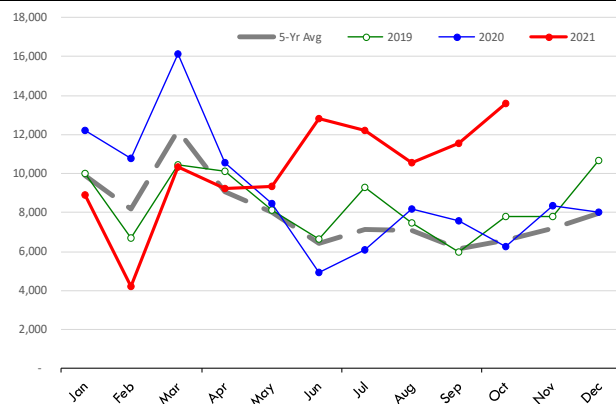
Total Volume and Country Shares for Period Jan - Oct 2021, MT

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



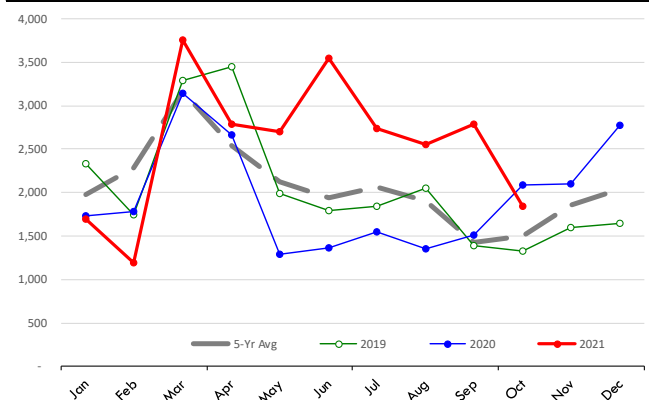
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



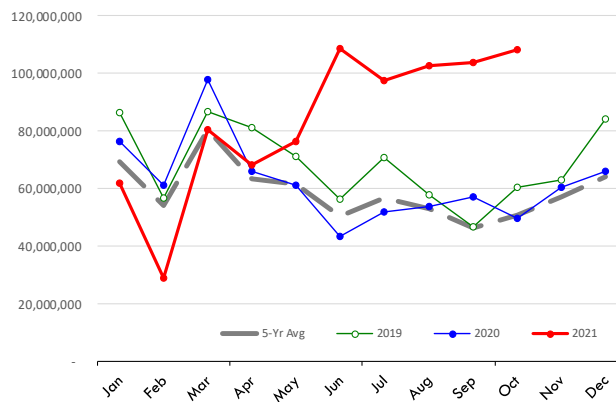
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



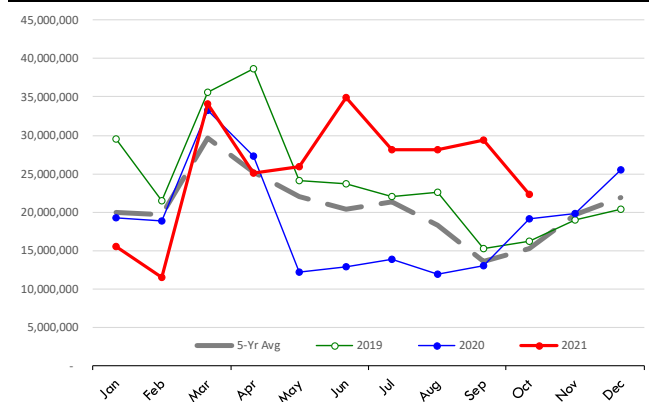
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

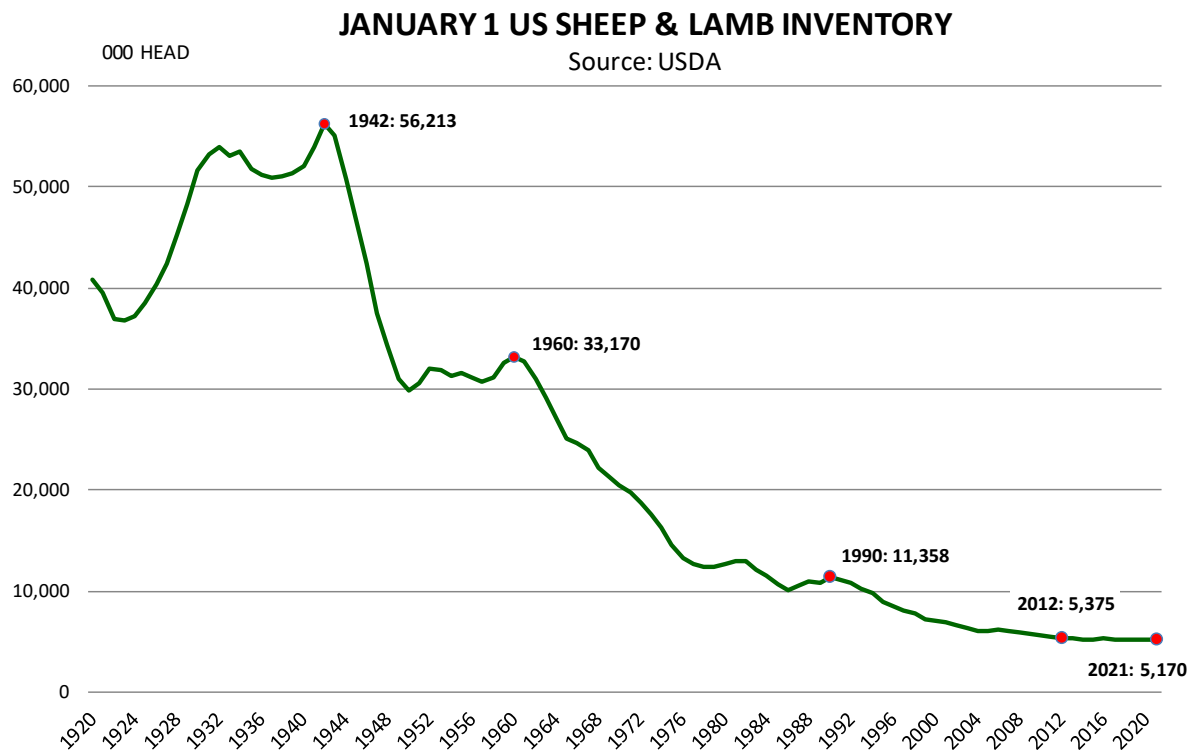
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

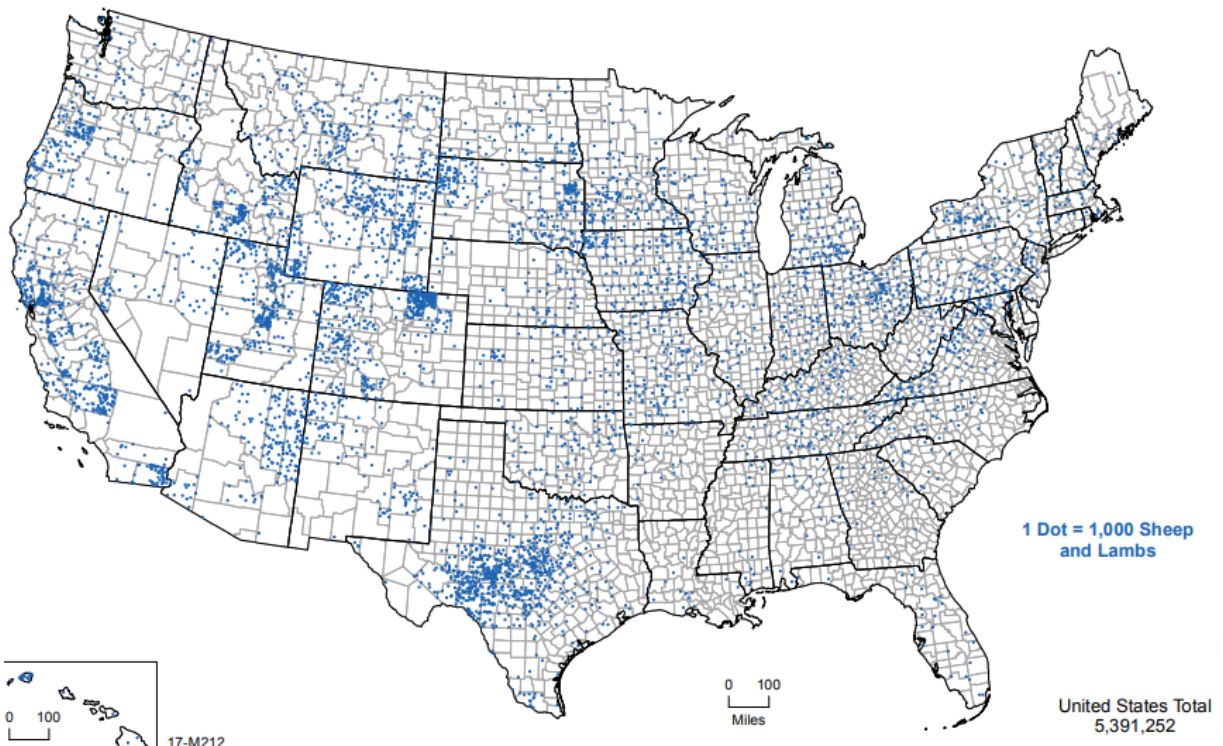
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



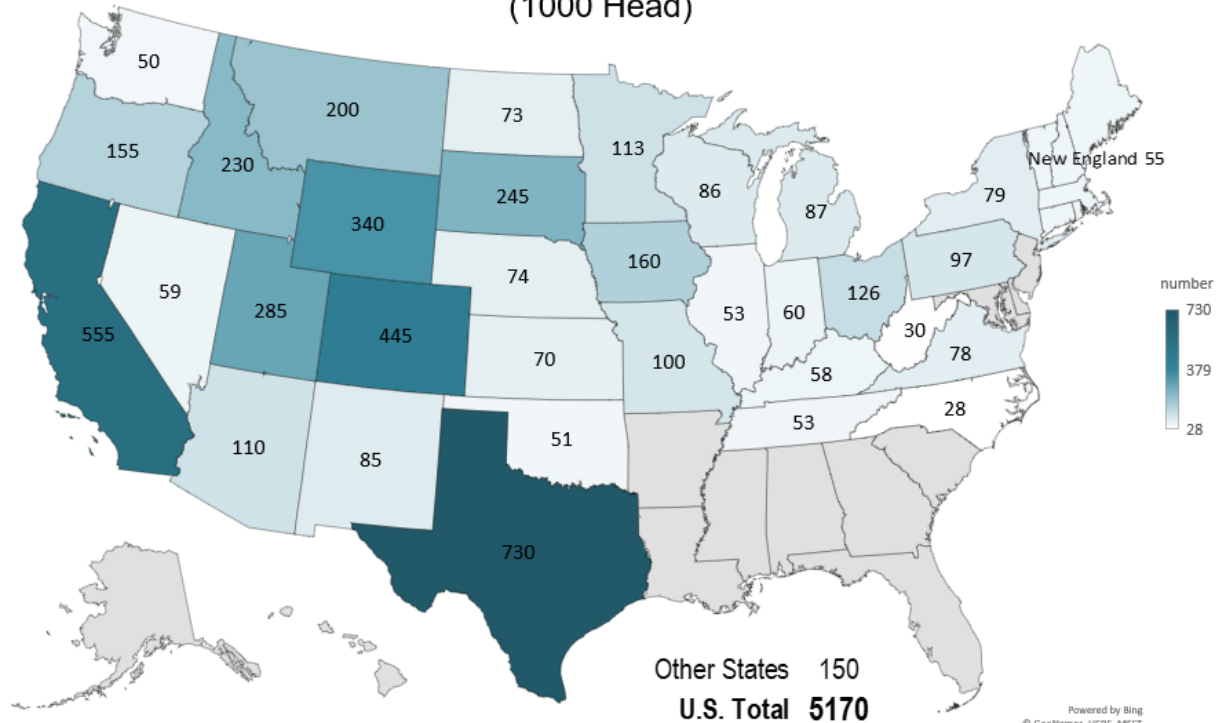


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



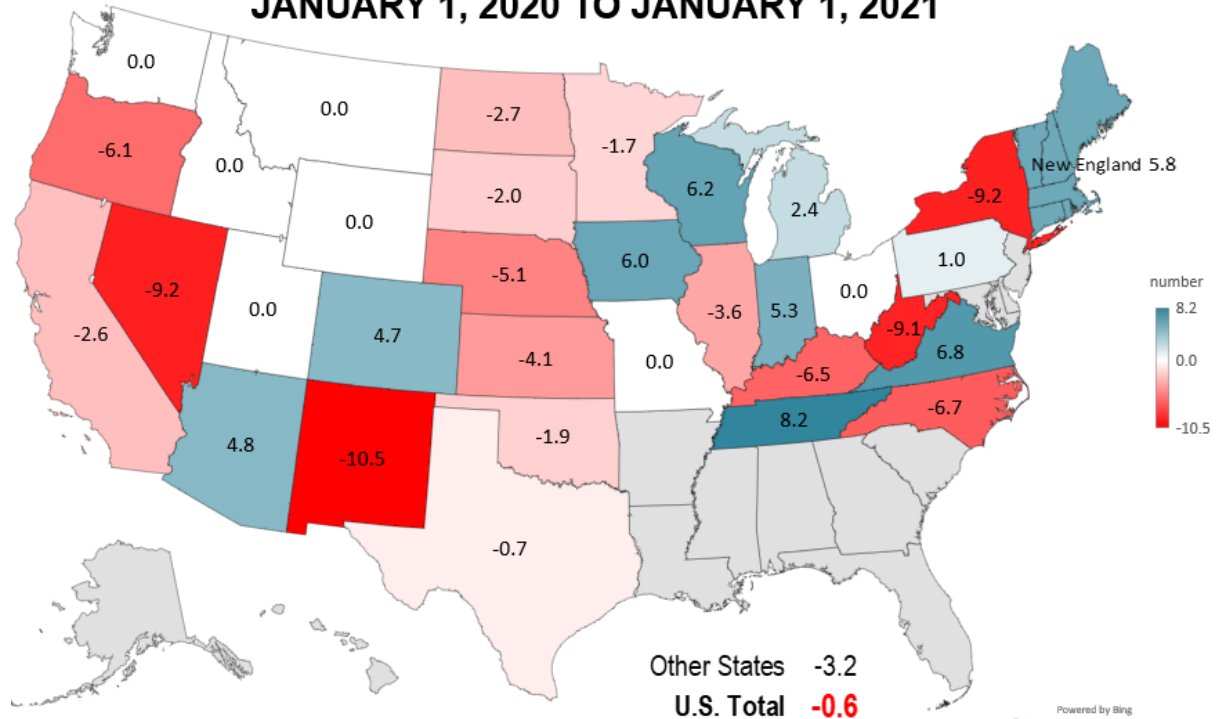
SHEEP AND LAMB NUMBERS JANUARY 1, 2021 (1000 Head)



Livestock Marketing Information Center
Data Source: USDA-NASS

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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

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01/29/21

