

Monthly US Lamb Market Update

June 2021 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

July 8, 2021

USA Domestic Lamb Market - Supply/Demand Situation

- Producers accelerated sheep and lamb slaughter in April, resulting in a significant decline during May and June. The latest monthly statistics is available only through May, showing that total sheep and lamb slaughter for the month was 181,300 head, down 18.6% from the previous month and 7% lower than the previous year. Slaughter was lower in the top lamb producing states, Colorado and California. Texas slaughter is significantly higher than last year due to the shift in processing capacity from Colorado to Texas.
- Drought conditions in the Western US have significantly impacted sheep ranchers and they have resulted in significant herd liquidation. Unfortunately USDA conducts a survey of sheep and lamb operations only once a year. During the Jan-Apr period, sheep and lamb slaughter in California was a total of 107,100 head, up 13,400 head or 14.3% compared to a year ago. The total inventory of all sheep and lamb in California on January 1 was estimated at 555,000 head, down 15k head or 2.6% lower than the previous year. California slaughter in May was down in part because of the smaller inventory to start the year and then the liquidation that took place between January and April.
- Lamb freezer inventories continued to counter seasonally decline in May. The reduction is due to the lifting of restrictions on restaurants and already high lamb prices. End users had little choice but to draw down their freezer stocks in order to secure their needs. At the end of May, the total supply of lamb and mutton in cold storage was 21.885 million pounds, 54.4% lower than a year ago and 44.4% lower than the five year average.
- Commercial sheep and lamb slaughter in the second half of 2021 is currently forecast down 1.6%. Lamb and sheep carcass weights were down 4.1% in Q2 and they are expected to be down about 3% for all of the second half. The combined reduction in both slaughter and carcass weights is expected to result in a 4.4% reduction in domestic lamb production during the second half of 2021. Lamb imports are expected to be steady with last year in Q3 and then down in Q4. Combined with lower domestic production, this is expected to result in a double digit decline in supply availability this coming fall and winter and escalating wholesale and retail prices.
- The rebound in demand, higher prices for competing products and limited freezer stocks have caused prices to rise sharply in the last few weeks. The US domestic lamb cutout value in mid May was estimated by USDA at \$516.73/cwt, 16% higher than at the start of the year and 26% higher than last year. It is indicative of the very tight supply situation that the spread between foresaddle and hind-saddle values has largely disappeared, suggesting very robust pricing.

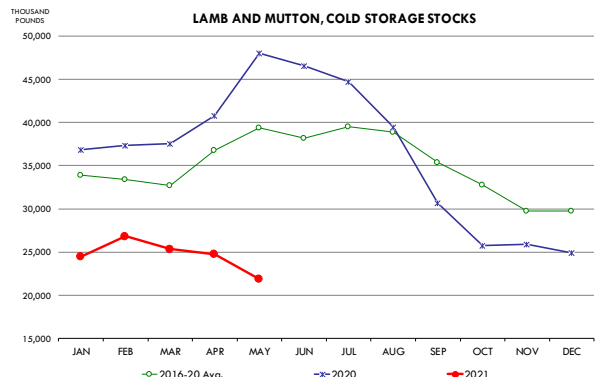
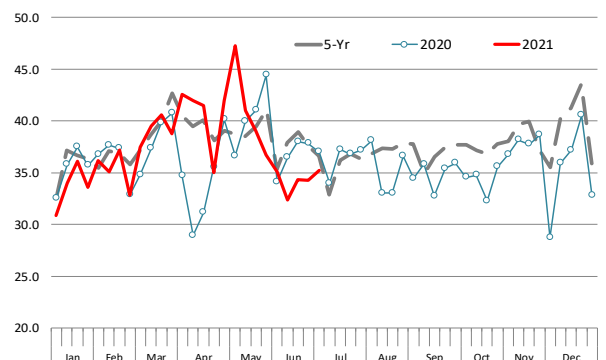
Top 10 States for Lamb/Sheep Slaughter and Production in May

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	57.2	174.0	9,960	40.0	154.0	6,175	-38%
2 California	26.5	150.0	3,957	24.3	138.0	3,354	-15%
3 Texas	20.2	82.0	1,657	21.6	102.0	2,210	33%
4 New Jersey	15.3	78.0	1,196	16.3	83.0	1,349	13%
5 Pennsylvania	8.5	103.0	876	8.0	108.0	861	-2%
6 Ohio	5.6	166.0	933	4.5	159.0	713	-24%
7 Indiana	7.1	108.0	766	7.6	116.0	880	15%
8 Oregon	4.6	148.0	677	4.0	141.0	571	-16%
9 New York	4.2	103.0	436	4.7	105.0	493	13%
10 Illinois	4.3	74.0	317	4.5	76.0	344	9%
Other	41.9	106.7	4,470	45.8	107.9	4,944	11%
United States	195.4	129.0	25,245	181.3	121.0	21,894	-13%

Weekly USA Lamb & Sheep Slaughter

'000 Head/Week. Source: USDA. Compiled and Analysis by Steiner Consulting



Imported Lamb Supply and Price Trends

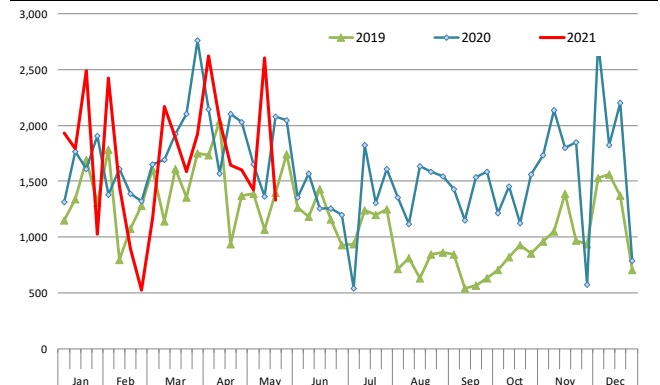
Australian lamb exports to the US were sharply higher in June compared to a year ago. However, it should be noted that COVID disruptions significantly impacted US imports last year so a comparison to both 2019 are appropriate for context. Total lamb shipments to the US in June were 7,842 MT, up 73% compared to last year. In June 2019 lamb shipments to the US were 3,874 MT and in June 2018 shipments were 5,464 MT. Sharply higher lamb prices in the US and improving demand have caused Australian processors to ramp up export shipments to this market. Exports to other markets were up as well (see table). In total, all Australian sheep slaughter in June was 27.1 million head, up 38% compared to a year ago.

Prices for high value beef cuts were sharply higher in May and early June. Since then we have seen a notable pullback in the price of steak cuts and this could also impact the value of high value lamb product. Higher imports from Australia may also be a factor in helping ease price inflation, at least in Q3. We still think that there is more upside price risk for price sin Q4 given lower domestic supply availability and expectations for strong holiday demand. 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 July 6, this product traded at \$6.53/lb., a 33% increase from a year ago as well as 33% higher than in 2019. Prices are now near all time record levels.
- The price of Australian chilled cap off racks is currently trading in the high 10s per pound. Current prices are about the same as a year ago (see chart) but still below the levels achieved in 2019. For all the improvement in high end foodservice demand, it has yet to fully recover, especially with the continued lack of convention and business travel.
- Semi boneless leg prices for the most current week were quoted at \$5.17 per pound, up 43% compared to last year and 40% higher than in 2019.
- Frozen Australian legs were last quoted at \$4.41/lb., 20% higher than the previous year.
- New Zealand racks reportedly traded in a range, with the lowest price under \$9 per pound and the highest for 20oz and up racks over \$10 a pound.

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

Source: USDA-AMS



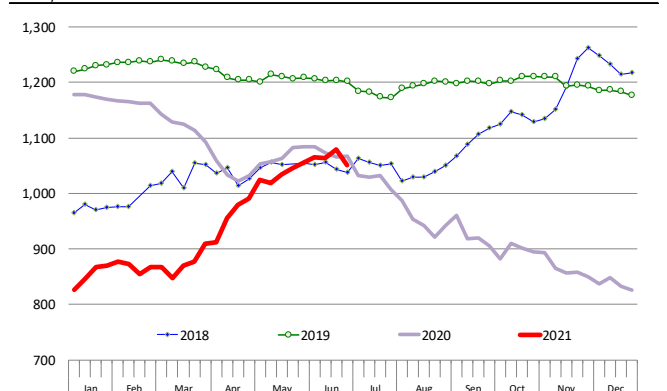
Summary of Australian Lamb Exports: Jun. 2021

Source: MAFF

	Jun-20	Jun-21	MT ch.	% ch.
China	6,345	7,312	968	15%
Japan	554	906	352	63%
South Korea	1,174	1,399	225	19%
Qatar	1,185	490	(696)	-59%
Dubai	778	1,150	372	48%
Jordan	520	317	(203)	-39%
USA East	2,984	6,611	3,627	122%
USA West	1,542	1,231	(311)	-20%
USA Total	4,525	7,842	3,317	73%
Malaysia	739	1,189	450	61%
Papua New Guinea	591	954	362	61%
Other	3,294	5,541	2,247	68%
Total Aus	19,706	27,100	7,394	38%

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

Weekly Prices. Source: USDA



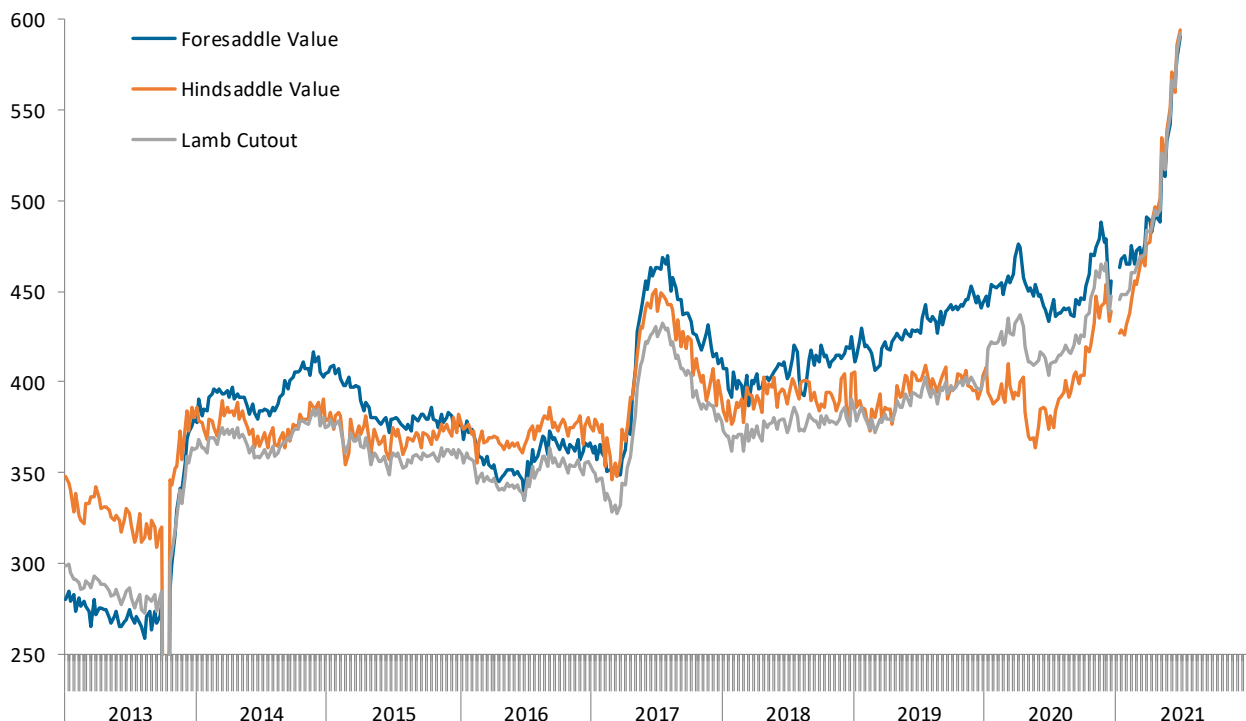
US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		6/25/2021	6/18/2021	w/w	6/26/2020	y/y
		US\$/cwt	US\$/cwt	% ch.	US\$/cwt	% ch.
Foresaddle	204 Rack, 8-Rib, Medium	1262.1	1227.4	2.8%	799.7	57.8%
	209 Breast	289.6	276.5	4.7%	284.6	1.8%
	207 Shoulders, Square Cut	448.8	440.9	1.8%	329.1	36.4%
	210 Foreshank	541.7	539.0	0.5%	417.2	29.8%
	Neck	297.0	271.0	9.6%	177.2	67.6%
Foresaddle Value		590.7	578.4	2.1%	433.7	36.2%
Hindsaddle	232 Loin, Trimmed, 4x4	868.7	851.5	2.0%	569.1	52.6%
	232E Flank, Untrimmed	242.1	192.8	25.6%	201.3	20.3%
	233A Leg, Trotter Off	543.9	536.5	1.4%	364.4	49.3%
Hindsaddle Value		594.4	586.1	1.4%	373.5	59.2%
Carcass Value		592.5	582.1	1.8%	404.2	46.6%

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

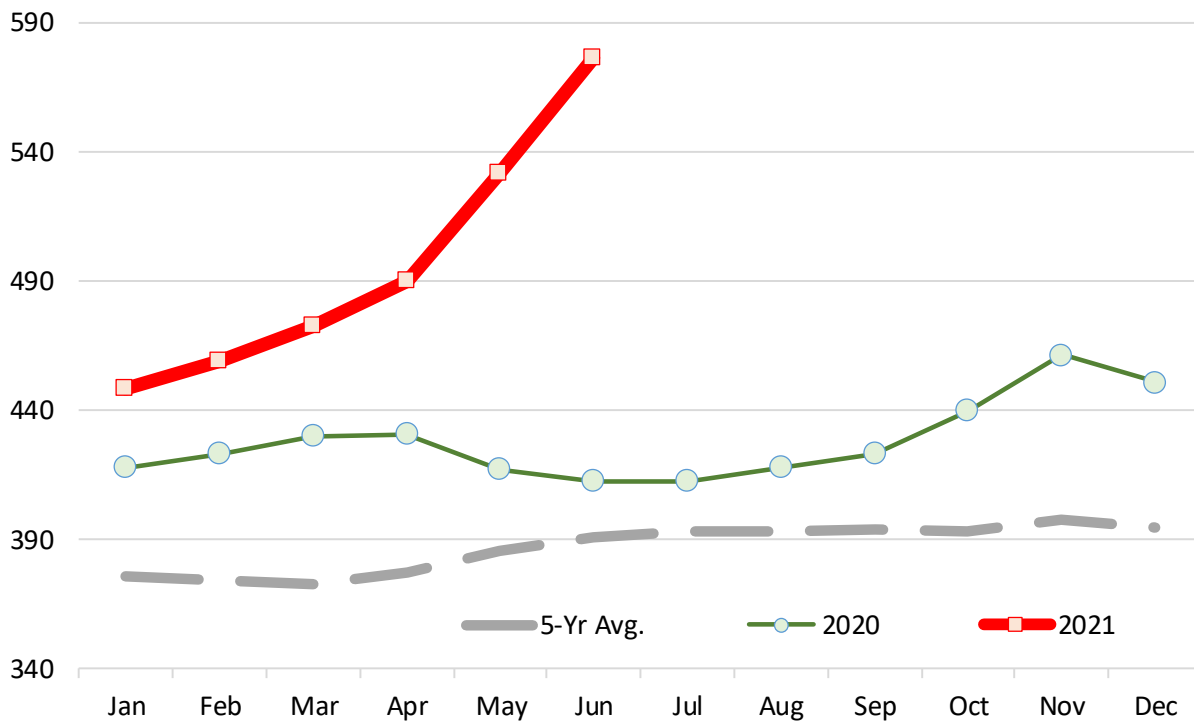
Source: Agricultural Marketin Service, USDA. \$ per 100 lb. Dressed Carcass

	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		392.65		
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

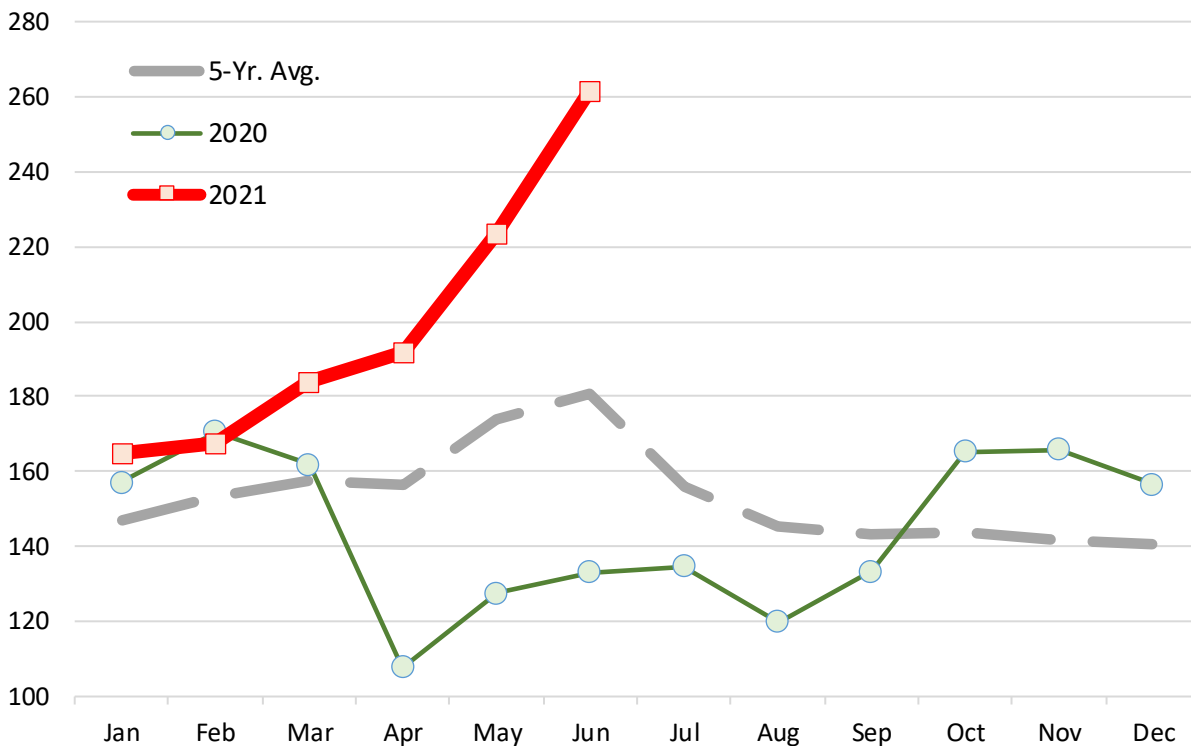
Monthly Average Prices, 100-150 lb. Woolled and Shorn, Choice & Prime 2-3 . \$ per 100 lb.

	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		155.9		
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. 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	Jul 6, 2020	Jun 28, 2021	Jul 6, 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	\$ 4.90	\$ 6.64	\$ 6.53	-1.7%	33.4%
AUS Shoulder, Square-cut	8,994,775	\$ 3.22	\$ 28,989,584	\$ 3.10	\$ 3.80	\$ 3.70	-2.8%	19.2%
AUS Leg, bnls	6,268,292	\$ 4.36	\$ 27,355,892	\$ 4.09	\$ 5.36	\$ 5.15	-3.9%	25.8%
AUS Leg, semi bnls	1,985,283	\$ 4.08	\$ 8,100,010	\$ 3.60	\$ 4.92	\$ 5.17	5.1%	43.4%
AUS Rack, FR, Cap-off, 20-24 oz	1,870,146	\$ 9.52	\$ 17,796,182	\$ 10.81	\$ 10.40	\$ 10.74	3.3%	-0.6%
AUS Rack, FR, Cap-off, 24-28 oz	1,405,292	\$ 9.84	\$ 13,832,964	\$ 10.77	\$ 11.39	\$ 10.67	-6.3%	-0.9%
AUS Rack, FR, Cap-off, 28 oz/up	1,241,798	\$ 9.95	\$ 12,360,440	\$ 9.41	\$ 10.04	\$ 10.82	7.7%	14.9%
AUS Shortloin, 1-Rib, 1x1	896,958	\$ 4.33	\$ 3,885,234	\$ -	\$ 6.56	\$ 6.49	-1.0%	
AUS Foreshank, VP	605,016	\$ 3.36	\$ 2,031,645	\$ 3.04	\$ 3.75	\$ 3.94	5.2%	29.8%
AUS Shoulder, Square-cut, bnls	1,471	\$ 6.00	\$ 8,826	\$ -	\$ -	\$ -		
Subtotal	37,886,567	\$ 4.88	\$ 184,920,813	\$ 4.73	\$ 6.03	\$ 5.95	-1.3%	25.8%
Frozen								
AUS Leg, Long	7,153,328	\$ 3.69	\$ 26,425,668	\$ 3.69	\$ 4.77	\$ 4.41	-7.6%	19.6%
AUS Foreshank, LP	4,083,880	\$ 2.76	\$ 11,269,505	\$ 2.81	\$ 3.33	\$ 3.54	6.3%	25.7%
NZ Rack, FR, Cap-off, 16-20 oz	2,386,029	\$ 10.04	\$ 23,946,315	\$ 10.64	\$ 8.62	\$ 8.80	2.0%	-17.4%
AUS Shoulder, Square-cut	1,679,483	\$ 2.84	\$ 4,765,242	\$ 3.23	\$ 2.95	\$ 3.17	7.5%	-1.7%
AUS Leg, bnls	1,644,850	\$ 3.91	\$ 6,423,177	\$ 4.07	\$ 5.00	\$ 5.32	6.6%	30.7%
AUS Shoulder, Square-cut, bnls	1,591,611	\$ 3.93	\$ 6,247,621	\$ 3.99	\$ 5.13	\$ 4.36	-15.2%	9.2%
AUS Hindshank, LP	1,377,995	\$ 2.76	\$ 3,806,928	\$ 2.75	\$ 3.27	\$ 3.48	6.5%	26.7%
AUS Leg, bnls, shank-off	1,234,157	\$ 3.90	\$ 4,816,990	\$ 3.79	\$ 5.86	\$ 5.07	-13.4%	33.8%
NZ Rack, FR, Cap-off, 12-16 oz	1,004,423	\$ 10.05	\$ 10,096,657	\$ 10.58	\$ 9.15	\$ 9.46	3.4%	-10.6%
NZ Rack, FR, Cap-off, 20 oz/up	932,757	\$ 8.60	\$ 8,022,179	\$ 7.45	\$ 8.22	\$ 10.21	24.2%	37.0%
AUS Rack, FR, Cap-off, 20-24 oz	637,951	\$ 8.42	\$ 5,368,366	\$ 7.83	\$ -	\$ 9.62	n/a	22.8%
AUS Rack, FR, Cap-off, 24-28 oz	619,344	\$ 8.03	\$ 4,975,165	\$ 8.51	\$ -	\$ 9.44	n/a	10.9%
AUS Rack, FR, Cap-off, 28 oz/up	611,734	\$ 8.07	\$ 4,936,693	\$ 7.45	\$ -	\$ 12.10	n/a	62.3%
AUS Hindshank, VP	17,648	\$ 3.53	\$ 62,334	\$ -	\$ 3.90	\$ 3.85	-1.4%	
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	\$ -	\$ 7.36	\$ 7.36	0.0%	
Subtotal	24,997,038	\$ 4.85	\$ 121,333,682	\$ 4.90	\$ 4.73	\$ 5.50	16.2%	12.2%

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.

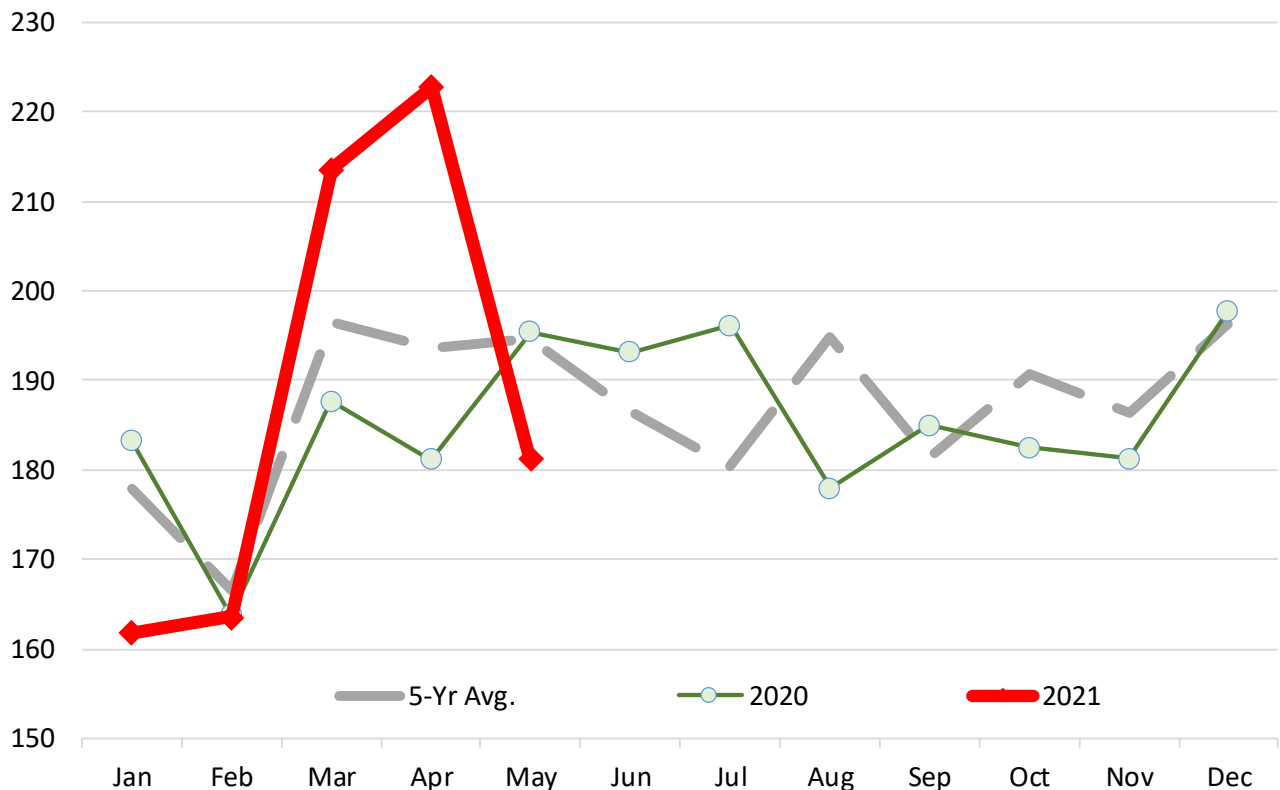
Lamb & Sheep Slaughter. Monthly. '000 Head

	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		186.6		
Jul	170.2	166.9	180.0	188.6	196.2		180.4		
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



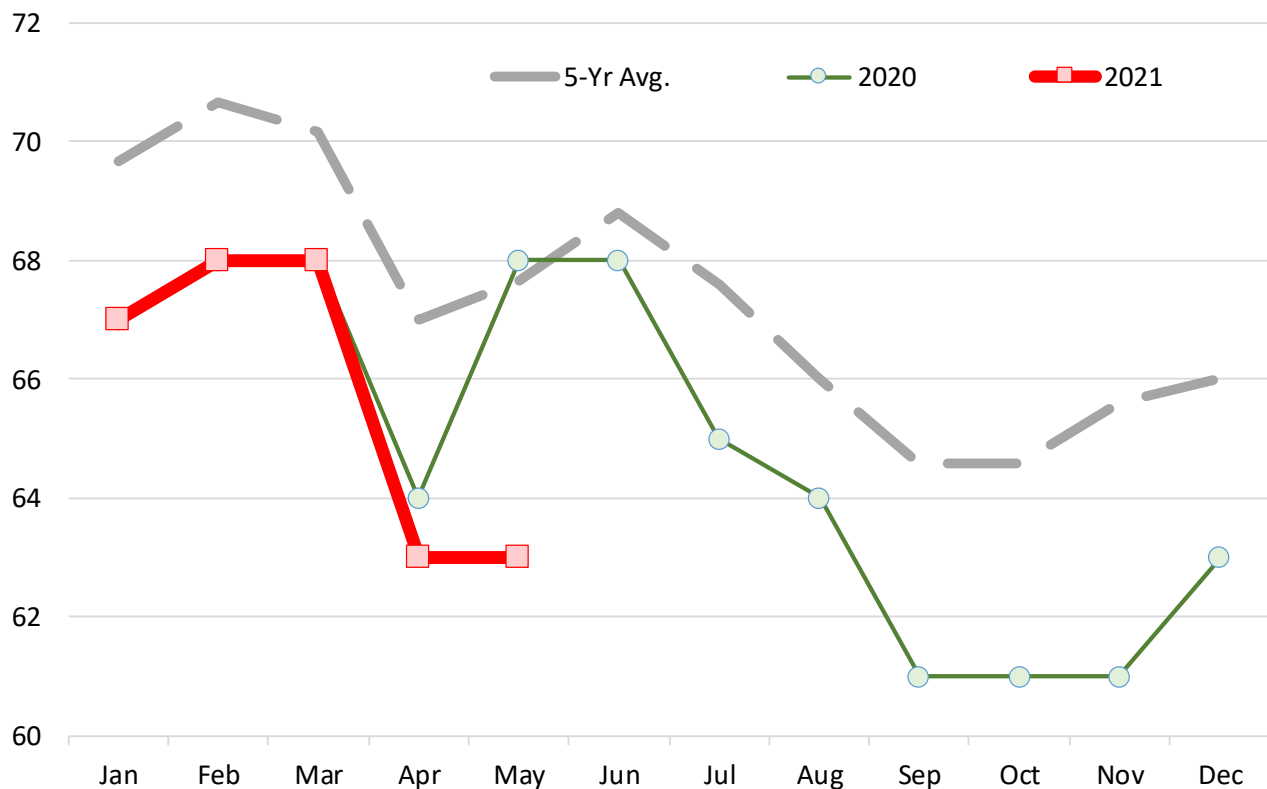
Lamb and Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	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		68.80		
Jul	69.00	68.00	70.00	66.00	65.00		67.60		
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

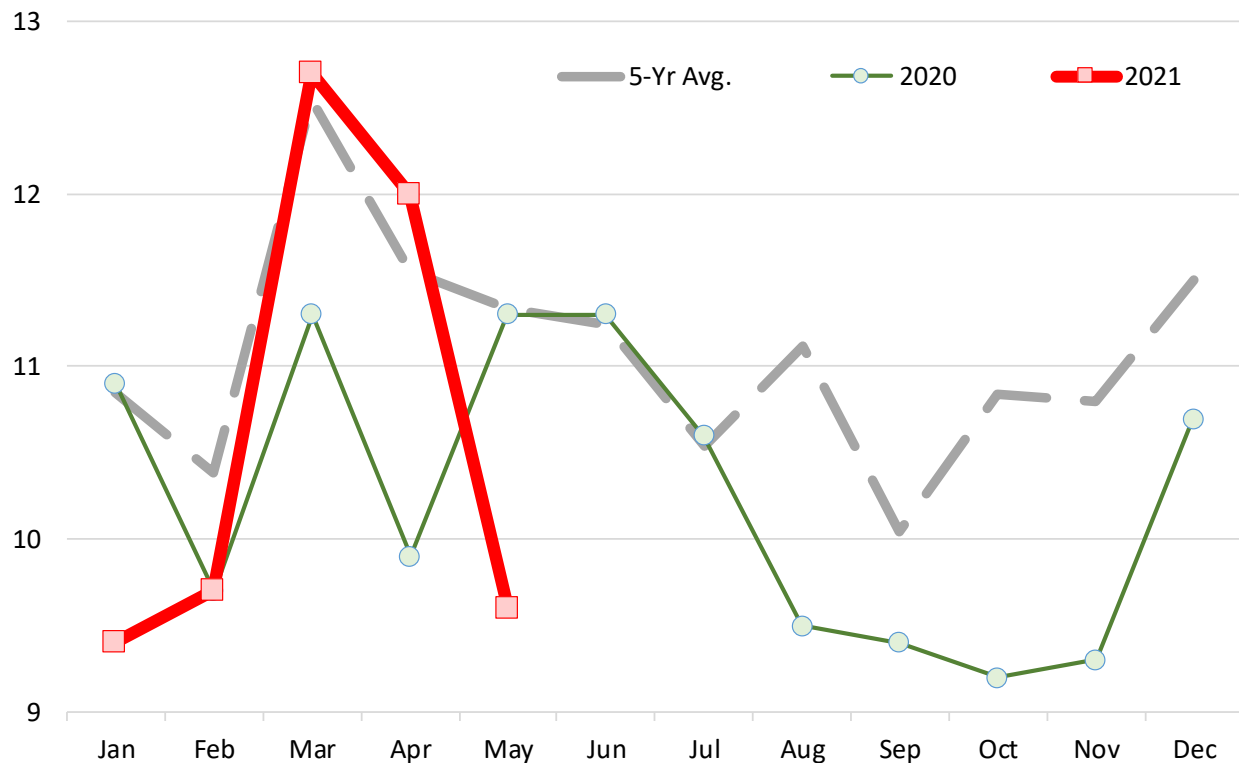


Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	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		11.2		
Jul	10.5	9.9	11.0	10.7	10.6		10.5		
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.**

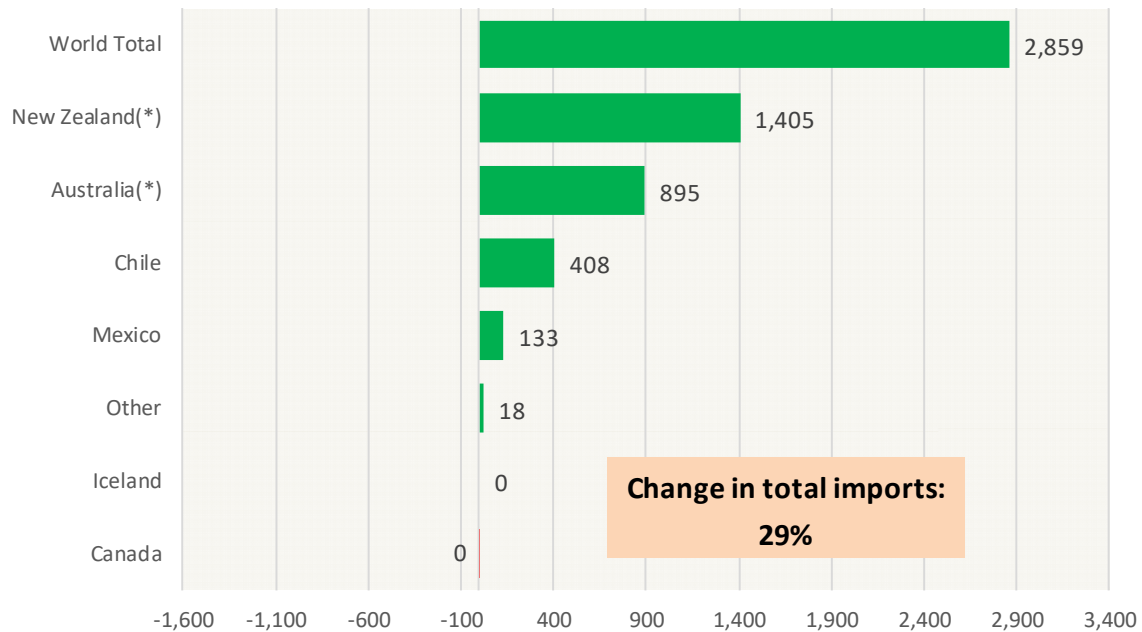
Monthly Data. Source: USDA



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

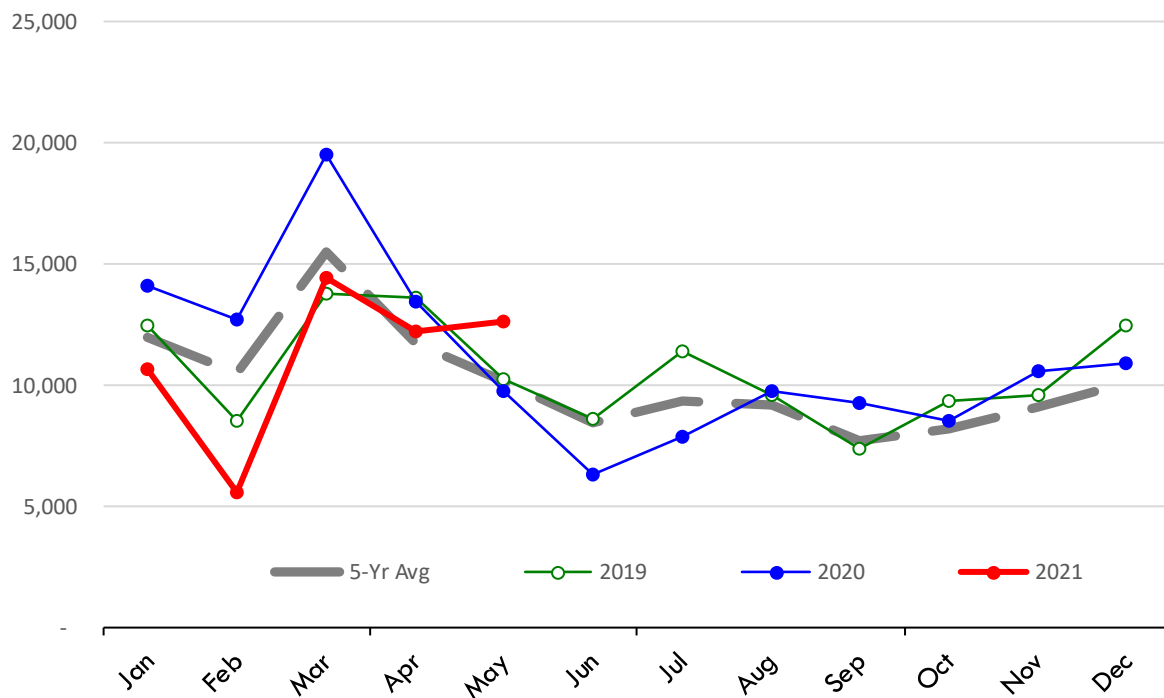
Source: USDA/FAS

Units: Metric Tons



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

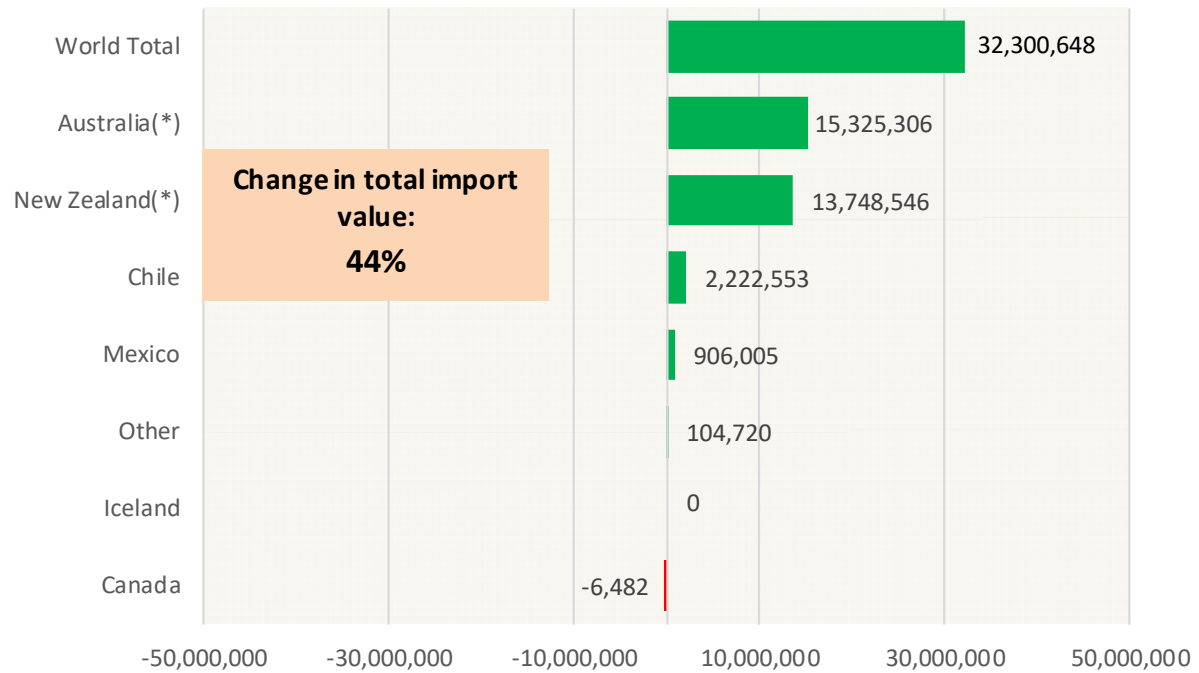
Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



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

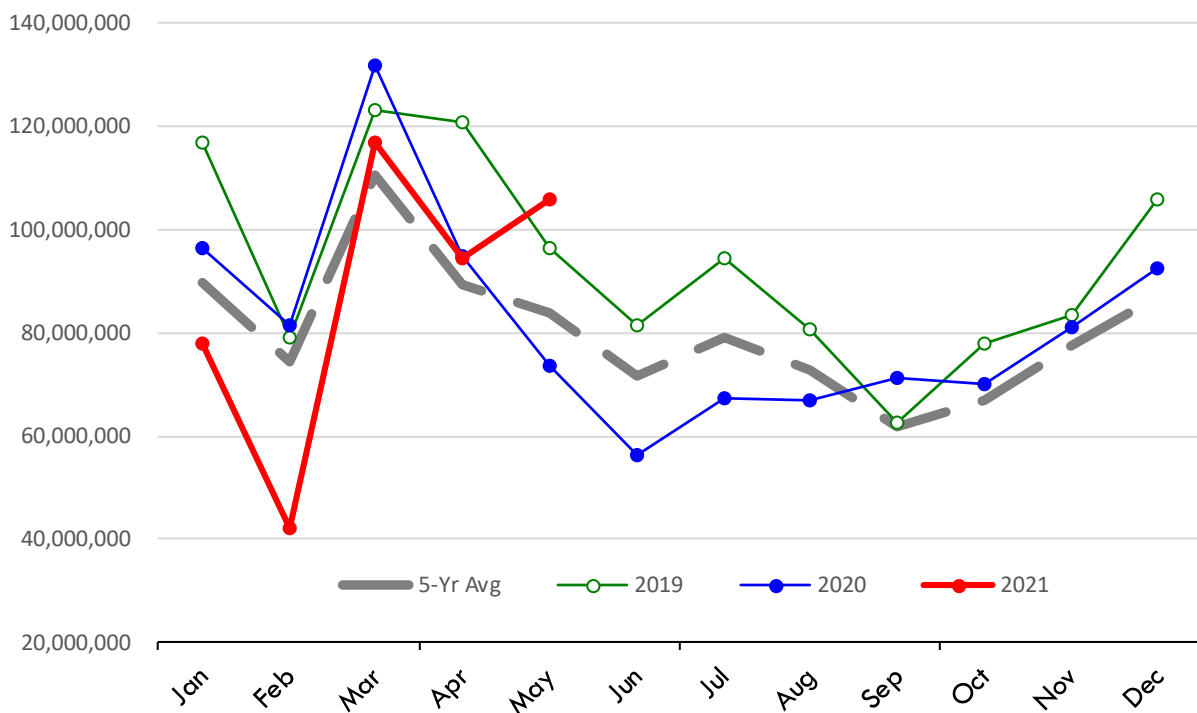
Source: USDA/FAS

Units: US Dollars



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

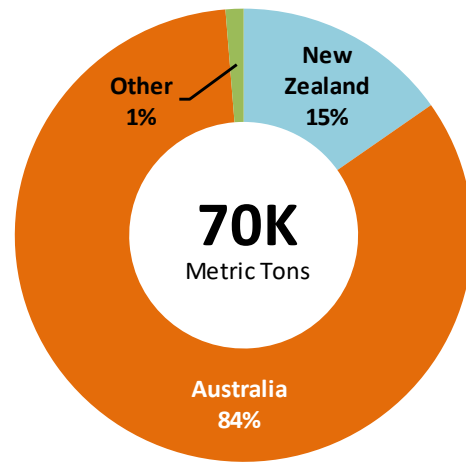
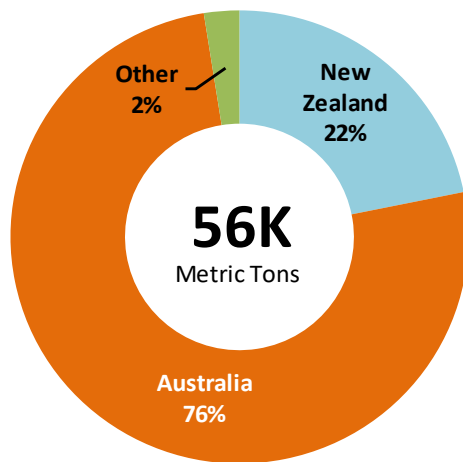
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

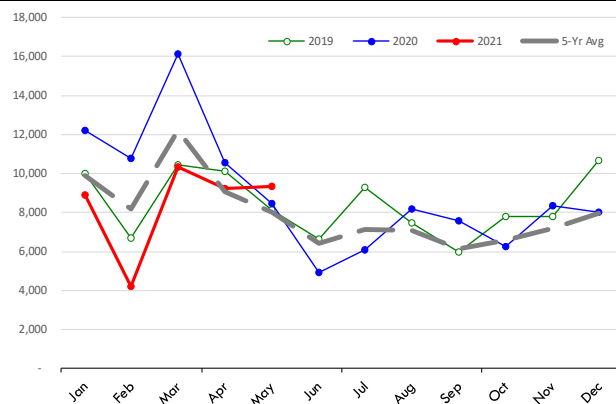
Total Volume and Country Shares for Period Jan - May 2021, MT

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



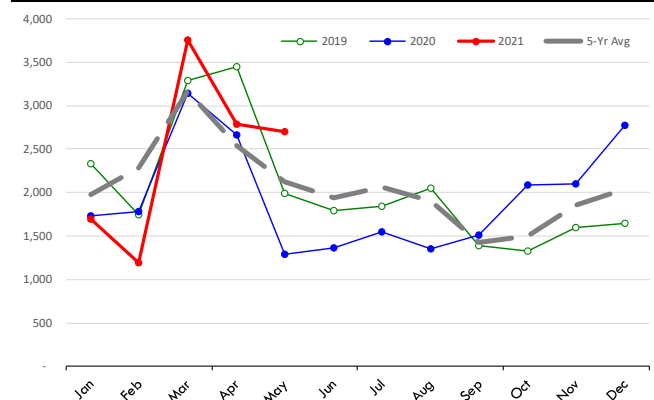
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



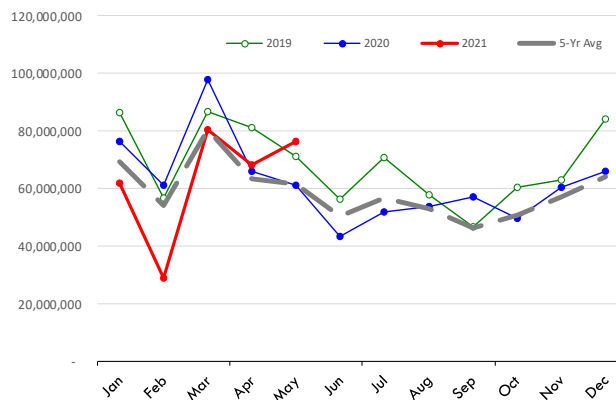
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



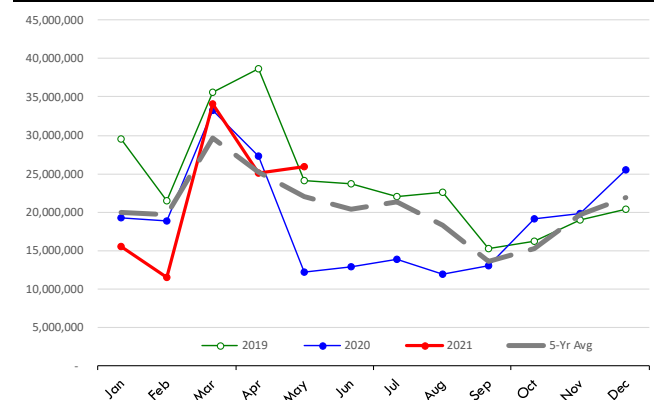
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

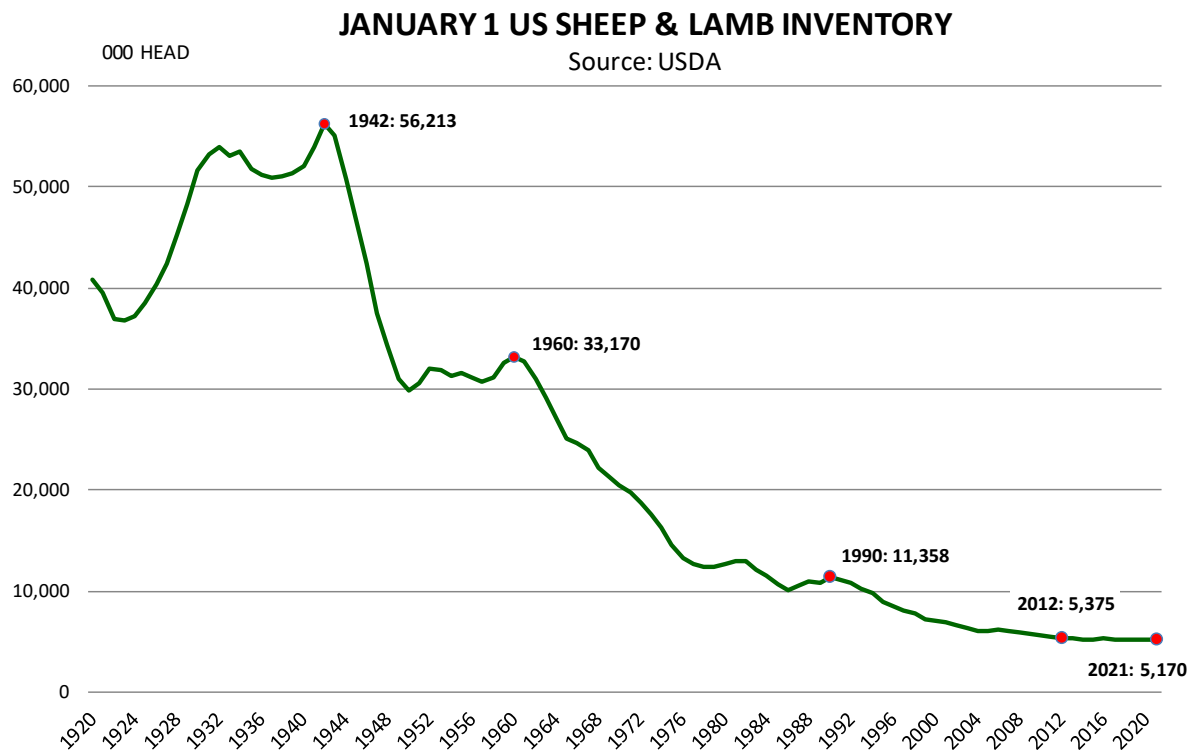
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

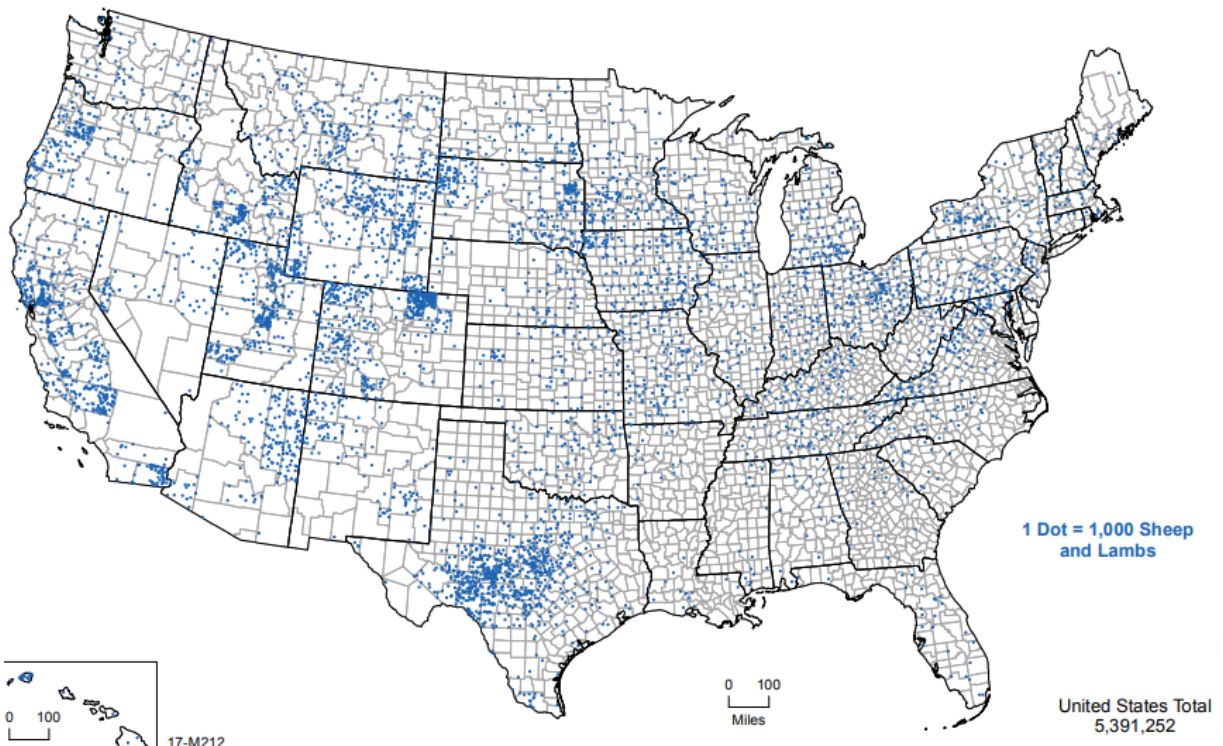
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



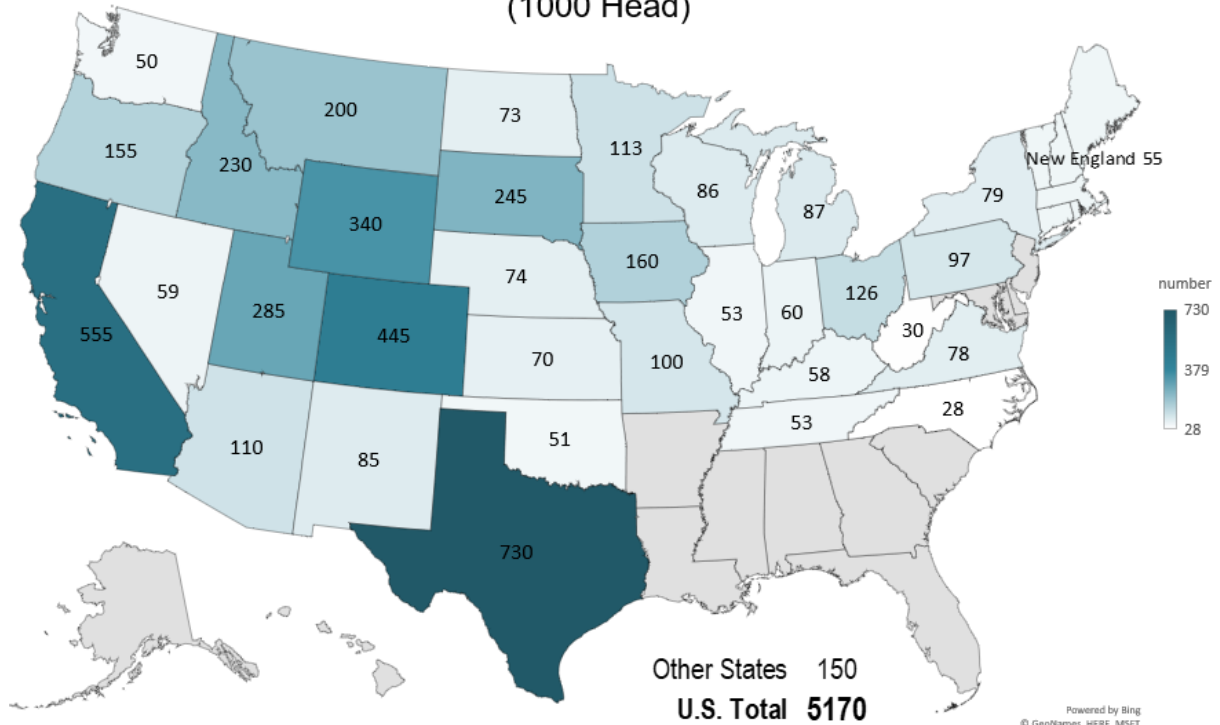


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



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

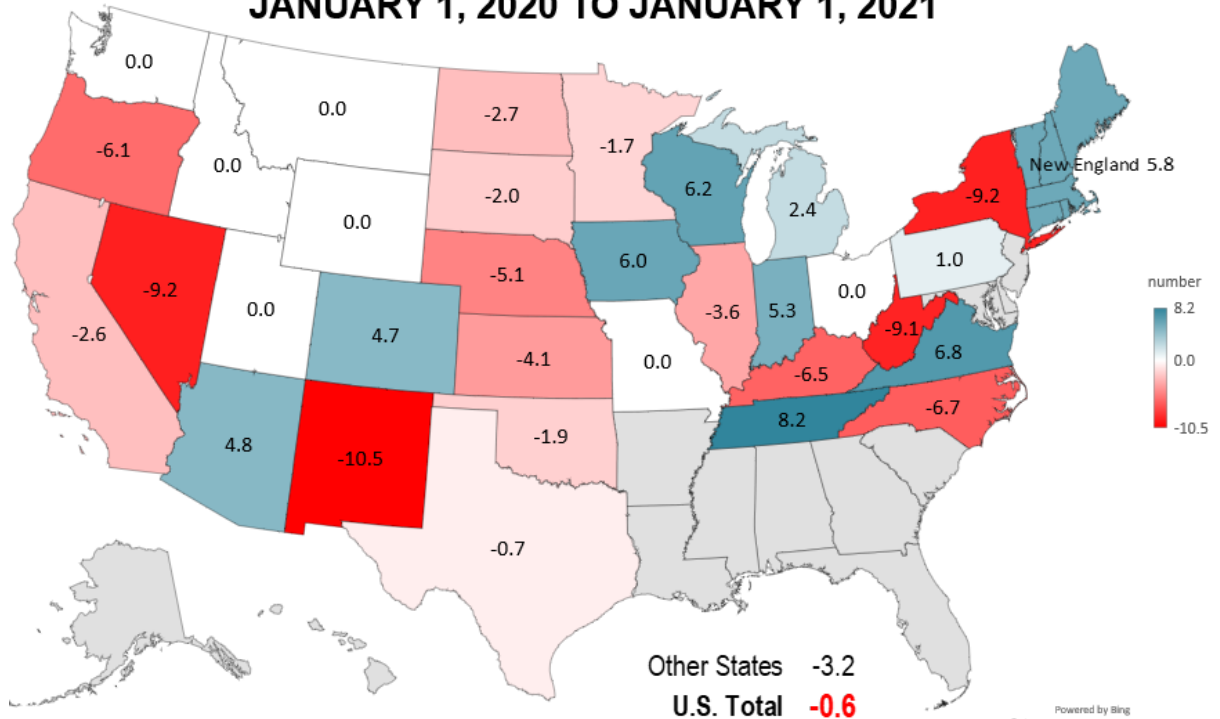


Livestock Marketing Information Center
Data Source: USDA-NASS

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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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