Monthly US Lamb Market Update

April 2022 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

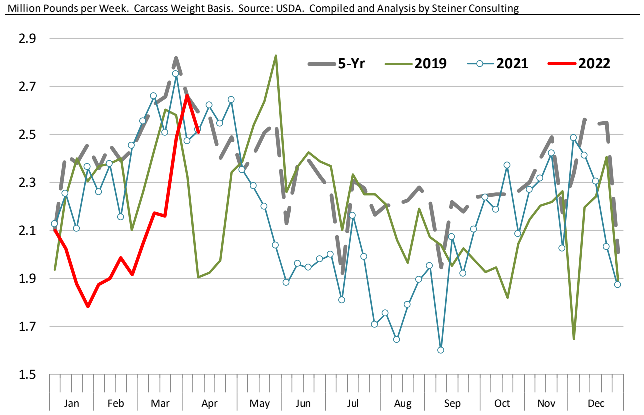
April 30, 2022

USA Domestic Lamb Market - Supply/Demand Situation

- Lamb production increased in late March and early April in order to support Easter demand. However, the supply of domestically produced lamb continues to fall well short of demand, resulting in significant price inflation. Lack of domestic product and high prices also continue to drive higher imports. Both Australia and New Zealand saw strong sales growth in the US in Q1 (see discussion on page 2). Lamb production for the week ending April 2 hit an annual high of 2.66 million pounds, 7.7% higher than the holiday shortened week a year ago. However, weekly slaughter prior to this was far below previous years' levels and since then production has been moving lower. In the next two weeks, production has been 2.51 million and 2.38 million pounds, respectively, 4.7% lower than the previous year. Official statistics show that total lamb and sheep meat production in Q1 were 62.239 million pounds, 8 million pounds or 11.5% lower than the previous year.
- Producers are putting more lambs on feed. This reflects the improvement in returns but also the impact of drought in Western and Mountain states, including Colorado. The broader decline in lamb and sheep slaughter, however, is a result of several years of declining lamb crops as well as a shift in the production structure. More Colorado lambs are now going down to Texas for slaughtering. The supply of lambs on feed in Colorado feedlots as of April 1 was 169.7 million head, 45% higher than the same period a year ago and 22.4% higher than the five year average.
- The inventory of lamb and mutton in cold storage at the end of March was estimated at 24 million pounds, 5.3% lower than a year ago and 19% lower than the five year average. Inventories increased by 1.8 million pounds from the previous year and we think this was mostly due to more imported lamb coming to the US in February and March.
- Lamb retail features for Easter were higher than the previous year but still below pre-Pandemic levels. According to USDA, the retail feature index for the week ending April 15 hit 10,170, above the 9,970 last year but still below the 13,500 index for the comparable Easter week in 2019. During the four weeks around Easter, total features this year were about 10% higher than the previous year. The average feature price was 9% higher than last year but there were wide differences in prices. The price of shoulder blade chops, for instance, was about the same as a year ago and the price of loin chops was 10% lower. However, prices for bone-in legs were up 40% and semi boneless leg prices were up 21%.

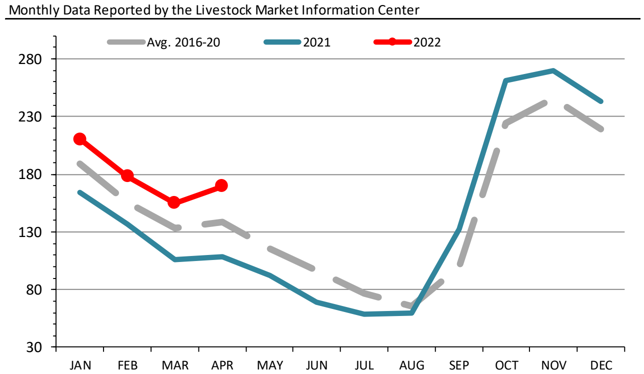
Weekly USA Lamb Production

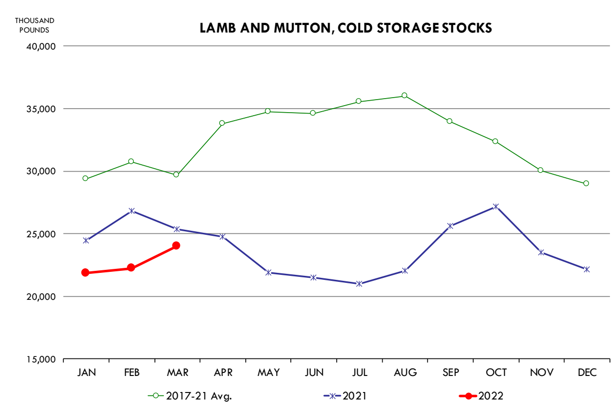
Million Pounds per Week. Carcass Weight Basis. Source: USDA. Compiled and Analysis by Steiner Consulting



COLORADO LAMBS ON FEED. '000 head

Monthly Data Reported by the Livestock Market Information Center





Imported Lamb Supply and Price Trends

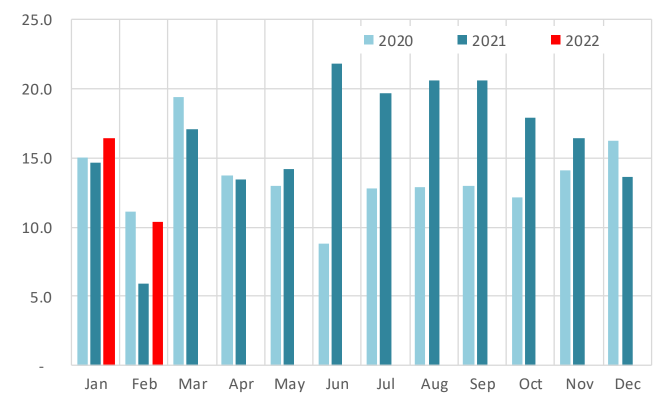
March exports have yet to be reported so we will refer to the February trade data reported a month ago. Our expectation is that March imports increased compared to a year ago, based on weekly trade statistics. Official statistics for US lamb and mutton are reported with a lag, the latest data available is for February. While the information may be a bit dated at this point, it helps paint the imported supply picture for the first two months of the year. Imports in February were lower than the previous month but at 15.8 million pounds they were still 80.4% higher than the previous year. In the first two months US lamb imports were 37.4 million pounds on a carcass weight basis, 37.4% higher than a year ago. Imports from Australia in February were 10.4 million pounds, 74.6% higher than last year and in the first two months imports at 26.8 million pounds were 30% higher than a year ago, a 72% market share. Imports from New Zealand in February were 5.2 million pounds, more than double last year's levels and 60.4% higher in the first two months. Lamb imports from Chile and Uruguay remain limited. Total imports from these two counties in Jan/Feb were 460k pounds, 67% higher than last year but still accounting for just 1.2% of all imported volume.

Australia remains by far the biggest supplier of mutton and goat meat to the US. February imports of Australian mutton were 5.5 million pounds, more than double last year's volume. In the first two months of the year mutton imports were 15.9 million pounds, 102% higher than last year. Imports of New Zealand mutton were just 414k pounds on a carcass weight basis, a significant increase over the minimal volume imported last year but still a small share of the market. Uruguay and Chile also send some volume to the US during the year but imports are sporadic and account for less than 1% of total imports.

Imported lamb prices continued to trend higher in April as Easter demand kicked in. The price of fresh cap off 28oz/up Australian racks is now approaching $14/lb., a 35% premium over a year ago. Prices last year were depressed in Q1 due to ongoing COVID restrictions. Business travel has significantly improved and people are also going on vacation and trying to catch up with all they missed during COVID. The result has been booming demand at white table cloth restaurants. Leg meat prices have been increasing as well, albeit at a slower pace. The table on page 6 offers a detailed report on price comparison of imported fresh/frozen product compared to last year.

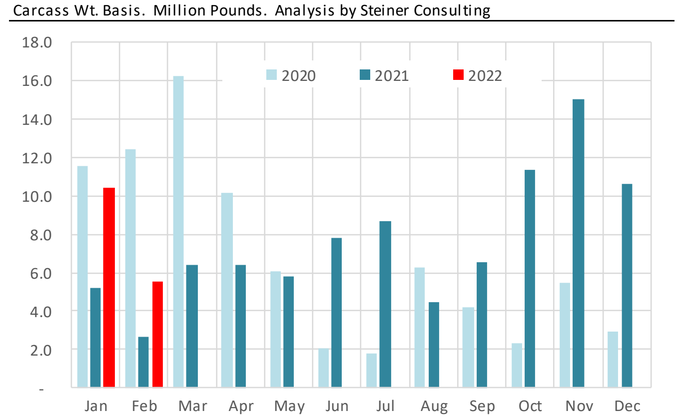
US Lamb Imports from Australia

Carcass Wt. Basis. Million Pounds. Analysis by Steiner Consulting



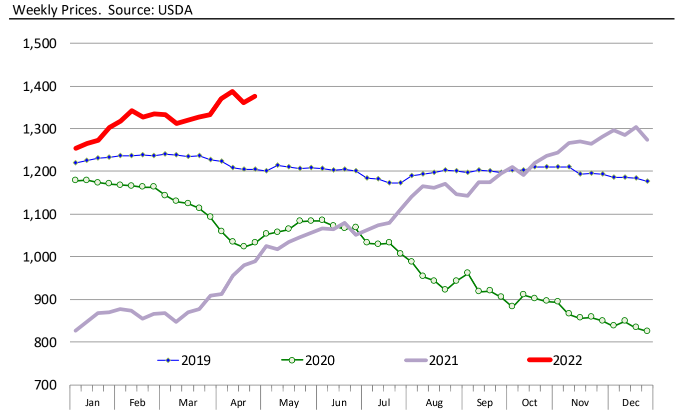
US Mutton Imports from Australia

Carcass Wt. Basis. Million Pounds. 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

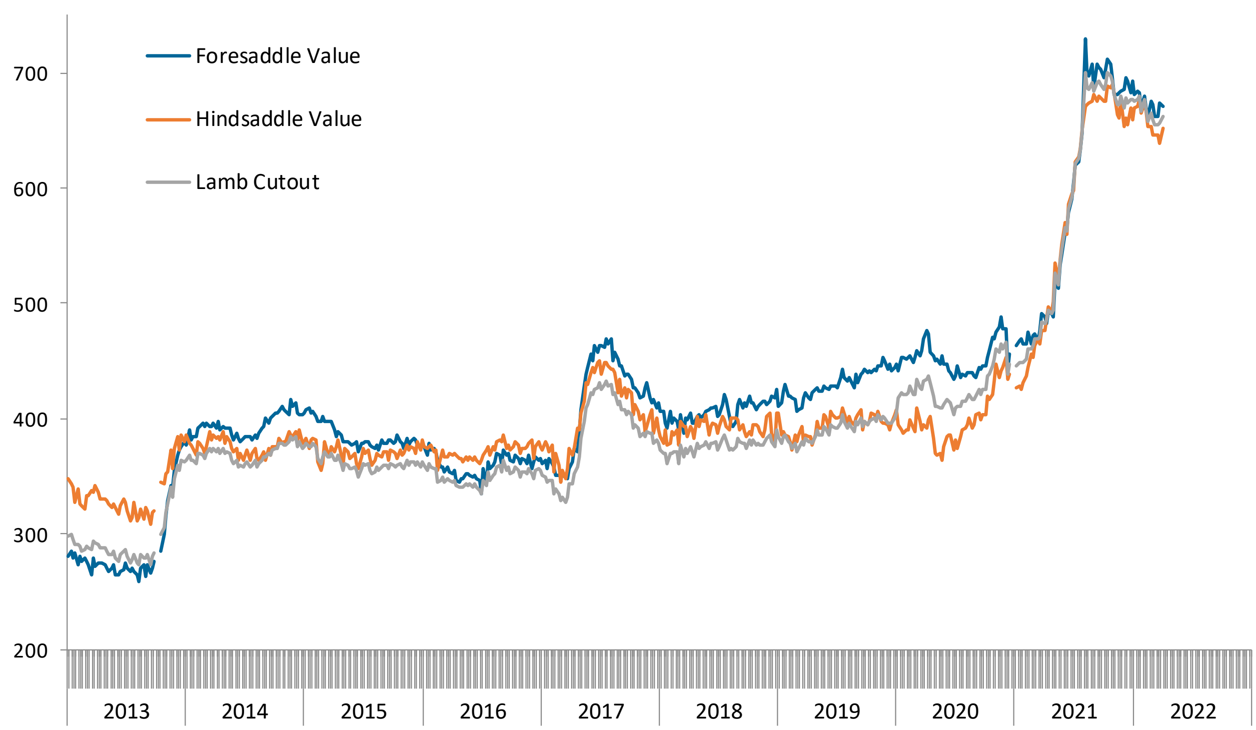
Weekly Prices from USDA. Wt. Average

		4/23/2021	4/15/2022	4/22/2022	w/w	y/y
		US$/cwt	US$/cwt	US$/cwt	% ch.	% ch.
Foresaddle	204 Rack, 8-Rib, Medium	983.7	1362.0	1328.1	-2.5%	35.0%
	209 Breast	288.0	411.5	331.1	-19.5%	15.0%
	207 Shoulders, Square Cut	364.5	452.1	442.8	-2.1%	21.5%
	210 Foreshank	480.0	657.9	613.3	-6.8%	27.8%
	Neck **	164.7	336.9	367.0	8.9%	122.9%
Foresaddle Value		490.8	661.2	635.6	-3.9%	29.5%
Hindsaddle	232 Loin, Trimmed, 4x4	725.6	886.0	854.6	-3.5%	17.8%
	232E Flank, Untrimmed	214.3	284.3	227.1	-20.1%	6.0%
	233A Leg, Trotter Off	460.8	577.7	587.8	1.7%	27.5%
Hindsaddle Value		493.0	619.4	635.5	2.6%	28.9%
Carcass Value		491.9	640.9	635.6	-0.8%	29.2%

** Includes fresh and frozen product. Week to week prices tend to change significantly

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

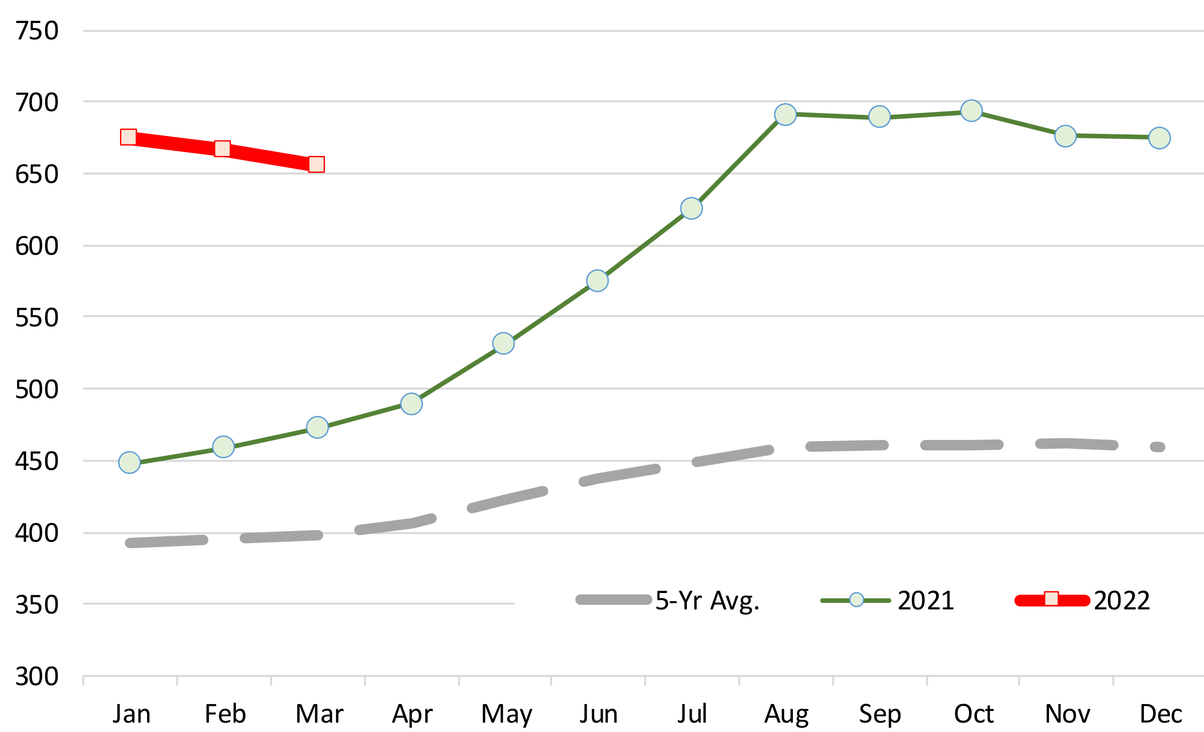
Source: Agricultural Marketin Service, USDA. $ per 100 lb. Dressed Carcass

	2017	2018	2019	2020	2021	2022	5-Yr Avg.	% ch. vs. Yr Ago	% ch. vs. 5-Yr Avg.
Jan	348.34	368.85	383.43	417.78	447.93	674.75	393.26	50.6%	71.6%
Feb	338.77	370.47	386.61	423.08	459.01	666.76	395.59	45.3%	68.5%
Mar	332.97	369.88	382.21	429.97	472.79	656.04	397.57	38.8%	65.0%
Apr	355.50	373.25	380.42	430.76	489.76		405.94		
May	400.16	377.43	389.48	417.20	531.44		423.14		
Jun	425.44	382.01	391.81	412.29	575.84		437.48		
Jul	428.96	381.66	397.03	412.33	625.93		449.18		
Aug	421.48	375.87	393.39	417.76	691.20		459.94		
Sep	414.16	378.23	396.62	423.22	689.51		460.35		
Oct	395.31	379.26	398.15	439.53	693.44		461.14		
Nov	386.74	379.39	407.49	461.31	676.35		462.26		
Dec	388.59	383.36	397.78	450.78	674.88		459.08		

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

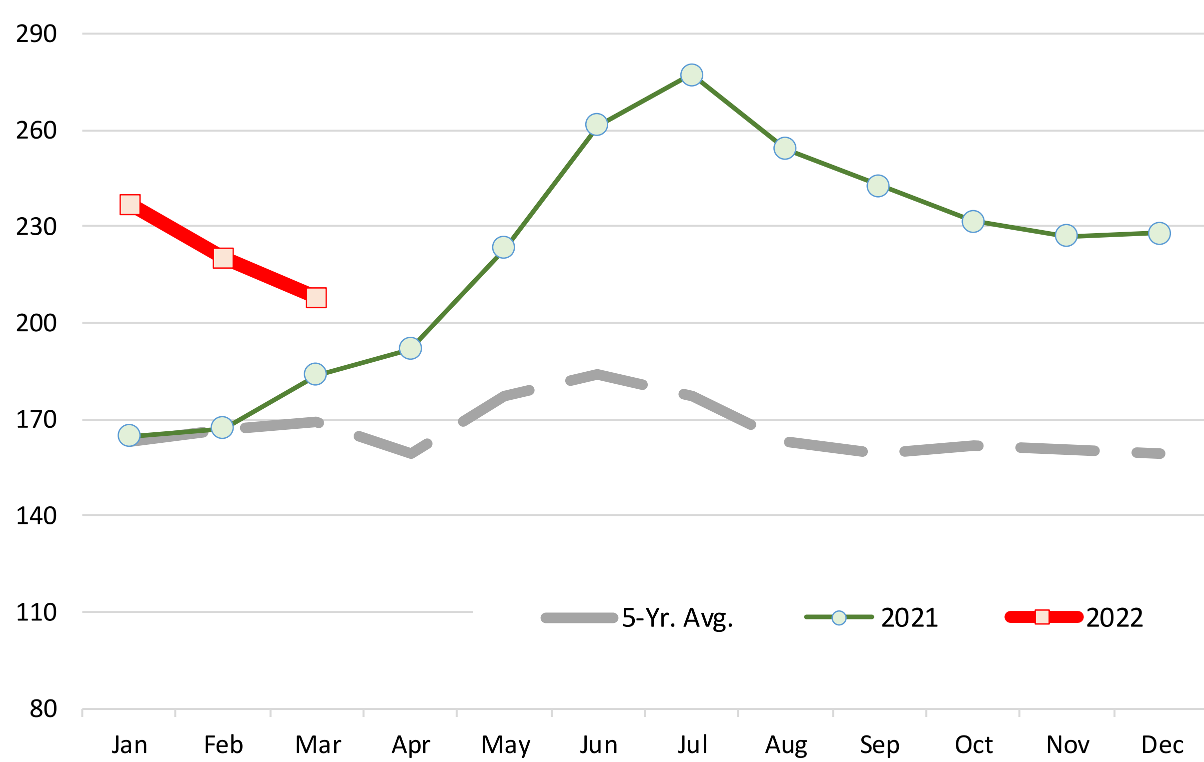
Monthly Average Prices, 100-150 lb. Wooled and Shorn, Choice & Prime 2-3 . $ per 100 lb.

	2017	2018	2019	2020	2021	2022	5-Yr. Avg.	% ch. vs. Yr Ago.	% ch. vs. 5-Yr Avg.
Jan	141.7	142.1	135.8	157.2	164.9	237.0	163.1	43.7%	45.3%
Feb	144.6	154.1	142.6	170.6	167.4	220.6	166.6	31.8%	32.4%
Mar	158.1	153.6	150.4	161.9	184.0	207.9	169.3	13.0%	22.8%
Apr	177.9	156.0	162.2	107.8	192.0		159.2		
May	209.9	161.6	165.4	127.5	223.3		177.5		
Jun	200.6	166.6	157.4	133.0	261.5		183.8		
Jul	177.7	146.3	152.0	134.7	277.2		177.6		
Aug	156.3	132.4	151.5	119.8	254.2		162.8		
Sep	144.0	129.3	147.9	133.3	242.9		159.5		
Oct	134.3	130.4	148.4	165.3	231.6		162.0		
Nov	131.4	129.1	150.3	165.7	227.1		160.7		
Dec	126.8	133.0	151.7	156.5	228.0		159.2		

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

	2021 Volume	2021 Wt. Avg. $	2021 Implied Value	Apr 26, 2021	Apr 18, 2022	Apr 25, 2022	% ch. vs. wk Ago	% ch. vs. Year Ago
Fresh/Chilled								
	Pounds	$/lb.	Total $					
AUS Shortloin, 1-Rib, 0x0	13,962,244	$ 6.31	$ 88,085,868	$ 6.15	$ 6.81	$ 6.76	-0.7%	9.9%
AUS Leg, bnls	9,311,926	$ 5.15	$ 47,930,193	$ 4.78	$ 6.43	$ 6.85	6.4%	43.4%
AUS Shoulder, Square-cut	8,390,396	$ 3.77	$ 31,654,554	$ 3.71	$ 4.06	$ 4.10	1.0%	10.6%
AUS Rack, FR, Cap-off, 28 oz/up	3,288,486	$ 10.82	$ 35,573,173	$ 10.12	$ 12.92	$ 13.71	6.1%	35.5%
AUS Shortloin, 1-Rib, 1x1	1,679,858	$ 6.34	$ 10,656,752	$ 5.68	$ 6.81	$ 6.78	-0.5%	19.3%
AUS Rack, FR, Cap-off, 20-24 oz	1,642,242	$ 10.71	$ 17,587,647	$ 9.45	$ 13.98	$ 14.79	5.8%	56.5%
AUS Rack, FR, Cap-off, 24-28 oz	1,414,319	$ 11.23	$ 15,886,757	$ 10.02	$ 13.59	$ 14.24	4.8%	42.1%
AUS Leg, semi bnls	1,405,733	$ 4.87	$ 6,849,434	$ 4.90	$ 5.45	$ 5.35	-2.0%	9.1%
AUS Foreshank, VP	783,978	$ 3.90	$ 3,055,891	$ 4.07	$ 4.40	$ 4.45	1.2%	9.4%
AUS Leg, Long	502,384	$ 5.41	$ 2,715,595	$ -	$ 6.61	$ 5.71	-13.5%	
AUS Tenderloin	7,797	$ 13.21	$ 103,004	$ -	$ 13.96	$ 13.96	0.0%	
AUS Shoulder, Square-cut, bnls	2,556	$ 6.75	$ 17,253	$ -	$ -	$ -		
Subtotal	**42,381,566**	**$ 6.00**	**$ 254,224,379**	**$ 5.68**	**$ 6.91**	**$ 7.10**	**2.8%**	**24.9%**
Frozen								
NZ Rack, FR, Cap-off, 16-20 oz	4,770,114	$ 9.12	$ 43,512,523	$ 8.35	$ 13.50	$ 13.03	-3.5%	56.0%
AUS Foreshank, LP	4,658,742	$ 3.13	$ 14,602,154	$ 2.89	$ 3.82	$ 3.97	3.7%	37.4%
AUS Leg, Long	3,680,271	$ 4.75	$ 17,488,437	$ 4.53	$ 5.38	$ 5.39	0.3%	19.1%
AUS Leg, bnls	2,669,822	$ 5.09	$ 13,576,504	$ 5.10	$ 5.47	$ 5.65	3.2%	10.7%
NZ Rack, FR, Cap-off, 12-16 oz	2,289,743	$ 9.80	$ 22,443,845	$ 8.38	$ 13.70	$ 12.29	-10.3%	46.7%
AUS Hindshank, LP	2,001,445	$ 3.47	$ 6,954,649	$ 2.81	$ 3.71	$ 4.04	8.9%	44.0%
NZ Rack, FR, Cap-off, 20 oz/up	1,746,942	$ 9.29	$ 16,230,219	$ 7.53	$ 13.04	$ 13.03	-0.1%	73.0%
AUS Shoulder, Square-cut, bnls	1,675,062	$ 4.47	$ 7,489,399	$ -	$ -	$ -		
AUS Shoulder, Square-cut	1,631,086	$ 3.21	$ 5,236,241	$ 3.44	$ 4.77	$ 3.88	-18.7%	12.7%
AUS Leg, bnls, shank-off	1,471,658	$ 4.96	$ 7,293,698	$ 4.54	$ 4.92	$ 5.27	7.2%	16.1%
AUS Rack, FR, Cap-off, 28 oz/up	427,391	$ 11.00	$ 4,700,131	$ -	$ -	$ 15.29	n/a	
AUS Rack, FR, Cap-off, 24-28 oz	367,383	$ 10.18	$ 3,740,577	$ 9.30	$ 13.09	$ 13.52	3.3%	45.5%
AUS Rack, FR, Cap-off, 20-24 oz	359,604	$ 9.84	$ 3,539,292	$ 8.43	$ 12.80	$ 12.89	0.7%	52.9%
AUS Rack, FR, Cap-off, 20 oz/dn	67,595	$ 8.88	$ 600,517	$ -	$ 12.95	$ 13.15	1.5%	
NZ Rack, FR, Cap-off, 12 oz/dn	63,781	$ 9.72	$ 619,947	$ 7.50	$ 14.80	$ 13.88	-6.2%	85.0%
AUS Tenderloin	29,583	$ 11.41	$ 337,643	$ -	$ 10.27	$ 10.10	-1.6%	
AUS Hindshank, VP	18,188	$ 4.19	$ 76,182	$ -	$ 4.79	$ 4.79	0.0%	
Subtotal	**27,910,222**	**$ 6.03**	**$ 168,365,777**	**$ 5.03**	**$ 7.29**	**$ 7.37**	**1.1%**	**46.6%**

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.

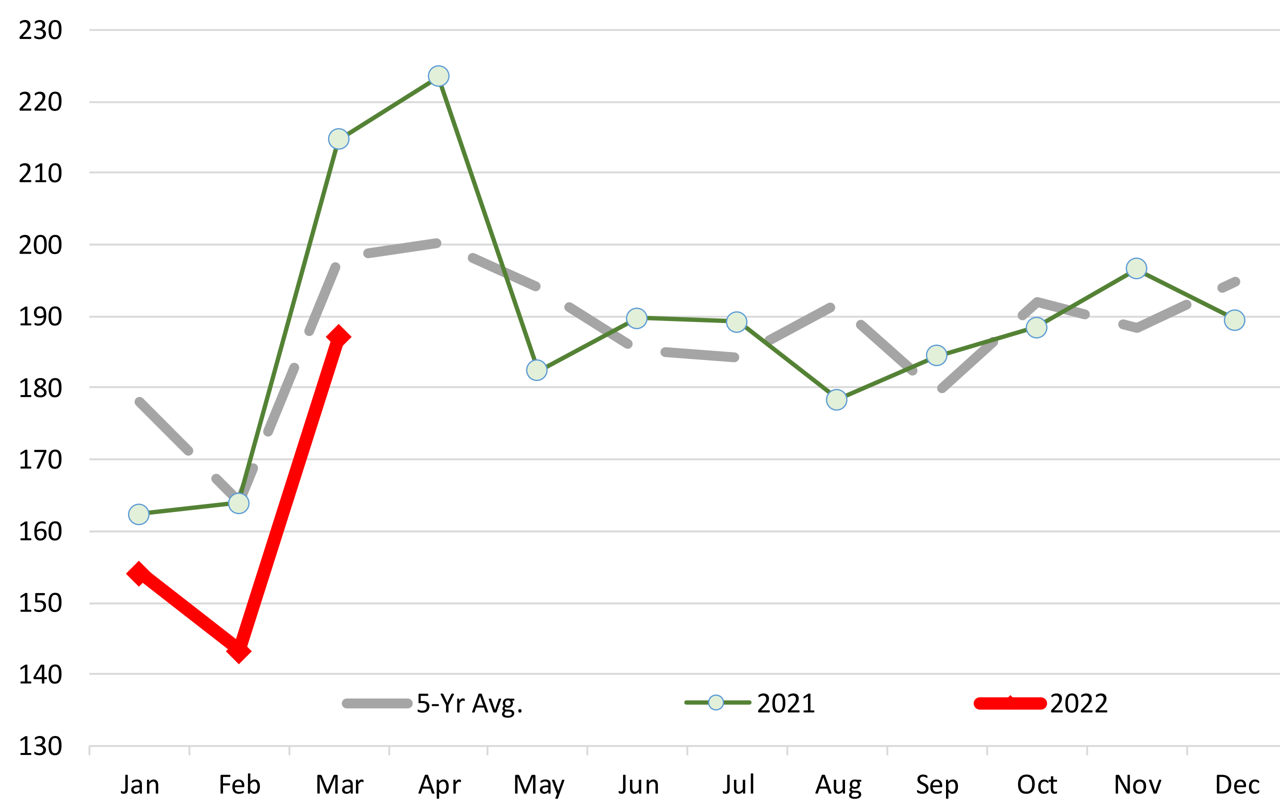
Lamb & Sheep Slaughter. Monthly. '000 Head

	2017	2018	2019	2020	2021	2022	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	177.4	180.6	187.2	183.3	162.4	154.2	178.2	-5.0%	-13.5%
Feb	159.4	164.3	168.7	163.8	163.9	143.4	164.0	-12.5%	-12.6%
Mar	196.3	201.5	190.4	187.7	214.7	187.3	198.1	-12.8%	-5.5%
Apr	179.7	181.5	235.7	181.2	223.5		200.3		
May	180.8	201.8	210.0	195.4	182.4		194.1		
Jun	187.7	180.6	175.4	193.2	189.8		185.3		
Jul	166.9	180.0	188.6	196.2	189.3		184.2		
Aug	194.6	205.4	202.9	178.0	178.4		191.9		
Sep	176.4	172.2	179.3	185.0	184.4		179.5		
Oct	183.5	199.9	206.0	182.5	188.5		192.1		
Nov	187.4	195.3	181.0	181.3	196.6		188.3		
Dec	188.1	201.8	196.5	197.8	189.5		194.7		

Source: USDA

Lamb & Sheep Slaughter. Monthly. '000 Head

Monthly Data. Source: USDA



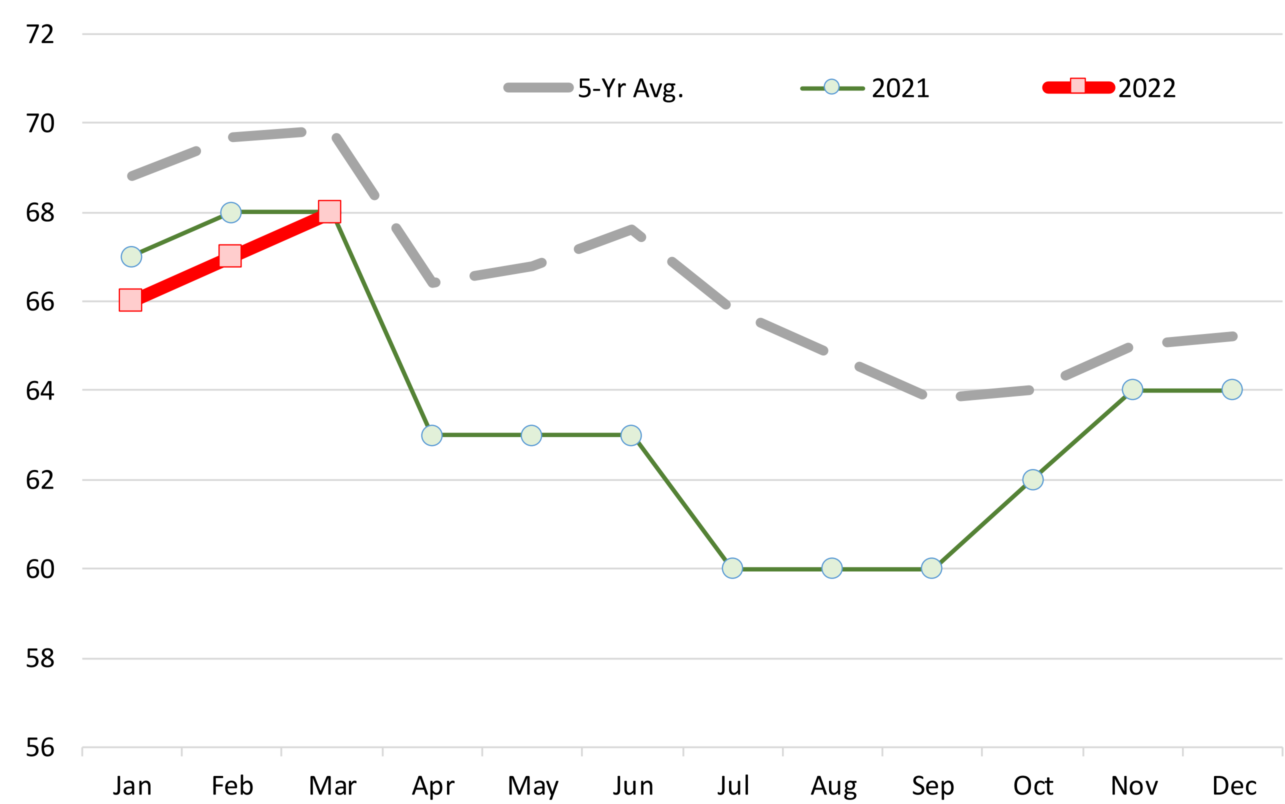
Lamb and Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	2017	2018	2019	2020	2021	2022	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	71.00	73.00	69.00	67.00	67.00	66.00	68.83	-1.5%	-4.1%
Feb	72.00	74.00	69.00	68.00	68.00	67.00	69.67	-1.5%	-3.8%
Mar	72.00	72.00	71.00	68.00	68.00	68.00	69.83	0.0%	-2.6%
Apr	67.00	71.00	67.00	64.00	63.00		66.40		
May	67.00	70.00	66.00	68.00	63.00		66.80		
Jun	68.00	71.00	68.00	68.00	63.00		67.60		
Jul	68.00	70.00	66.00	65.00	60.00		65.80		
Aug	67.00	68.00	65.00	64.00	60.00		64.80		
Sep	66.00	69.00	63.00	61.00	60.00		63.80		
Oct	66.00	67.00	64.00	61.00	62.00		64.00		
Nov	68.00	68.00	64.00	61.00	64.00		65.00		
Dec	69.00	67.00	63.00	63.00	64.00		65.20		

Source: USDA

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

Monthly Data. Source: USDA



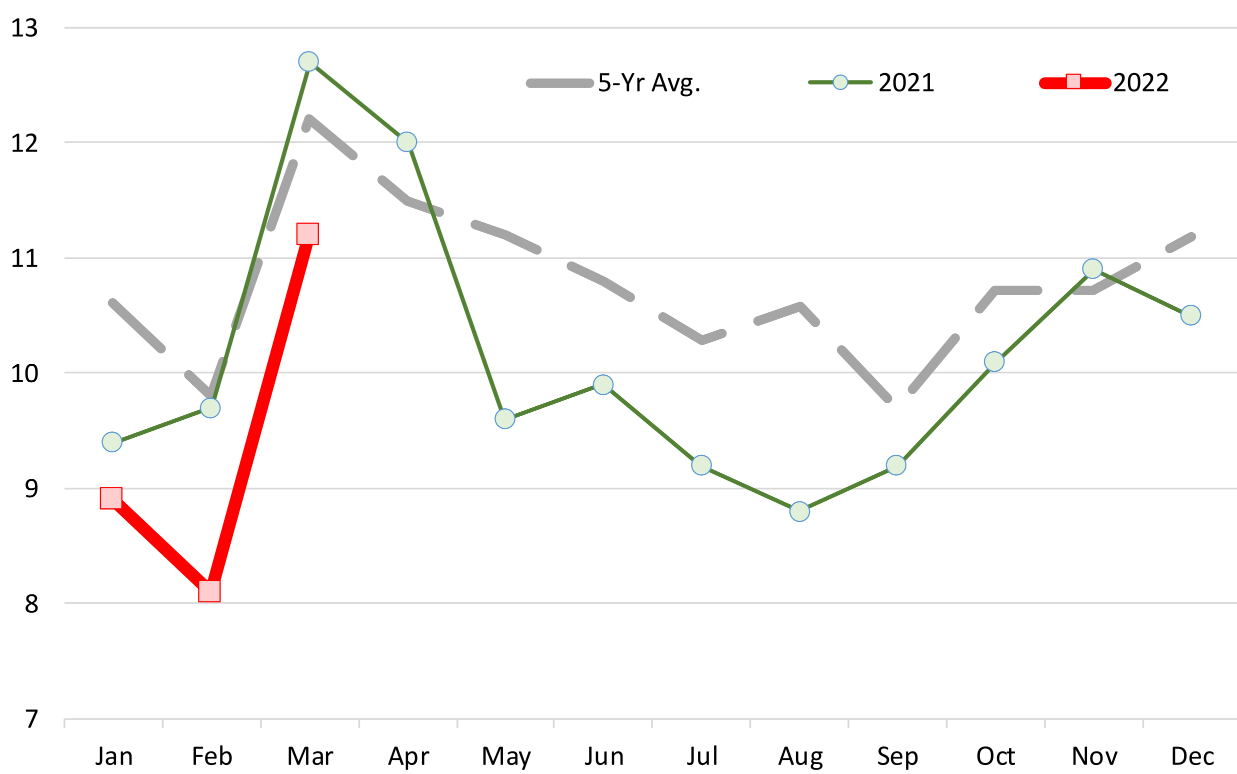
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	2017	2018	2019	2020	2021	2022	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	11.4	11.7	11.4	10.9	9.4	8.9	10.6	-5.3%	-16.2%
Feb	10.4	10.8	10.1	9.7	9.7	8.1	9.8	-16.5%	-17.3%
Mar	12.7	13.3	12.1	11.3	12.7	11.2	12.2	-11.8%	-8.3%
Apr	10.4	11.5	13.7	9.9	12.0		11.5		
May	10.5	12.5	12.1	11.3	9.6		11.2		
Jun	11.3	11.2	10.3	11.3	9.9		10.8		
Jul	9.9	11.0	10.7	10.6	9.2		10.3		
Aug	11.6	11.9	11.1	9.5	8.8		10.6		
Sep	10.1	10.1	9.7	9.4	9.2		9.7		
Oct	10.9	11.9	11.5	9.2	10.1		10.7		
Nov	11.4	11.8	10.2	9.3	10.9		10.7		
Dec	11.8	11.9	11.0	10.7	10.5		11.2		

Source: USDA

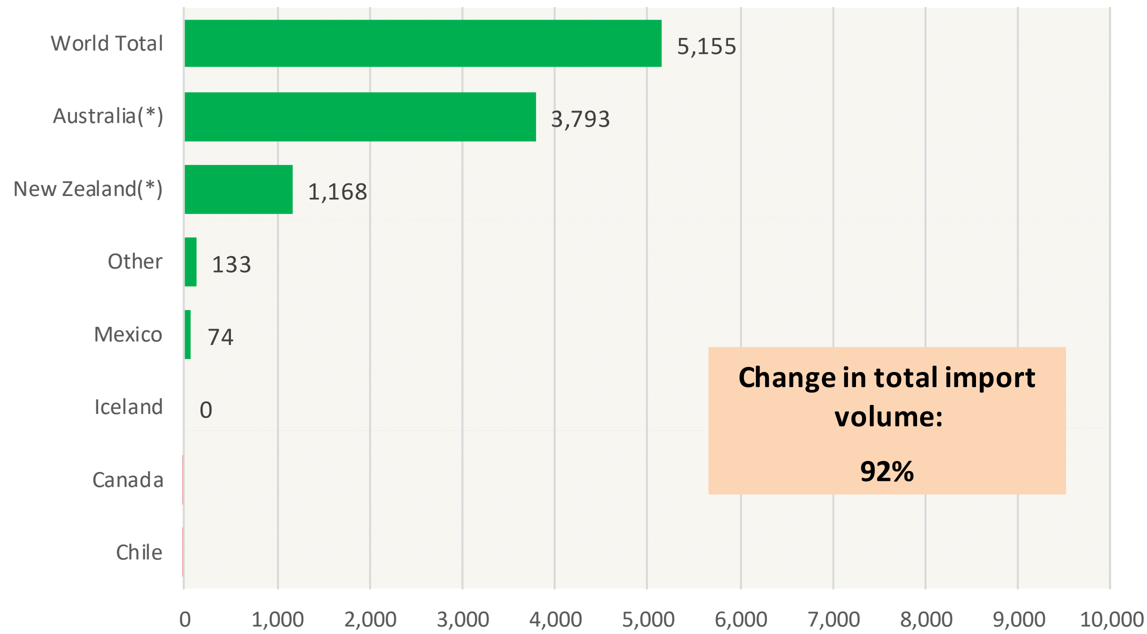
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

Monthly Data. Source: USDA



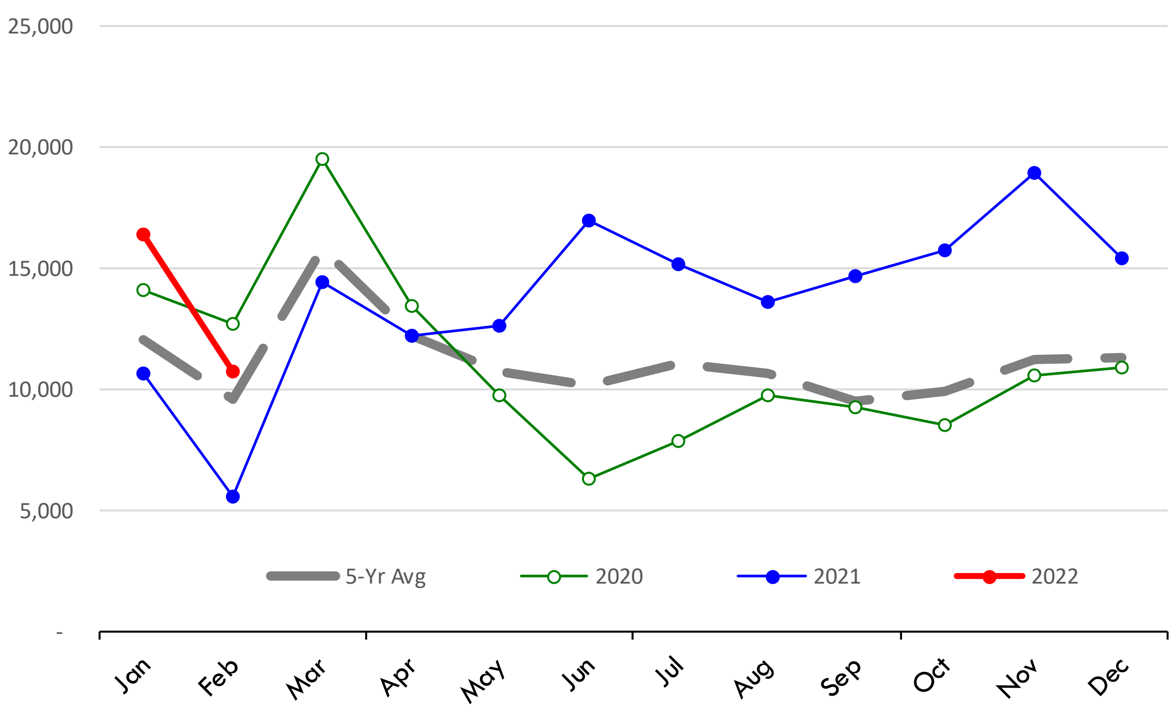
Y/Y Ch. in Feb. 22 vs. Feb. 21 US Mutton, Goat, Lamb Imports

Source: USDA/FAS Units: Metric Tons



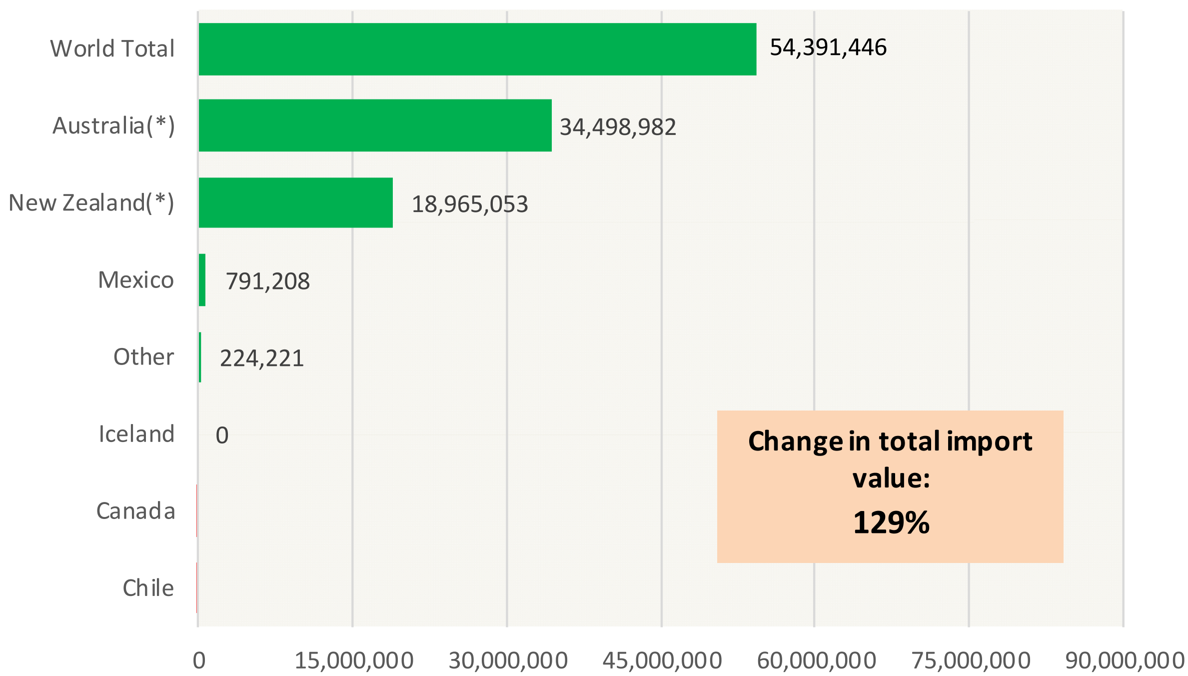
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: World Total

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



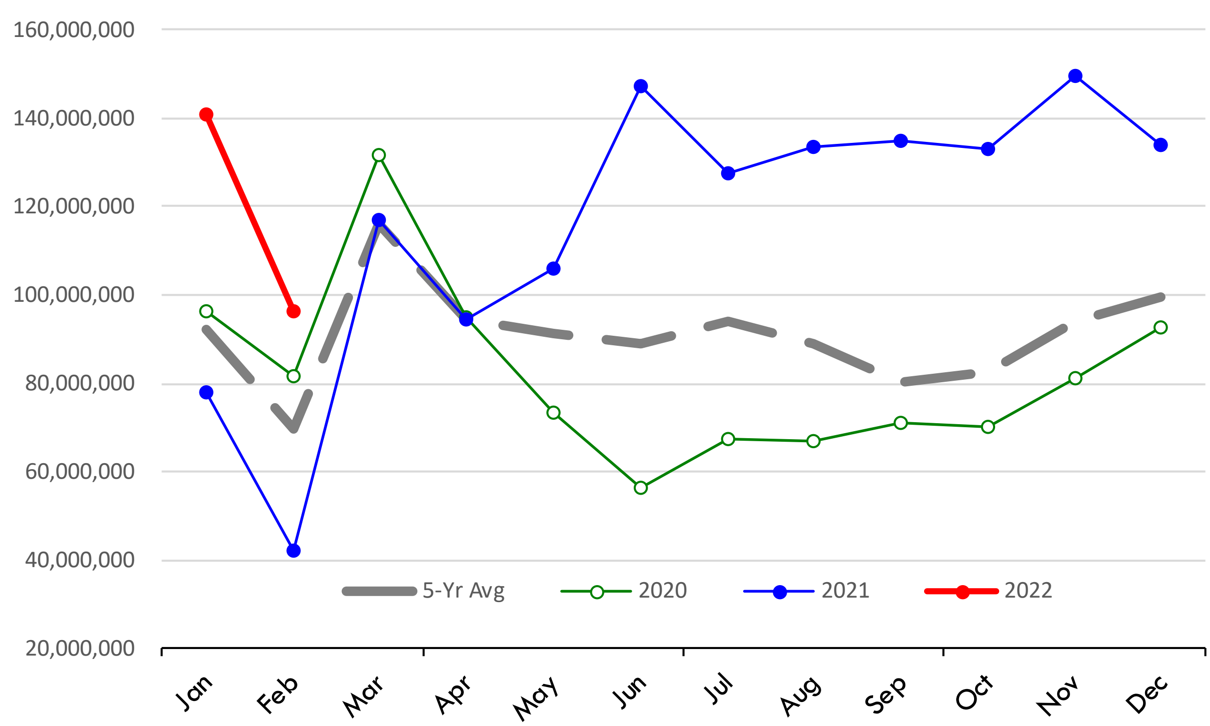
Y/Y Ch. in Feb. 22 vs. Feb 21 US Mutton, Goat, Lamb Import Value ($)

Source: USDA/FAS Units: US Dollars



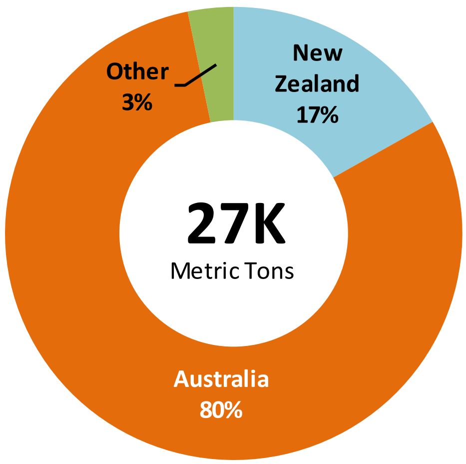
$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: World Total

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



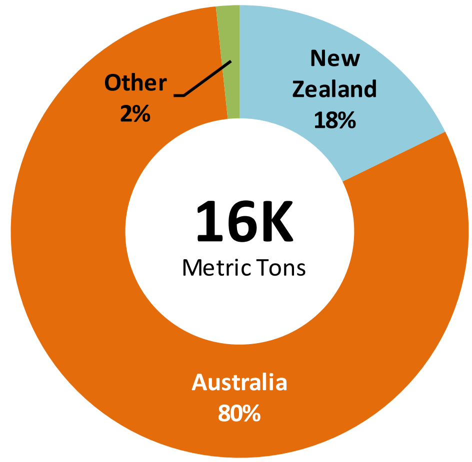
TOP US LAMB IMPORT MARKETS IN 2022

Total Volume and Country Shares for Period Jan - Feb 2022, MT



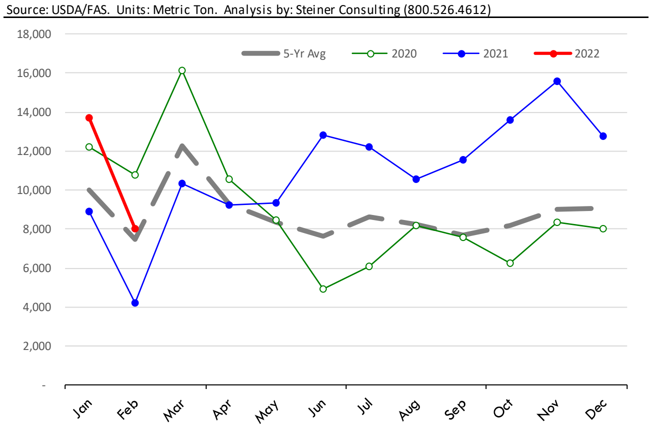
TOP US LAMB IMPORT MARKETS IN 2021

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



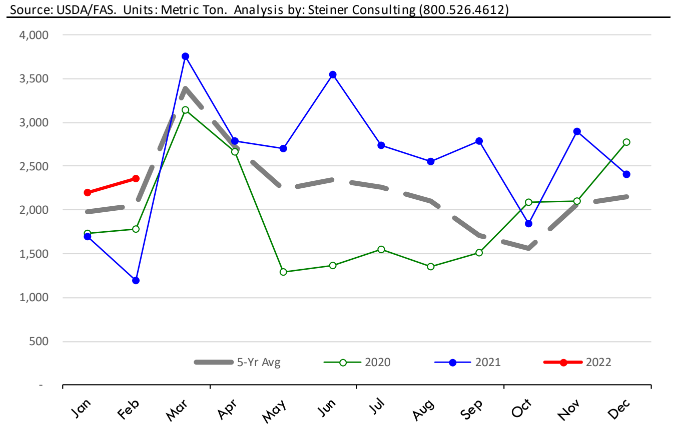
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



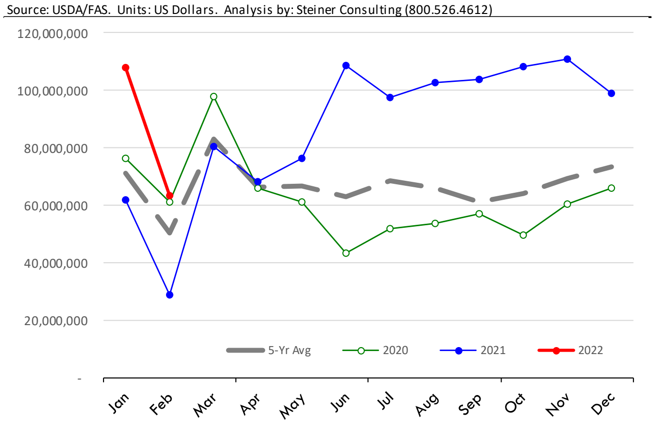
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



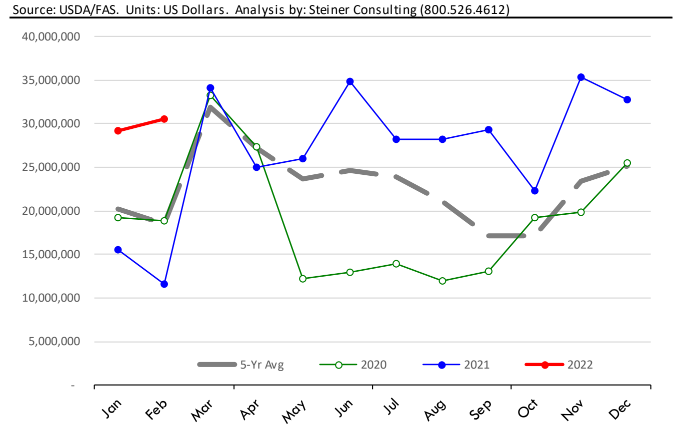
$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

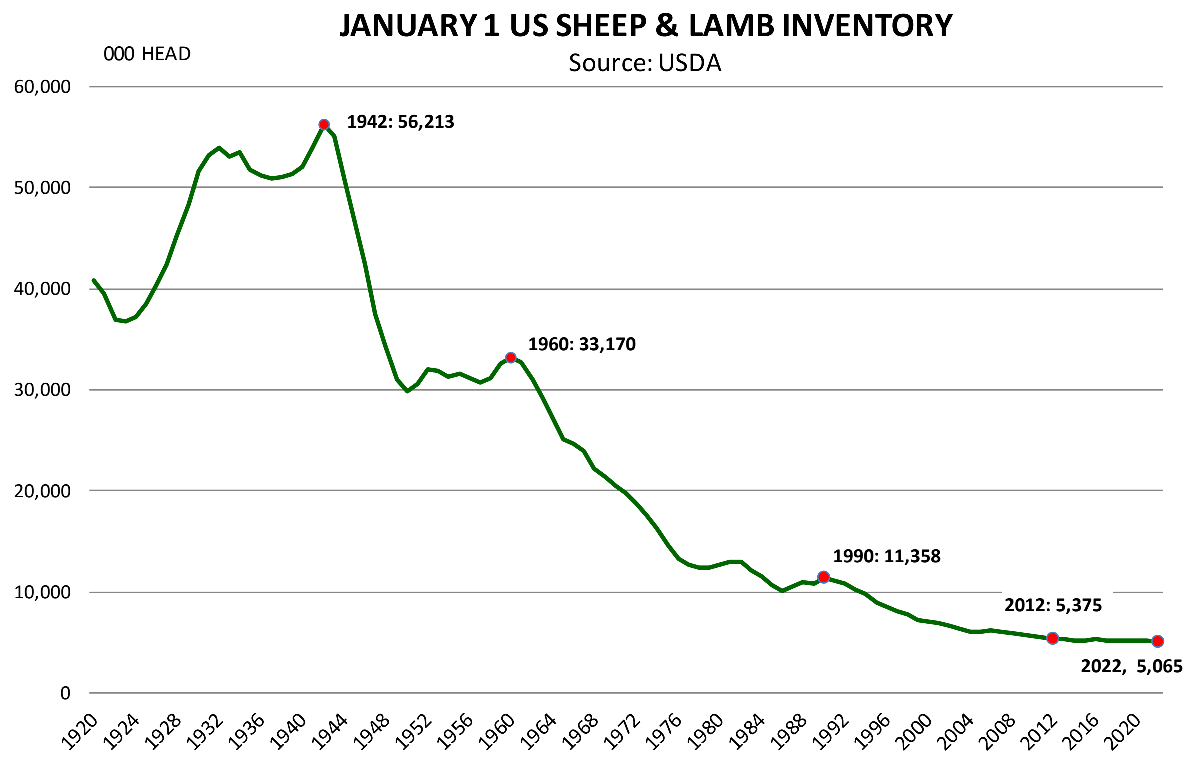
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

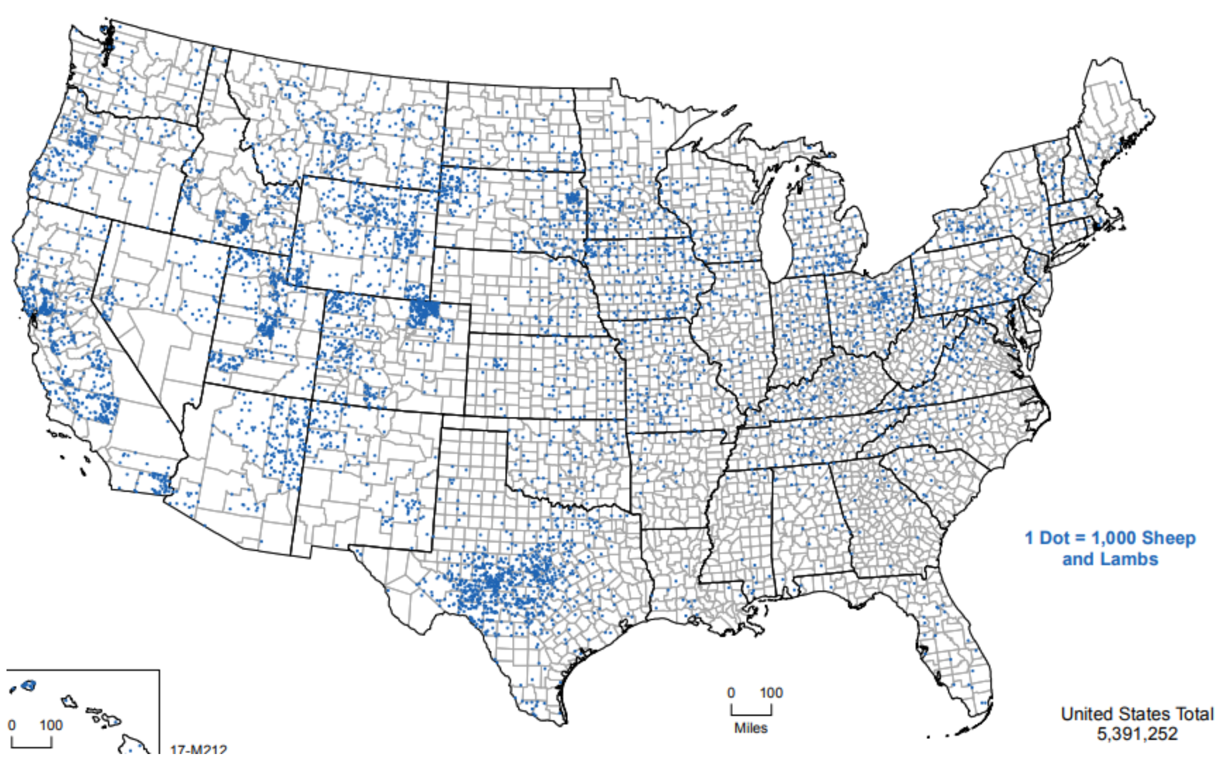
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



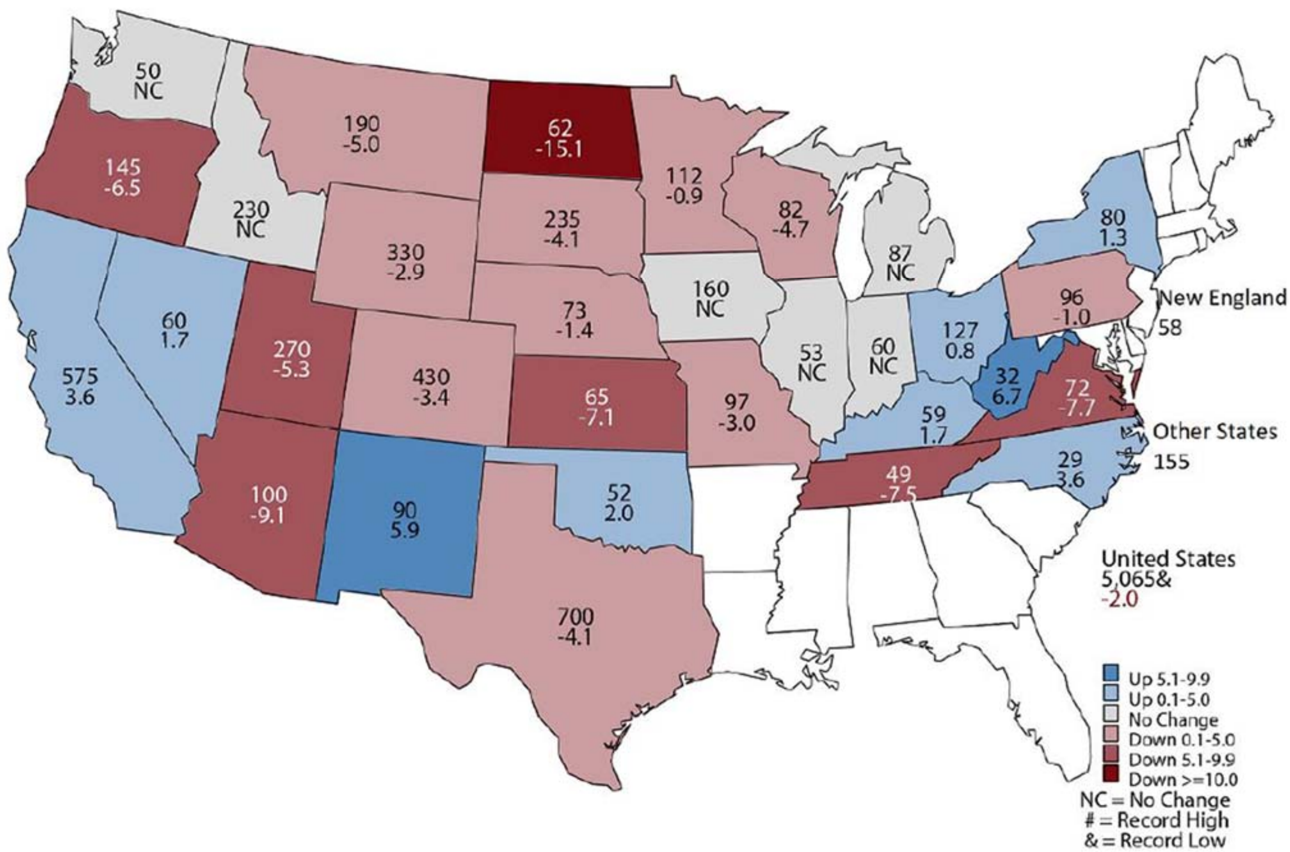


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

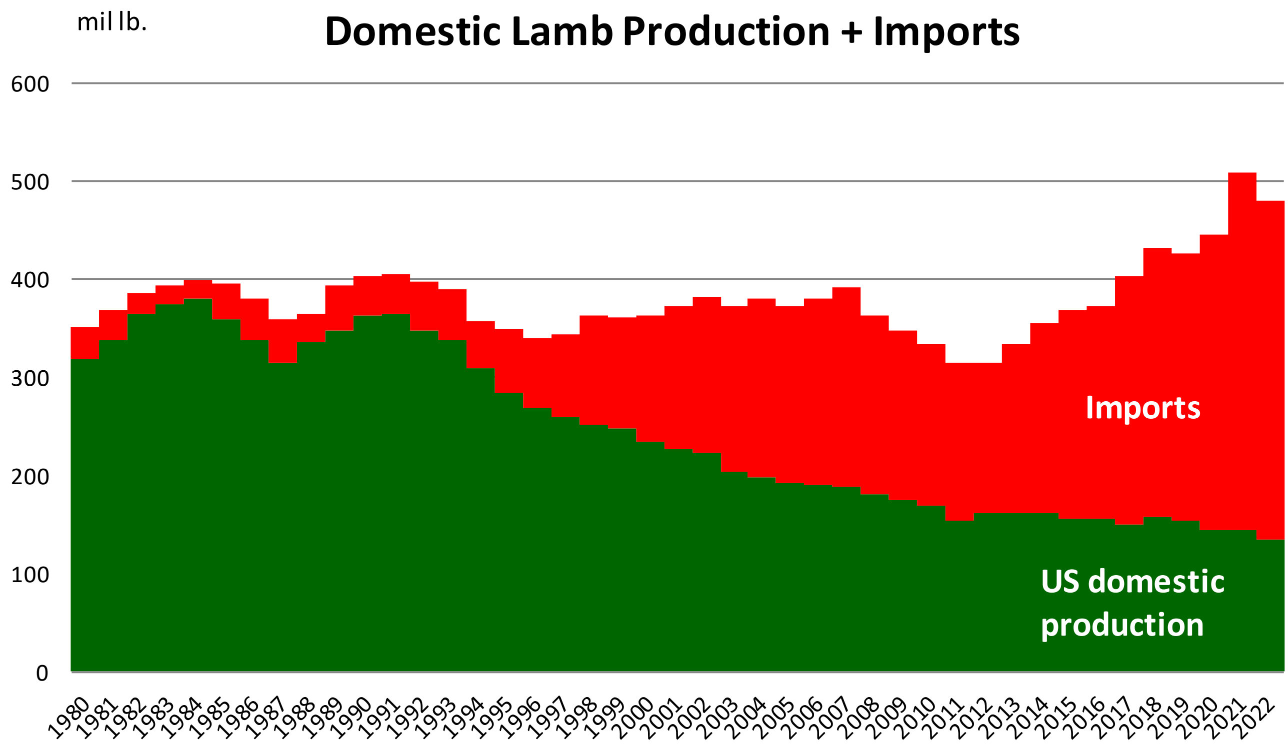
Source: USDA-NASS



January 1, 2022 Sheep and Lambs
(1,000) Head and Percent Change from Previous Year



The map was created and distributed by the US Department of Agriculture, National Agricultural Statistics Service


mil lb.
Domestic Lamb Production + Imports
600
500
400
300
200
100
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