

Monthly US Lamb Market Update

January 2021 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

January 28, 2020

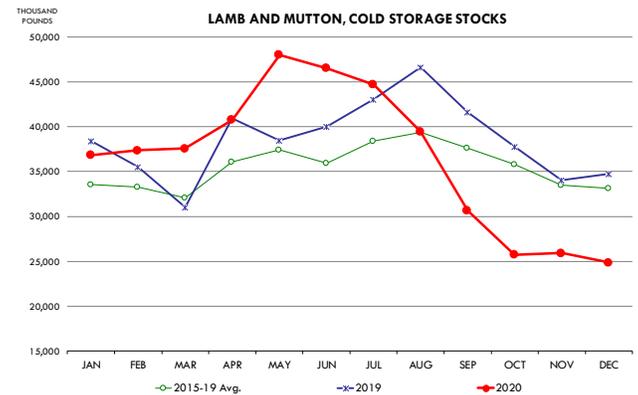
USA Domestic Lamb Market - Supply/Demand Situation

- US lamb and mutton production slowly recovered in the last three months of the year and by December it was only marginally lower than the previous year.** Colorado production continues to run well below last year's levels. New capacity that has come online has not offset the loss of the JBS plant closed last summer. Instead, new capacity in Texas and plants operating at higher capacity in other states have helped close the gap. Production in California in December was 12% higher than a year ago, making it the second largest producing state in the US.
- At the end of January we should get from USDA an **update on the inventory of sheep and lambs as of January 1, 2021.** The inventory of sheep and lambs in the US has been in a downtrend for quite some time. Last year it was 0.6% from the previous year and in 2019 it was also down 0.6% from the year before. The disruptions to slaughter last summer may have created a bit of a backlog in the country but how big of a backlog remains to be seen. There is also a lot of uncertainty about size of the breeding herd at this time as producers were confronted by a very dismal demand picture that was further clouded by the closure of a major processing plant.
- There was **significantly less lamb and mutton in cold storage at the end of December compared to the previous year.** Why the decline? In part this is due to the lower production levels in late summer and fall. This allowed end users and traders that had freezer positions to liquidate them. Uncertainty about demand and very weak pricing for some products also caused participants to reduce their freezer holdings. As a result, we are starting the new year with significantly less lamb and mutton in the freezer than in past years. At 24.9 million pounds, the inventory at the end of December was the lowest since January 2017. Foodservice demand remains key for high value lamb cuts in 2021. However, we think the limited freezer stocks will continue to bolster prices for retail items, especially legs and shoulder cuts.
- Supply of lambs on feed in Colorado feedlots as of January 1 was estimated at 164k head, 4% higher than a year ago but 15% lower than the five year average.** Seasonally feedlot numbers increase in the fall as producers start to prepare for year-end holiday demand and then the numbers drift lower into Easter, in part to fill Easter demand but also because of improving pasture conditions. The new crop then enters feedlots in Sep/Oct and the cycle starts over again. The most recent feeder lamb report from USDA noted feeder lamb prices were sharply lower and slaughter lamb prices also were under pressure on lackluster demand and a sharp rise in feed costs for feedlots.

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

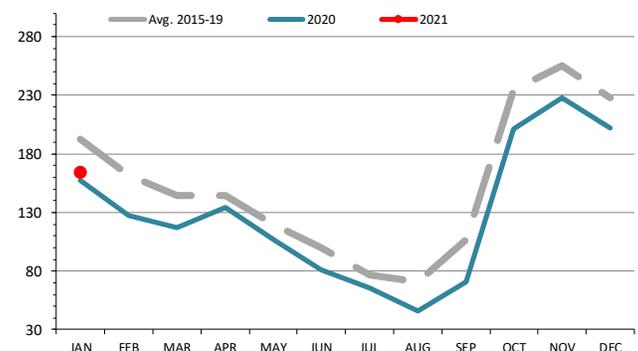
Source: USDA-NASS. Analysis by Steiner Consulting

	2019			2020			Y/Y % Ch.
	Sltr. '1000 hd	Live Wt. lb.	Prod. 1000 lb.	Sltr. '1000 hd	Live Wt. lb.	Prod. 1000 lb.	
1 Colorado	60.2	151.0	9,082	48.9	156.0	7,631	-16%
2 California	24.9	144.0	3,569	28.4	141.0	3,986	12%
3 Texas	13.4	83.0	1,109	17.6	84.0	1,474	33%
4 New Jersey	15.4	77.0	1,189	17.2	79.0	1,362	15%
5 Pennsylvania	8.5	97.0	824	10.1	102.0	1,030	25%
6 Ohio	5.2	156.0	812	4.7	159.0	749	-8%
7 Indiana	5.8	109.0	627	7.0	111.0	779	24%
8 Oregon	4.4	135.0	598	5.0	138.0	681	14%
9 New York	6.7	97.0	648	6.0	97.0	584	-10%
10 Illinois	4.2	77.0	326	5.1	75.0	383	17%
Other	47.8	112.7	5,389	47.8	112.3	5,366	0%
United States	196.5	123.0	24,173	198	121.0	24,025	-1%



COLORADO LAMBS ON FEED. '000 head

Monthly Data Reported by the Livestock Market Information Center



Imported Lamb Supply and Price Trends

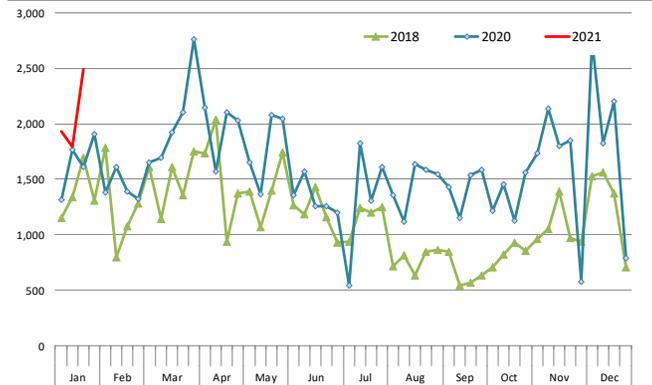
US lamb import data for January is only partial at this time but it is likely that the double digit growth pace we have seen so far will be maintained in the near term. Imports in the four weeks ending January 16 averaged 1,839 MT/week, 16% higher than the same period a year ago. Imports from Australia during this period averaged 1,272 MT/week, 4% higher than the previous year while imports from New Zealand at 539 MT/week were 55% higher than the previous year.

Goat imports have been quite limited for much of the year and that trend continued in January. Australia accounts for about 80-85% of all US goat meat imports. In the four weeks ending January 16 US goat meat imports from Australia averaged 110 MT/wk, down 58% compared to a year ago. Goat meat imports from New Zealand averaged 14 MT/wk, much higher than a year ago but still a relatively small part of the US supply. Mutton imports from Australia during the reference period averaged 257 MT per week, 57% lower than year ago levels. Australia accounts for most US mutton imports at this time.

We continue to see a wide discrepancy in the price trends for high value cuts that usually go to white table cloth restaurants and retail cuts. Fine dining business in the US remains extremely stressed due to local government restrictions but also consumers reducing travel and, just as importantly, the complete collapse of business travel. All fine dining respondents in a recent National Restaurant Association poll said that sales are down from a year ago. OpenTable, a restaurant booking site, reports that globally seated diners are down 62% from a year ago. In the US seated diners are down 61% from last year.

The table on page 6 has been updated so it now reflects the products that were traded in 2020. We use this as a base to track those items in 2021. Also please note that the cuts have been ranked by the total volume that was reported by USDA in 2020. Keep in mind that this data does not include all lamb products coming into the US. Rather, it shows only the sales reported by large importers that are required to report their sales in the USDA Mandatory Price Reporting system.

Weekly Total Lamb Imports. Data in Metric Ton, Product Wt. Basis. Source: USDA-AMS

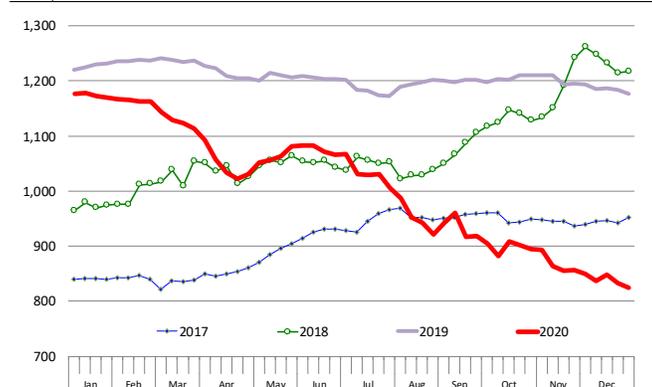


Summary of Australian Lamb Exports: Nov. 2020

Source: MAFF

	11/1/2019	11/1/2020	MT ch.	% ch.
China	7,267	5,300	(1,967)	-27%
Japan	686	652	(34)	-5%
South Korea	1,349	1,643	294	22%
Qatar	1,643	1,733	90	6%
Dubai	1,833	950	(883)	-48%
Jordan	906	311	(595)	-66%
USA East	3,408	3,289	(120)	-4%
USA West	1,722	1,961	239	14%
USA Total	5,130	5,249	119	2%
Malaysia	368	903	535	146%
Papua New Guinea	695	1,219	524	75%
Other	4,898	6,407	1,509	31%
Total Aus	24,777	24,369	(408)	-2%

Australian Lamb Racks, Fresh, Cap-off, 28 oz/up. 4-WK Moving Avg. Weekly Prices. Source: USDA



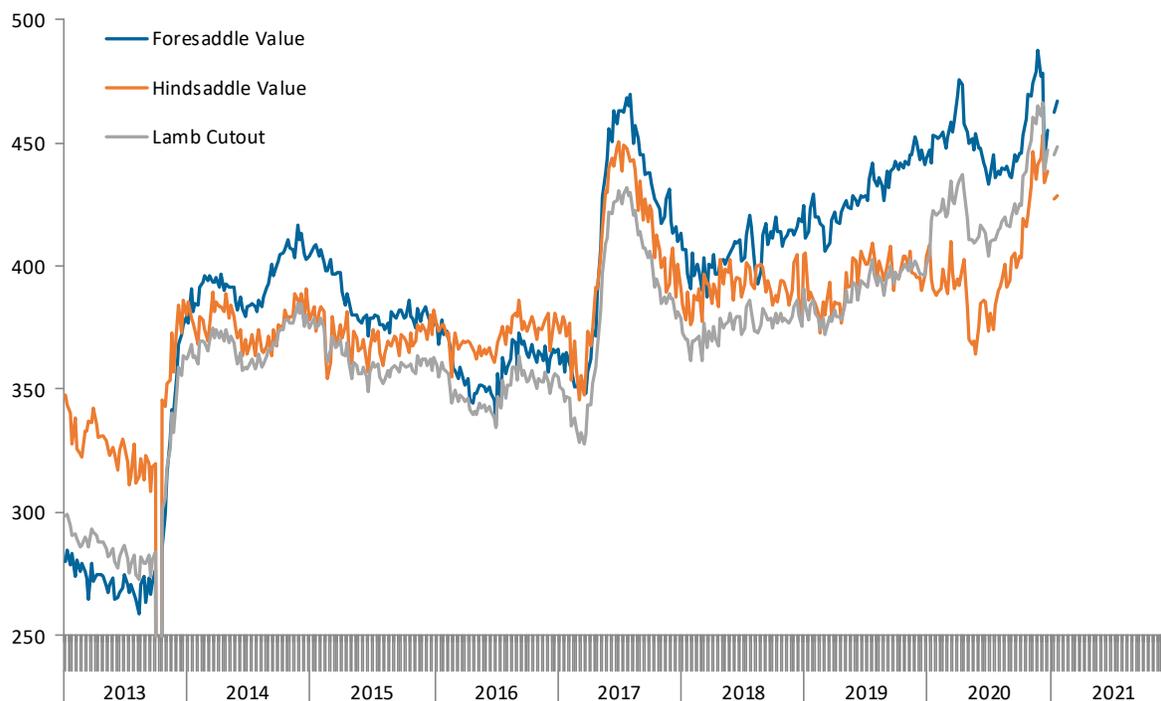
US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		1/15/2021	1/8/2021	w/w	1/17/2020	y/y
		US\$/cwt	US\$/cwt	% ch.	US\$/cwt	% ch.
Foresaddle	204 Rack, 8-Rib, Medium	869.1	801.4	8.4%	883.9	-1.7%
	209 Breast	301.1	310.8	-3.1%	282.2	6.7%
	207 Shoulders, Square Cut	364.9	363.3	0.5%	328.2	11.2%
	210 Foreshank	442.1	424.6	4.1%	434.9	1.7%
	Neck	208.1	225.4	-7.7%	212.7	-2.2%
Foresaddle Value		467.6	462.9	1.0%	453.4	3.1%
Hindsaddle	232 Loin, Trimmed, 4x4	689.2	668.3	3.1%	514.7	33.9%
	232E Flank, Untrimmed	177.2	182.7	-3.0%	129.6	36.7%
	233A Leg, Trotter Off	394.9	402.3	-1.9%	388.8	1.6%
Hindsaddle Value		428.6	427.4	0.3%	390.7	9.7%
Carcass Value		448.7	445.7	0.7%	422.6	6.2%

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

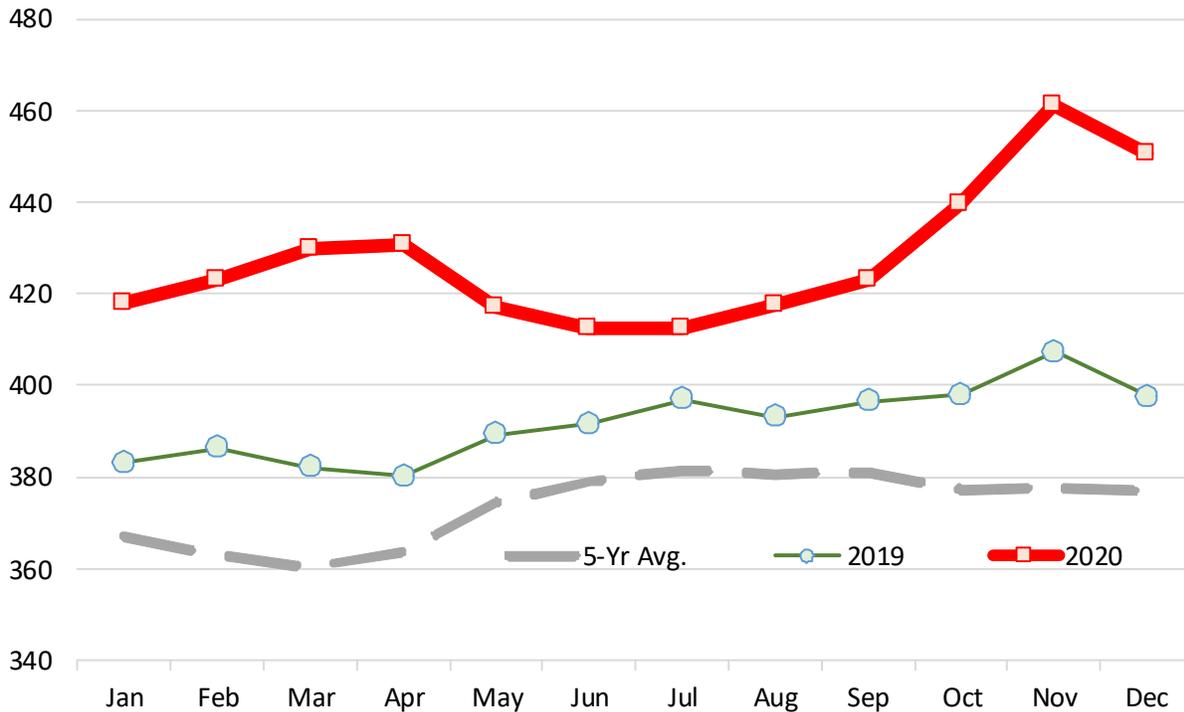
Source: Agricultural Marketin Service, USDA. \$ per 100 lb. Dressed Carcass

	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	439.53	377.26	10.4%	16.5%
Nov	360.56	354.47	386.74	379.39	407.49	461.31	377.73	13.2%	22.1%
Dec	361.26	353.66	388.59	383.36	397.78	450.78	376.93	13.3%	19.6%

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

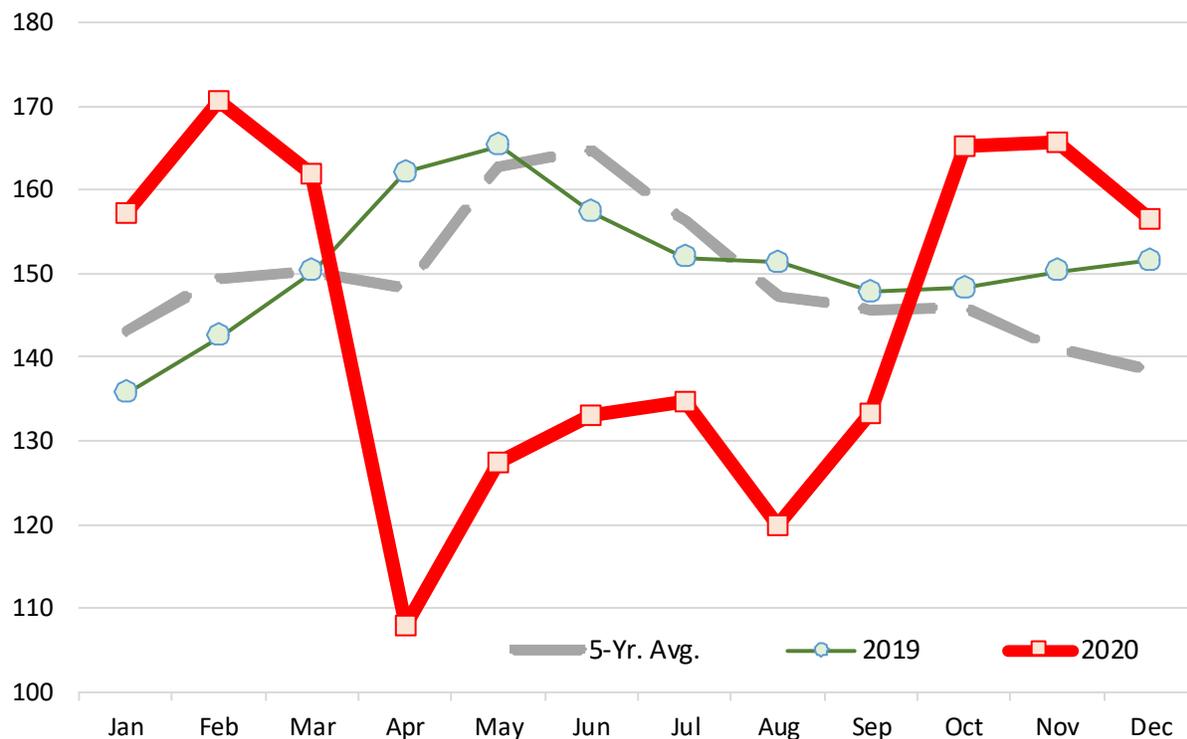
Monthly Average Prices, 100-150 lb. Woolled and Shorn, Choice & Prime 2-3 . \$ per 100 lb.

	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	165.3	146.0	11.4%	13.2%
Nov	138.7	131.5	131.4	129.1	150.3	165.7	141.1	10.2%	17.4%
Dec	129.1	134.3	126.8	133.0	151.7	156.5	138.5	3.2%	12.9%

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	Feb 3, 2020	Jan 18, 2021	Jan 25, 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	\$ 4.70	\$ 5.23	\$ 5.20	-0.7%	10.6%
AUS Shoulder, Square-cut	8,994,775	\$ 3.22	\$ 28,989,584	\$ 3.15	\$ 3.37	\$ 3.56	5.6%	13.0%
AUS Leg, bnls	6,268,292	\$ 4.36	\$ 27,355,892	\$ -	\$ 4.25	\$ 4.31	1.4%	
AUS Leg, semi bnls	1,985,283	\$ 4.08	\$ 8,100,010	\$ 3.66	\$ 4.29	\$ 4.68	9.2%	27.9%
AUS Rack, FR, Cap-off, 20-24 oz	1,870,146	\$ 9.52	\$ 17,796,182	\$ 11.64	\$ 8.05	\$ 8.19	1.7%	-29.7%
AUS Rack, FR, Cap-off, 24-28 oz	1,405,292	\$ 9.84	\$ 13,832,964	\$ 11.53	\$ 8.45	\$ 8.39	-0.7%	-27.3%
AUS Rack, FR, Cap-off, 28 oz/up	1,241,798	\$ 9.95	\$ 12,360,440	\$ 11.57	\$ 8.94	\$ 8.21	-8.2%	-29.1%
AUS Shortloin, 1-Rib, 1x1	896,958	\$ 4.33	\$ 3,885,234	\$ 4.38	\$ 4.40	\$ 4.40	0.0%	0.4%
AUS Foreshank, VP	605,016	\$ 3.36	\$ 2,031,645	\$ 3.22	\$ 3.51	\$ 3.79	8.0%	17.8%
AUS Shoulder, Square-cut, bnls	1,471	\$ 6.00	\$ 8,826	\$ -	\$ -	\$ -		
Subtotal	37,886,567	\$ 4.88	\$ 184,920,813	\$ 4.24	\$ 4.86	\$ 4.90	0.9%	15.6%
Frozen								
AUS Leg, Long	7,153,328	\$ 2.39	\$ 17,108,856	\$ 3.75	\$ 3.59	\$ 3.69	2.8%	-1.6%
AUS Foreshank, LP	4,083,880	\$ 2.39	\$ 9,767,553	\$ 2.81	\$ 2.67	\$ 2.82	5.4%	0.2%
NZ Rack, FR, Cap-off, 16-20 oz	2,386,029	\$ 2.39	\$ 5,706,746	\$ 11.37	\$ 7.81	\$ 7.09	-9.2%	-37.7%
AUS Shoulder, Square-cut	1,679,483	\$ 2.39	\$ 4,016,876	\$ 2.88	\$ 2.85	\$ 2.95	3.7%	2.4%
AUS Leg, bnls	1,644,850	\$ 2.39	\$ 3,934,043	\$ 3.75	\$ 4.01	\$ 4.08	1.7%	8.7%
AUS Shoulder, Square-cut, bnls	1,591,611	\$ 2.39	\$ 3,806,710	\$ 3.82	\$ 3.96	\$ 3.92	-0.9%	2.8%
AUS Hindshank, LP	1,377,995	\$ 2.39	\$ 3,295,797	\$ 2.79	\$ 3.40	\$ 2.66	-21.5%	-4.4%
AUS Leg, bnls, shank-off	1,234,157	\$ 2.39	\$ 2,951,775	\$ -	\$ 4.11	\$ 3.90	-5.1%	#DIV/0!
NZ Rack, FR, Cap-off, 12-16 oz	1,004,423	\$ 2.39	\$ 2,402,312	\$ 11.71	\$ 8.24	\$ 8.27	0.3%	-29.4%
NZ Rack, FR, Cap-off, 20 oz/up	932,757	\$ 2.39	\$ 2,230,906	\$ 10.85	\$ 7.49	\$ 6.94	-7.3%	-36.0%
AUS Rack, FR, Cap-off, 20-24 oz	637,951	\$ 2.39	\$ 1,525,809	\$ 11.28	\$ 6.58	\$ 6.26	-4.8%	-44.5%
AUS Rack, FR, Cap-off, 24-28 oz	619,344	\$ 2.39	\$ 1,481,306	\$ 10.16	\$ 7.61	\$ 7.58	-0.4%	-25.4%
AUS Rack, FR, Cap-off, 28 oz/up	611,734	\$ 2.39	\$ 1,463,105	\$ 10.51	\$ 8.19	\$ 8.19	0.0%	-22.0%
AUS Hindshank, VP	17,648	\$ 2.39	\$ 42,209	\$ -	\$ -	\$ -		
AUS Rack, FR, Cap-off, 20 oz/dn	11,430	\$ 2.39	\$ 27,338	\$ -	\$ -	\$ -		
NZ Rack, FR, Cap-off, 12 oz/dn	10,418	\$ 2.39	\$ 24,917	\$ -	\$ 9.68	\$ 9.68	0.0%	#DIV/0!
Subtotal	24,975,190	\$ 2.39	\$ 59,734,004	\$ 5.13	\$ 4.48	\$ 4.39	-1.9%	-14.4%

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.

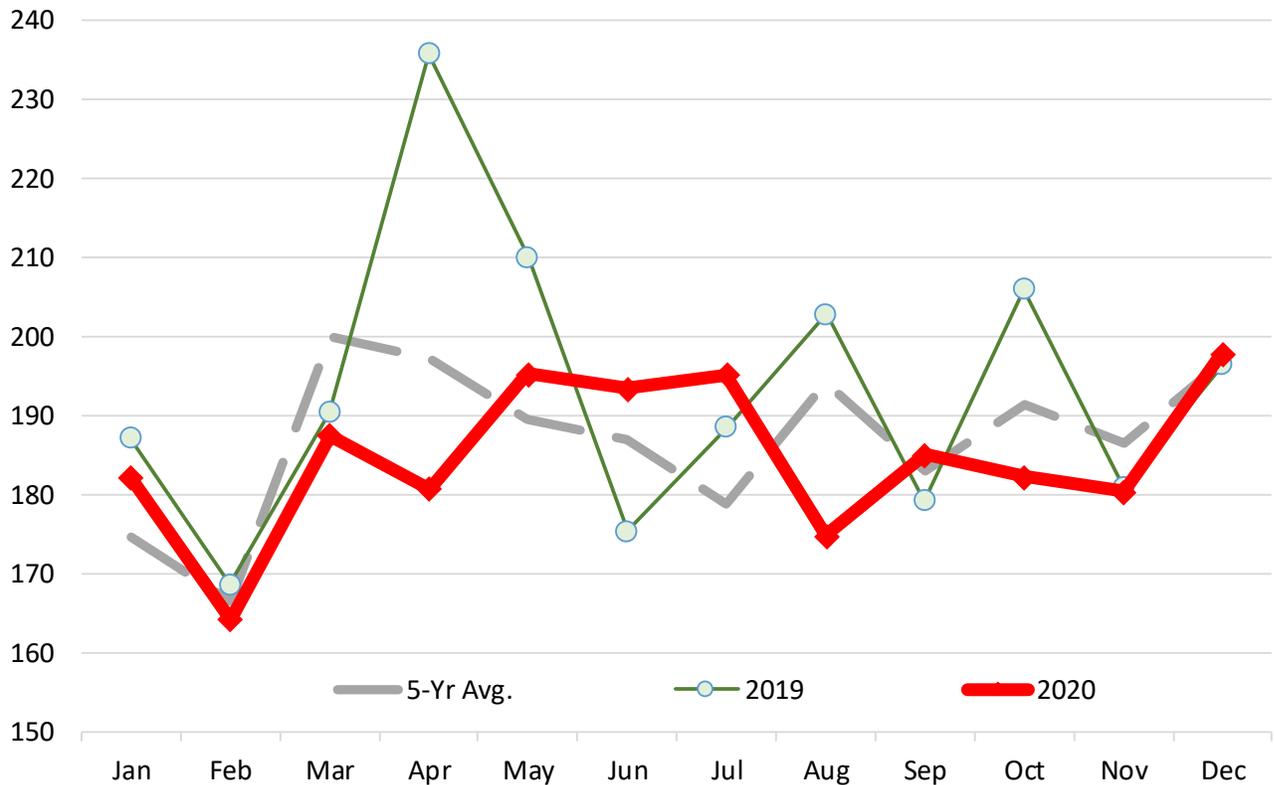
Lamb & Sheep Slaughter. Monthly. '000 Head

	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	185.1	183.0	3.2%	1.2%
Oct	185.9	181.6	183.5	199.9	206.0	182.3	191.4	-11.5%	-4.7%
Nov	181.4	186.9	187.4	195.3	181.0	180.4	186.4	-0.3%	-3.2%
Dec	200.4	197.0	188.1	201.8	196.5	197.8	196.8	0.7%	0.5%

Source: USDA

Lamb & Sheep Slaughter. Monthly. '000 Head

Monthly Data. Source: USDA



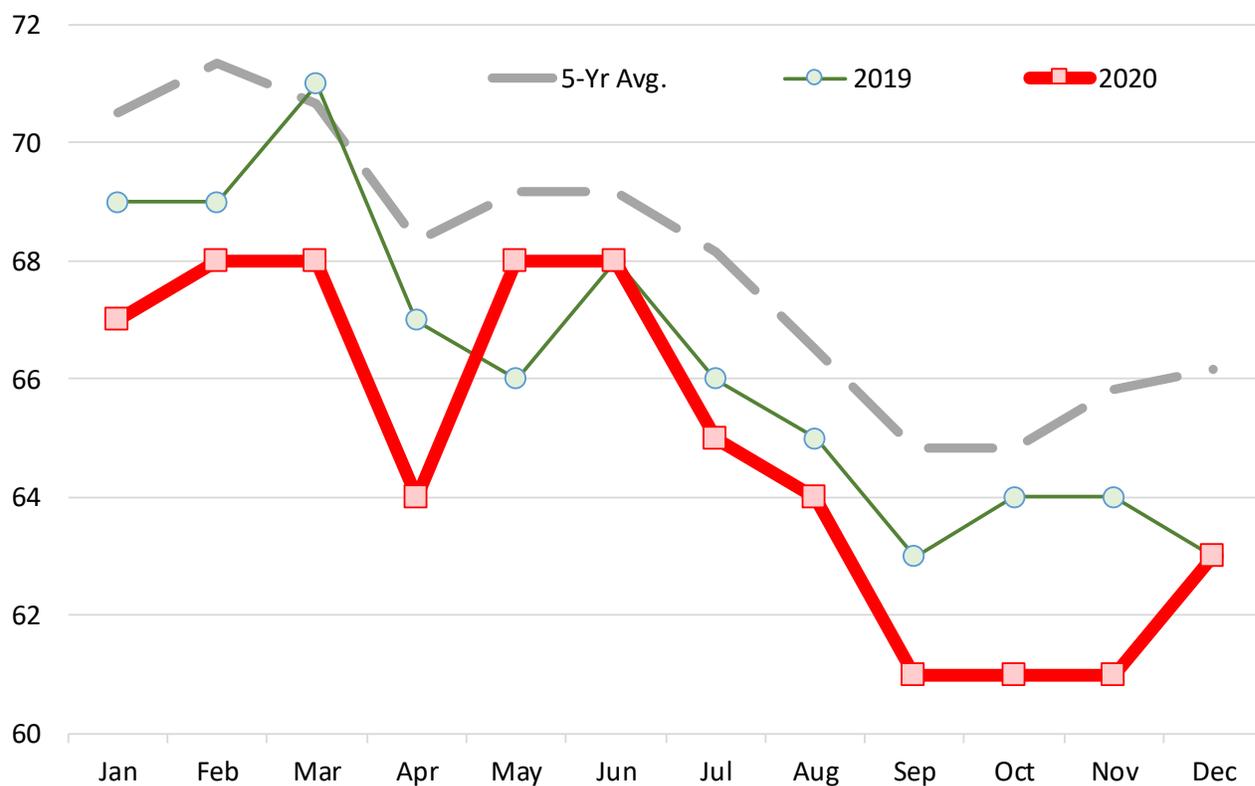
Lamb and Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	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	64.00	66.50	-1.5%	-3.8%
Sep	66.00	64.00	66.00	69.00	63.00	61.00	64.83	-3.2%	-5.9%
Oct	66.00	65.00	66.00	67.00	64.00	61.00	64.83	-4.7%	-5.9%
Nov	67.00	67.00	68.00	68.00	64.00	61.00	65.83	-4.7%	-7.3%
Dec	67.00	68.00	69.00	67.00	63.00	63.00	66.17	0.0%	-4.8%

Source: USDA

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

Monthly Data. Source: USDA



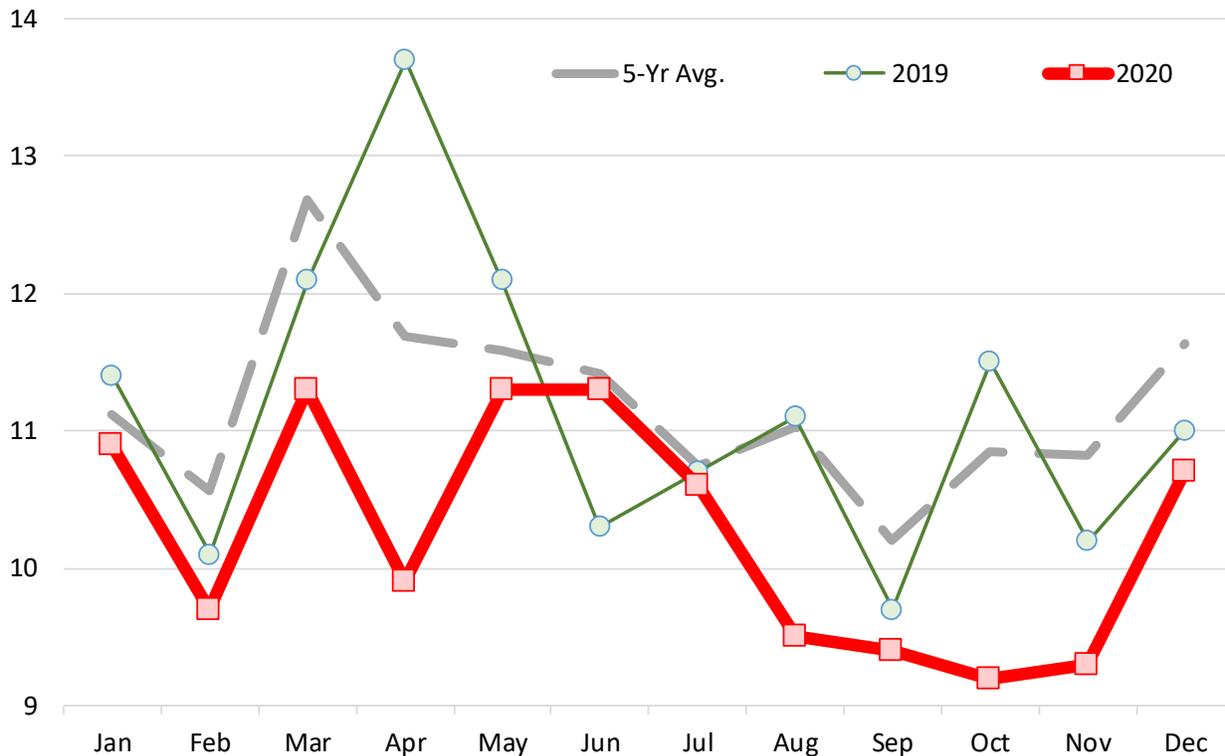
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	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	9.50	11.03	-14.4%	-13.9%
Sep	11.00	10.90	10.10	10.10	9.70	9.40	10.20	-3.1%	-7.8%
Oct	10.90	10.70	10.90	11.90	11.50	9.20	10.85	-20.0%	-15.2%
Nov	10.90	11.30	11.40	11.80	10.20	9.30	10.82	-8.8%	-14.0%
Dec	12.30	12.10	11.80	11.90	11.00	10.70	11.63	-2.7%	-8.0%

Source: USDA

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

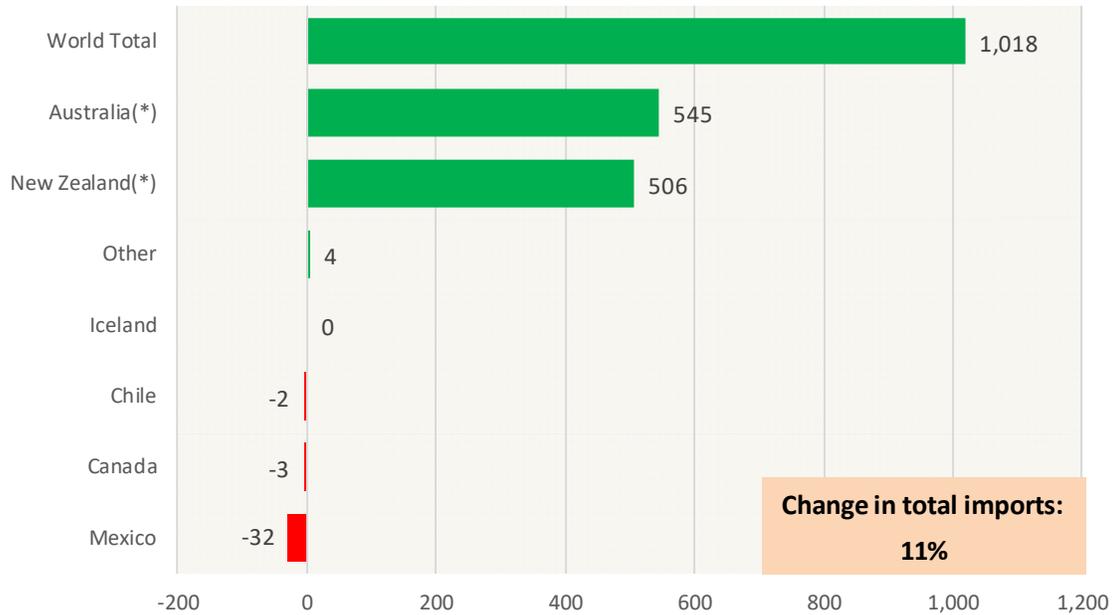
Monthly Data. Source: USDA



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

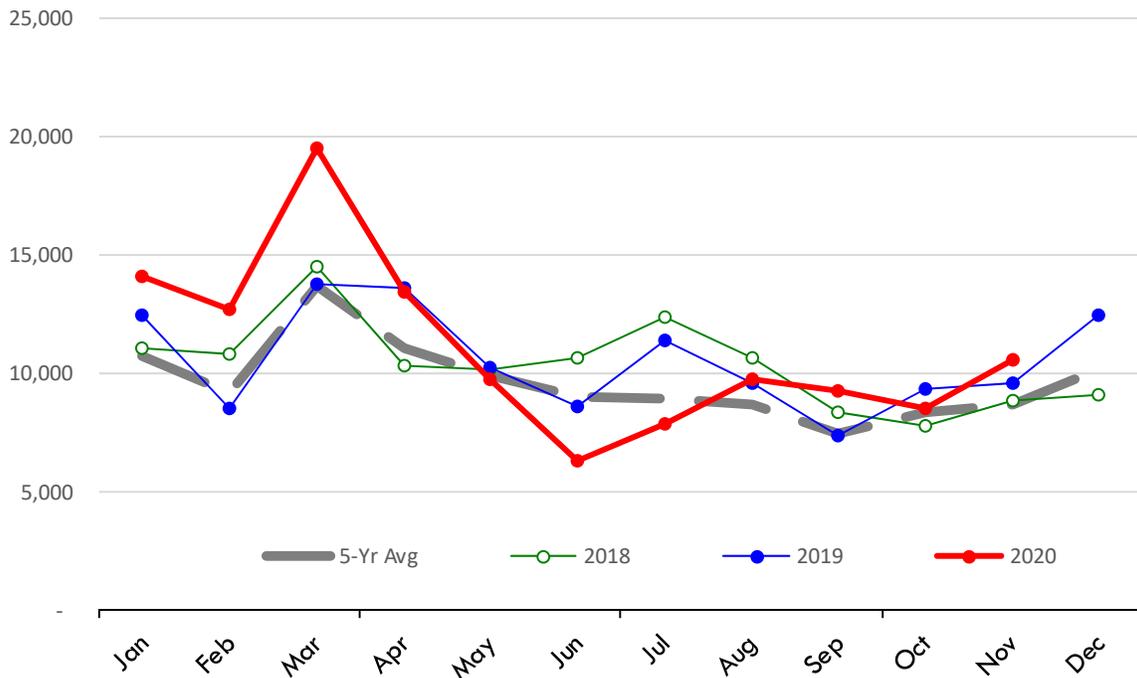
Source: USDA/FAS

Units: Metric Tons



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

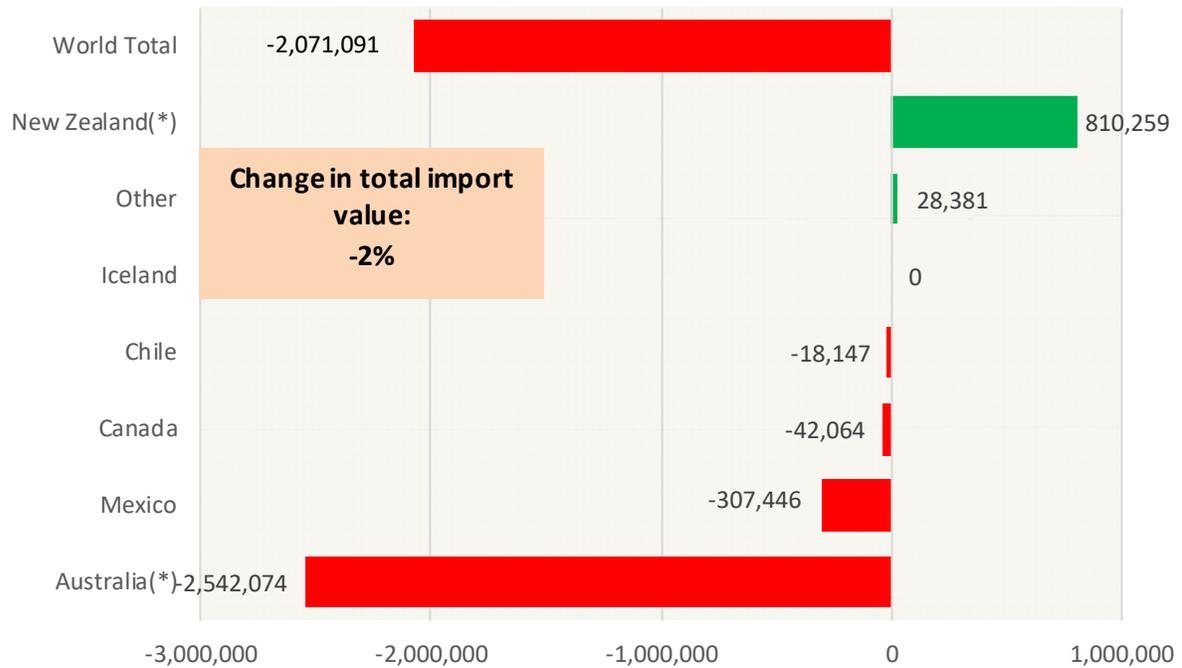
Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



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

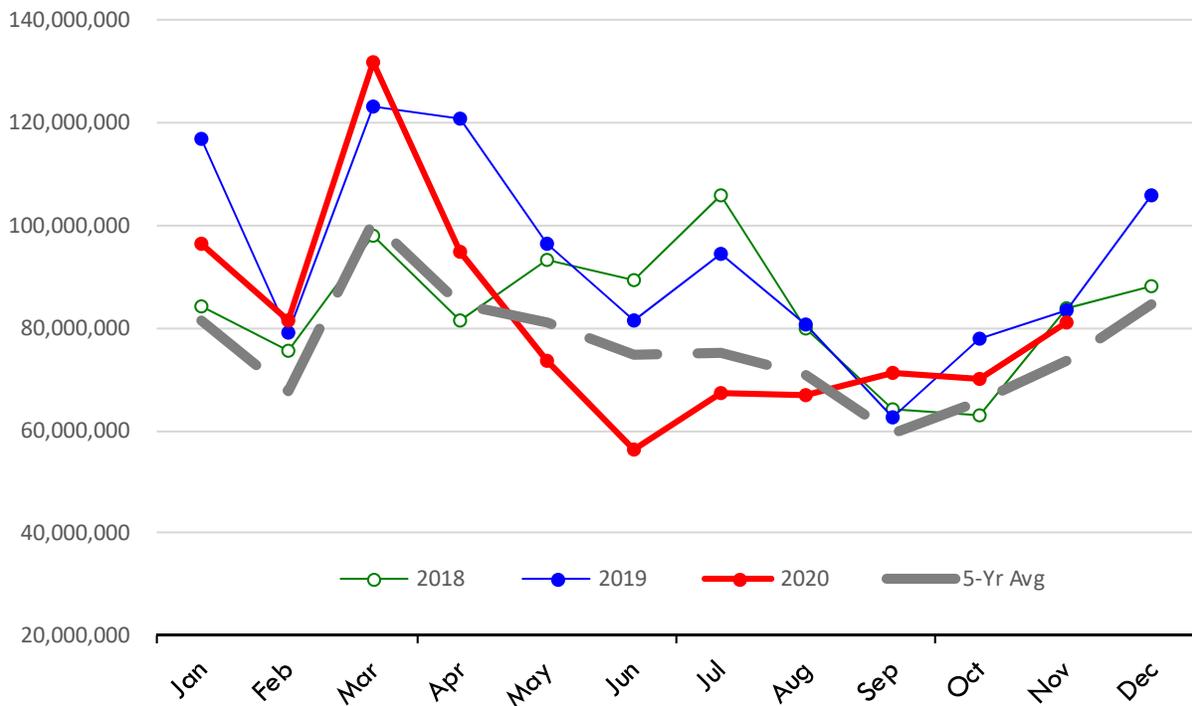
Source: USDA/FAS

Units: US Dollars



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

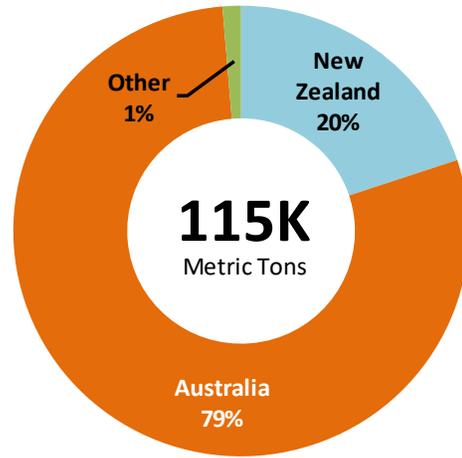
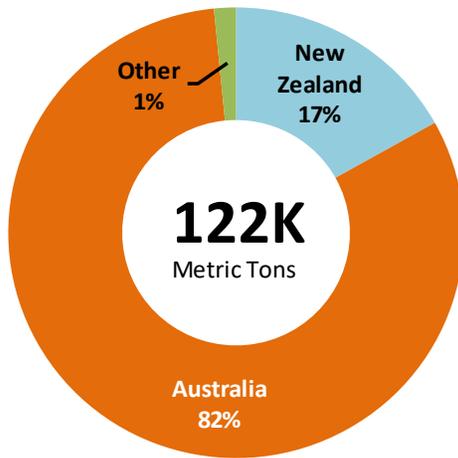
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

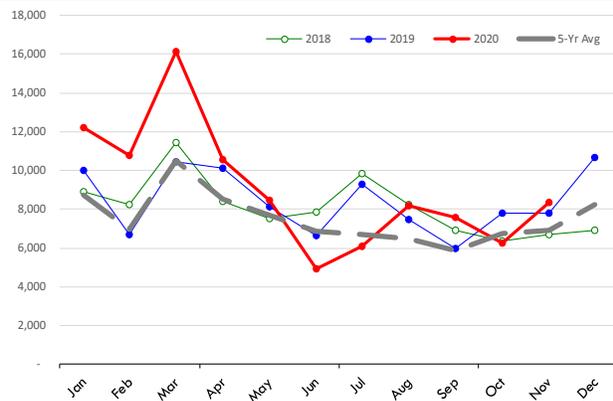
Total Volume and Country Shares for Period Jan - Nov 2020, MT

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



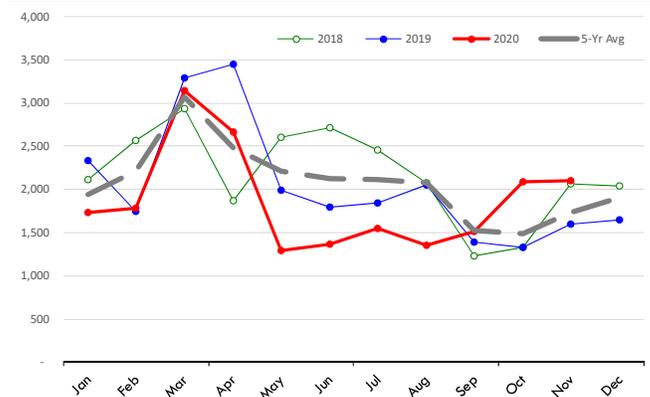
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



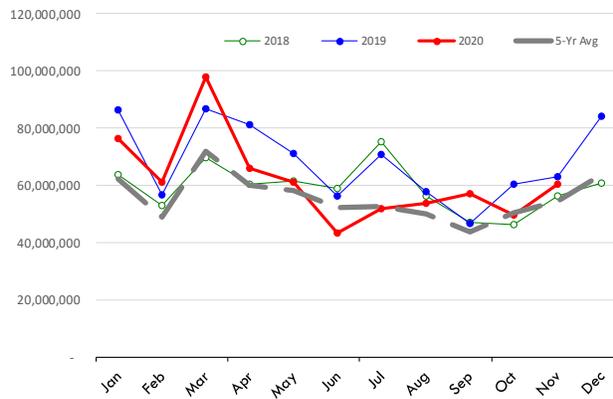
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



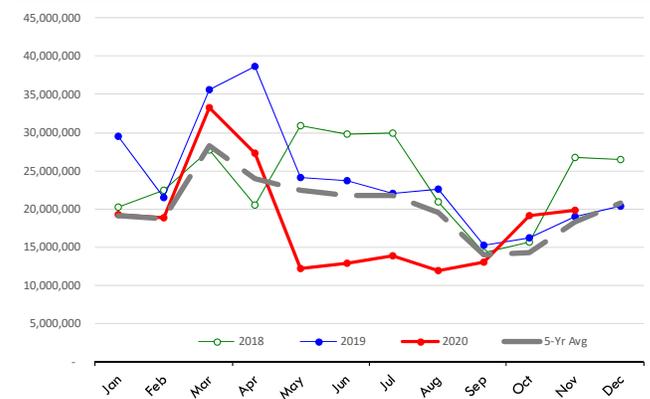
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

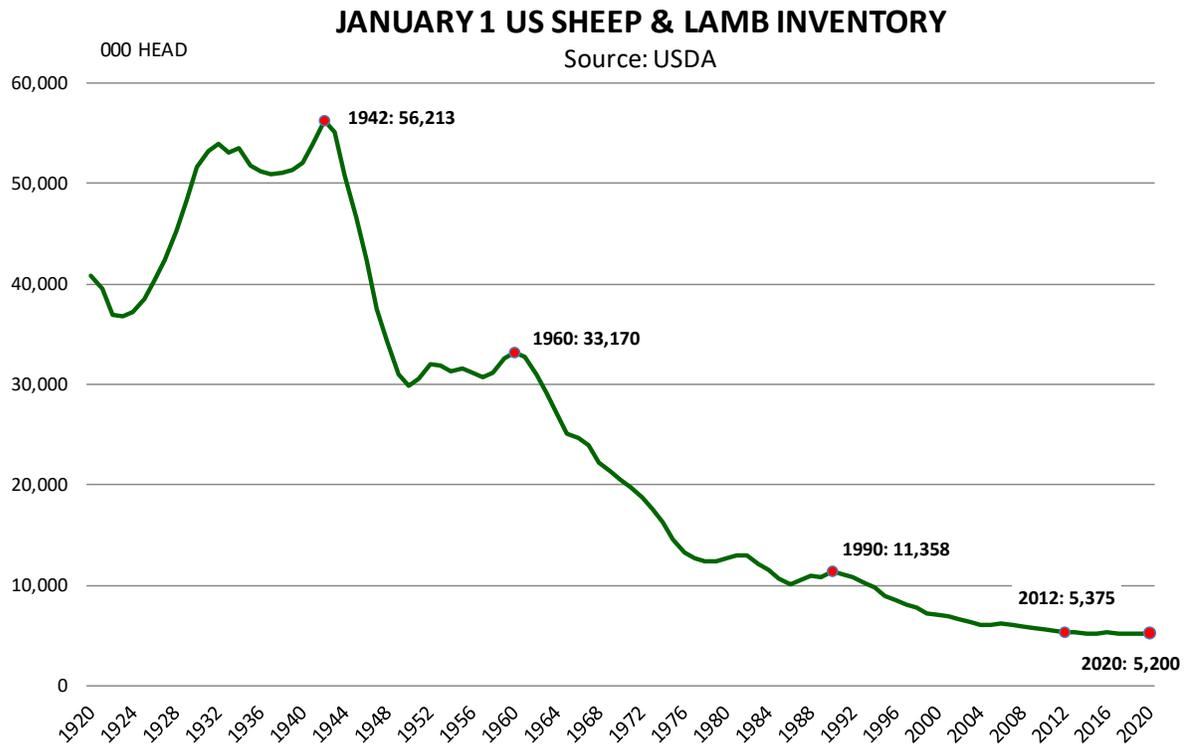
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

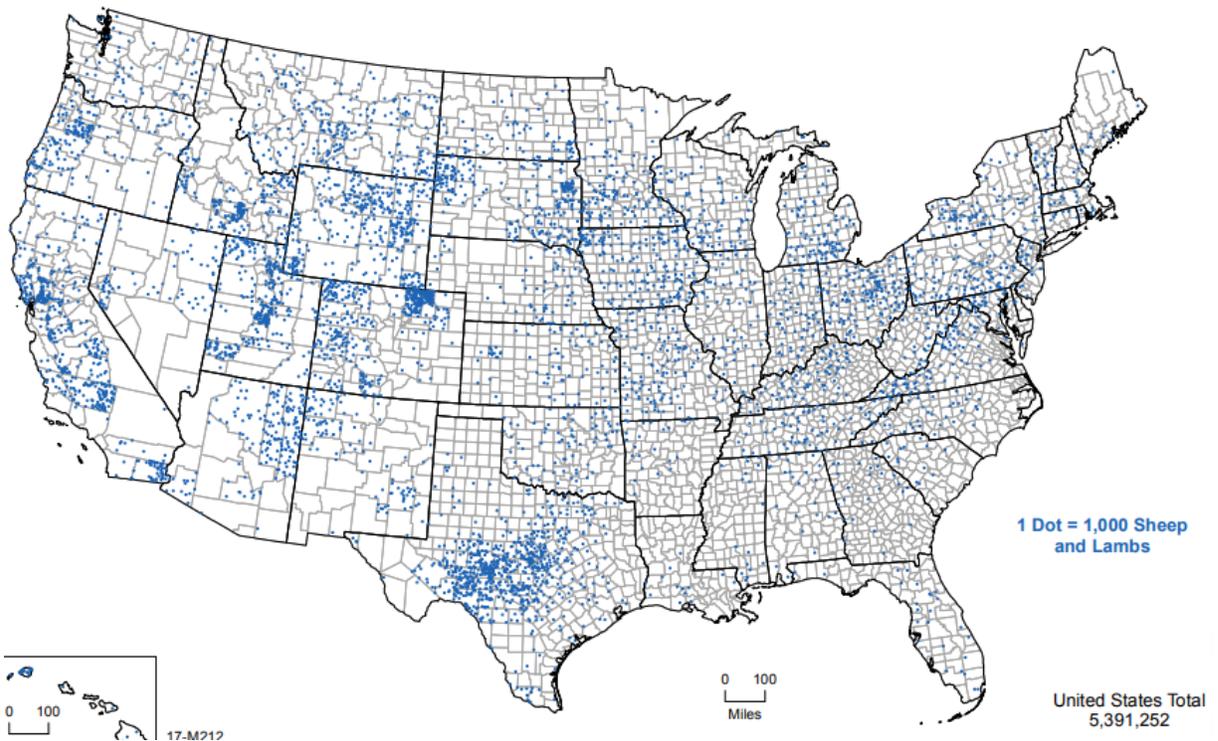
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



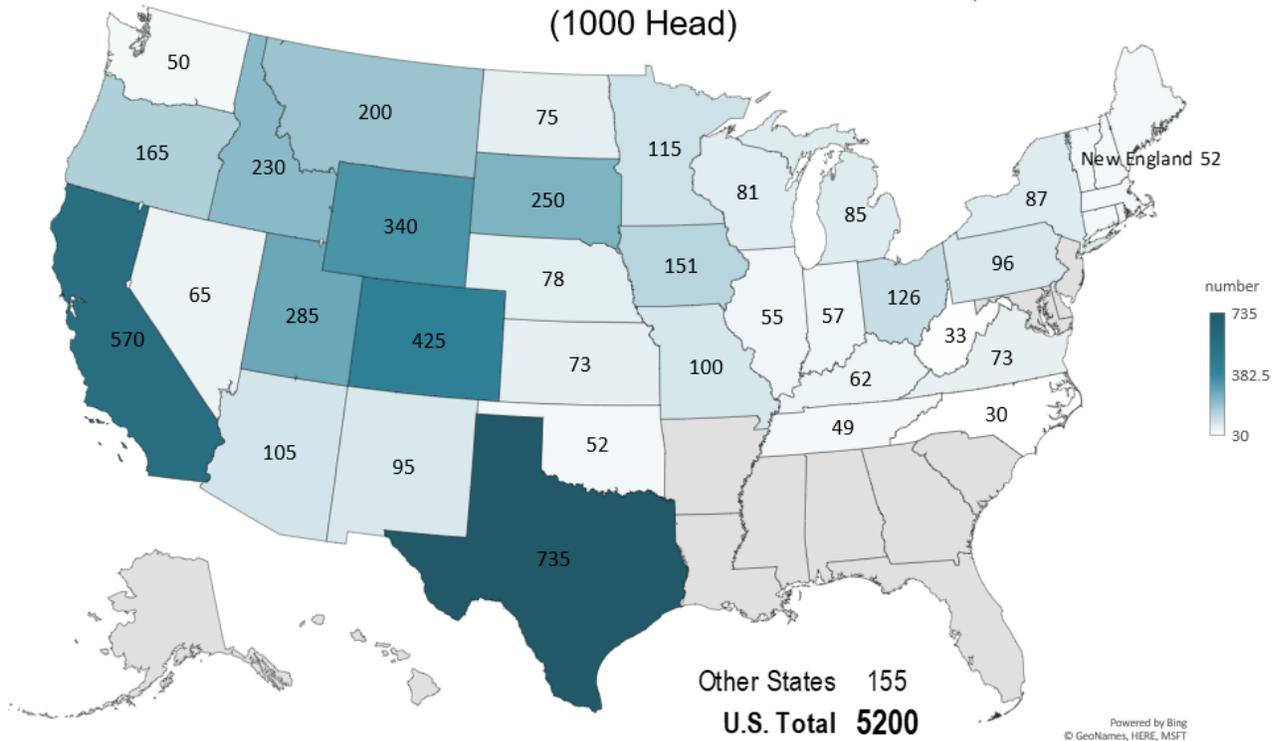


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



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

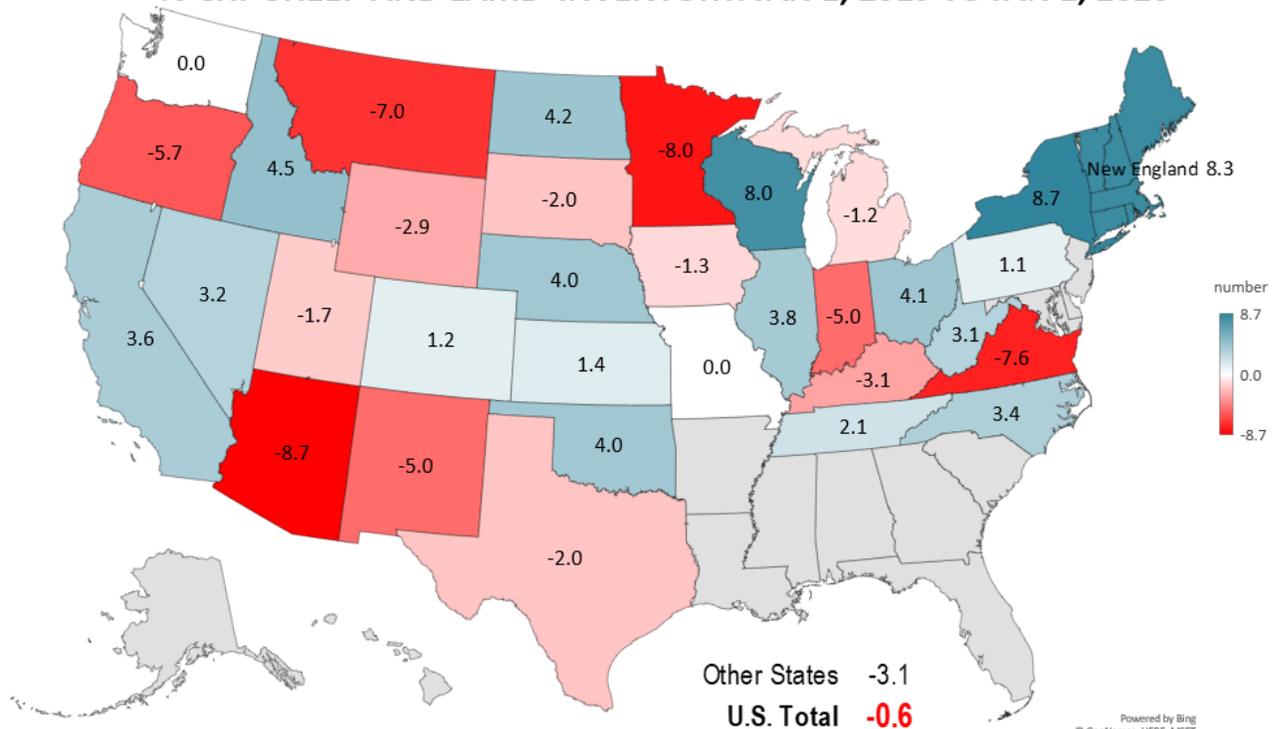


Livestock Marketing Information Center
Data Source: USDA-NASS

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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

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