

Monthly US Lamb Market Update

March 2021 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

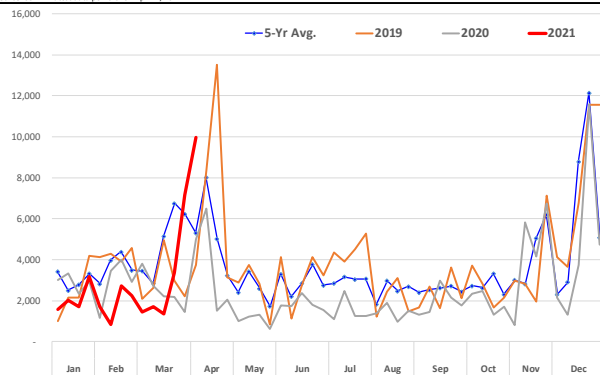
April 5, 2021

USA Domestic Lamb Market - Supply/Demand Situation

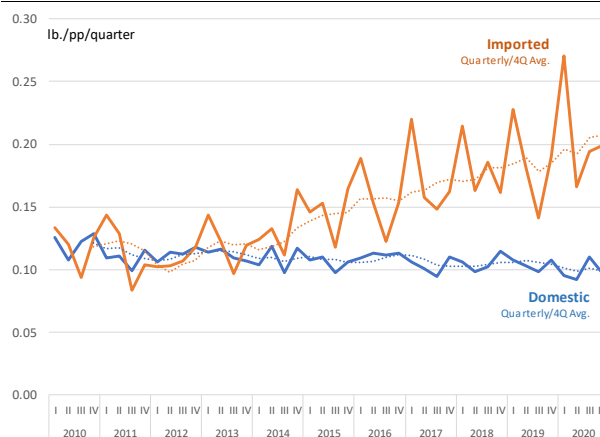
- It should not come as a surprise that for most Americans lamb is not a protein that they consume routinely but rather **a special holiday purchase**, or something that they may get in a nice restaurant from a chef that knows how to properly prepare and pair it with the right sauce. Retail features offer a good illustration of this pattern, with two big spikes in features in late March/April and then in late December. Easter was early this year, which resulted in earlier than normal retail featuring activity. The retail feature activity index for the week ending March 26 was 7,150 compared to an average weekly feature rate of less than 1,900 since the start of the year. For the week ending April 2 (Good Friday), feature activity increased to 9,970. This is by far the highest this year and higher than a year ago when COVID lockdowns significantly impacted Easter get-togethers. However, the current feature index is still well below 2019 when it was as high as 13,500 and 2018 when the pre-Easter feature peak was 18,895.
- The discussion about Easter features and consumption got us thinking about **overall lamb consumption trends in the US**. According to USDA data and calculations from LMIC, per capita 2020 lamb consumption in the US (retail weight basis) was 1.17 pounds per person. This was 2.6% higher than the previous year and almost 28% higher than 10 years ago in 2010. Unfortunately US producers have little to cheer about here. Using domestic production and import data, we calculate the share of consumption that was domestic product vs. import. The chart to the right shows that calculation. We present the data on a quarterly basis so you can see both the trend but also the effect of seasonal demand spikes on consumption. **Since 2010, per capita consumption of domestic produced lamb has been declining and we calculate that it is 18% lower than in 2010.** On the other hand, **per capita consumption of imported lamb during this period has increased 75%.** Just as important, we think, is the big increase in per capita consumption during holiday periods, especially Easter. It appears that, be this price or product characteristics, large US retailers focus on imported lamb for their features.
- US domestic lamb production in February was marginally higher than the previous year. Lamb production in Colorado continues to run below year ago but the y/y decline is now in the single digits. On the other hand, production gains in California and Texas have helped offset the decline in Colorado slaughter. One thing that we always like to highlight when showing the production statistics is the wide divergence in weights, which reflects the way lambs/yearlings are marketed in the US.

NATIONAL RETAIL LAMB FEATURE REPORT: ACTIVITY INDEX

Source: USDA. Latest data point is for April 2, 2021



Quarterly Per Capita Lamb Consumption in the US: By Product Source
Data from USDA-NASS. Analysis by Steiner Consulting



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

Source: USDA-NASS. Analysis by Steiner Consulting

	2020			2021			Y/Y % Ch. Production
	Sltr. '1000 hd	Live Wt. lb.	Prod. 1000 lb.	Sltr. '1000 hd	Live Wt. lb.	Prod. 1000 lb.	
1 Colorado	53.1	159.0	8,448	47.0	164.0	7,690	-9%
2 California	21.5	155.0	3,311	25.8	149.0	3,841	16%
3 Texas	13.4	82.0	1,101	12.0	97.0	1,169	6%
4 New Jersey	11.1	78.0	862	11.9	80.0	953	11%
5 Pennsylvania	6.5	112.0	730	6.5	111.0	720	-1%
6 Ohio	4.6	156.0	713	4.3	166.0	708	-1%
7 Indiana	4.3	115.0	498	5.1	119.0	603	21%
8 Oregon	3.5	146.0	515	4.2	145.0	613	19%
9 New York	4.0	109.0	438	4.2	108.0	452	3%
10 Illinois	3.4	80.0	276	4.7	78.0	365	32%
Other	38.9	116.0	4,514	37.9	116.2	4,405	-2%
United States	164.3	130.0	21,406	164	132.0	21,519	1%

Imported Lamb Supply and Price Trends

US lamb imports were sharply lower in the second half of February but we think this was in part due to weather issues.

Since then imports have rebounded but remain below what we saw in 2020. In the four weeks ending March 27, US lamb imports averaged 1,892 MT/wk, down 11% from a year ago. Imports from Australia during this period averaged 1,221 MT/wk, 17% lower than a year ago. On the other hand, imports from New Zealand averaged 650 MT/wk, 7% higher than last year. Imports from other markets remain extremely limited. The only other market that is bringing any measurable supply to the US is Chile but volume is rarely above 20 MT/wk.

The reduction in imports from Australia during March is consistent with the level of shipments we saw in February. Total Australian lamb exports in February were down 9%. However, exports to China continue to be very strong and were up 48% for the month. As a result, exports to other markets were down well in double digits. Australian lamb exports to the US in February were 18% lower than a year ago.

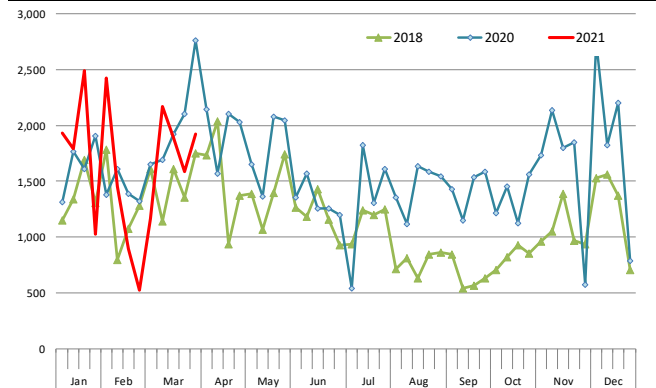
Goat imports have been limited in recent months and supply availability is expected to remain limited.

In the four weeks ending March 27, US goat meat imports from Australia averaged 178 MT/wk, 15% lower than the previous year. In the past Australia accounted for almost all US goat meat imports but in the last three months we have seen more supply become available from Mexico. Imports from Mexico in the last four weeks averaged 27 MT per week compared to just 4 MT during the same period last year.

Imported lamb prices have shown some improvement but there is still a wide divergence in prices, with retail items seeing significant strength while high value racks continuing to struggle due to weak demand from high end restaurants. For the most current reported week (see page 6), leg prices were 19-30% higher than a year ago, depending whether it was chilled or frozen product. Frozen cap off New Zealand racks were still down as much as 28% while Australian racks traded higher than New Zealand product but we did not have a comparable price for last year. Chilled Australian cap off racks were 5-6% lower than last year, however.

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

Source: USDA-AMS



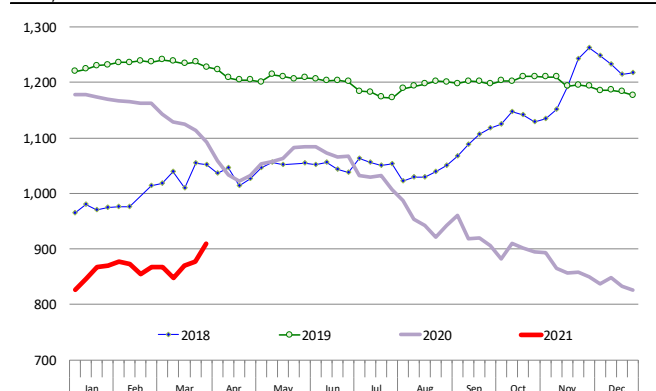
Summary of Australian Lamb Exports: Feb. 2021

Source: MAFF

	2/1/2020	2/1/2021	MT ch.	% ch.
China	3,797	5,622	1,825	48%
Japan	902	502	(400)	-44%
South Korea	1,528	1,273	(254)	-17%
Qatar	1,341	578	(764)	-57%
Dubai	1,461	1,099	(361)	-25%
Jordan	1,000	236	(765)	-76%
USA East	4,376	3,257	(1,120)	-26%
USA West	2,065	2,021	(44)	-2%
USA Total	6,441	5,277	(1,164)	-18%
Malaysia	789	423	(366)	-46%
Papua New Guinea	872	1,317	445	51%
Other	5,680	5,279	(400)	-7%
Total Aus	23,811	21,607	(2,204)	-9%

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

Weekly Prices. Source: USDA



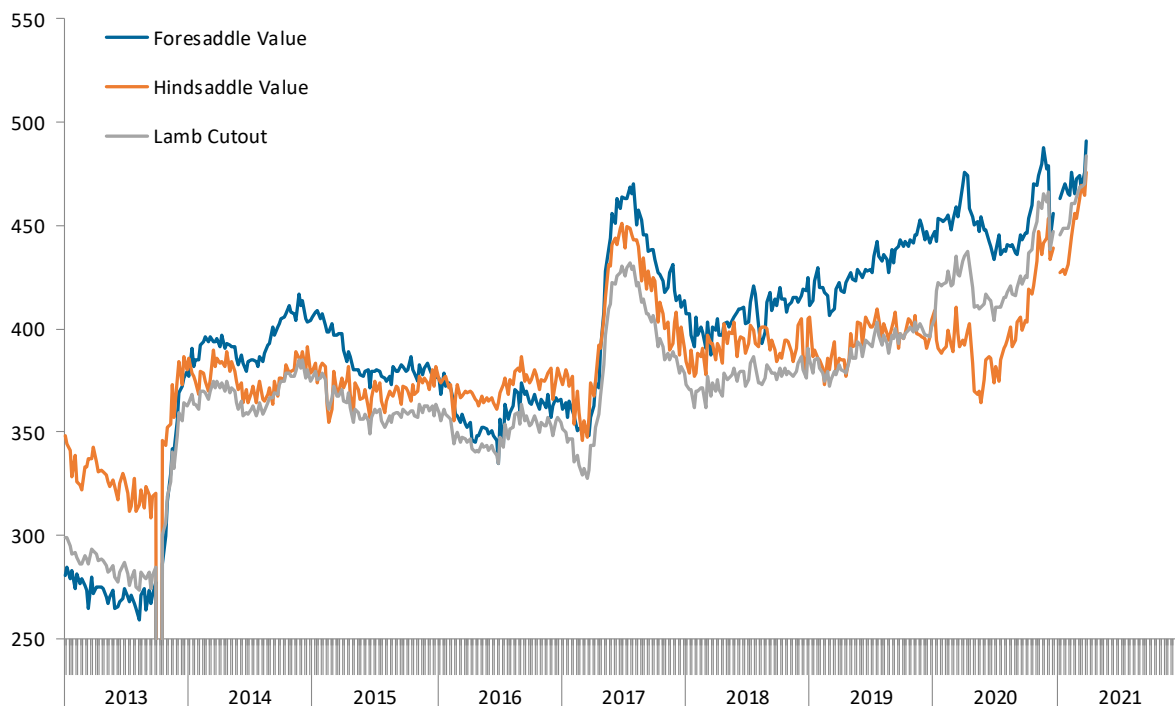
US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		3/26/2021	3/19/2021	w/w	3/27/2020	y/y
		US\$/cwt	US\$/cwt	% ch.	US\$/cwt	% ch.
Foresaddle	204 Rack, 8-Rib, Medium	1055.9	965.8	9.3%	915.7	15.3%
	209 Breast	267.7	297.8	-10.1%	310.6	-13.8%
	207 Shoulders, Square Cut	363.9	358.5	1.5%	340.3	6.9%
	210 Foreshank	458.8	455.9	0.6%	426.8	7.5%
	Neck	207.3	238.4	-13.0%	193.8	7.0%
Foresaddle Value		490.9	476.0	3.1%	469.1	4.6%
Hindsaddle	232 Loin, Trimmed, 4x4	704.0	693.3	1.5%	520.1	35.4%
	232E Flank, Untrimmed	227.9	190.6	19.6%	144.4	57.8%
	233A Leg, Trotter Off	437.2	426.3	2.6%	376.8	16.0%
Hindsaddle Value		476.0	464.3	2.5%	394.7	20.6%
Carcass Value		483.6	470.3	2.8%	432.6	11.8%

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

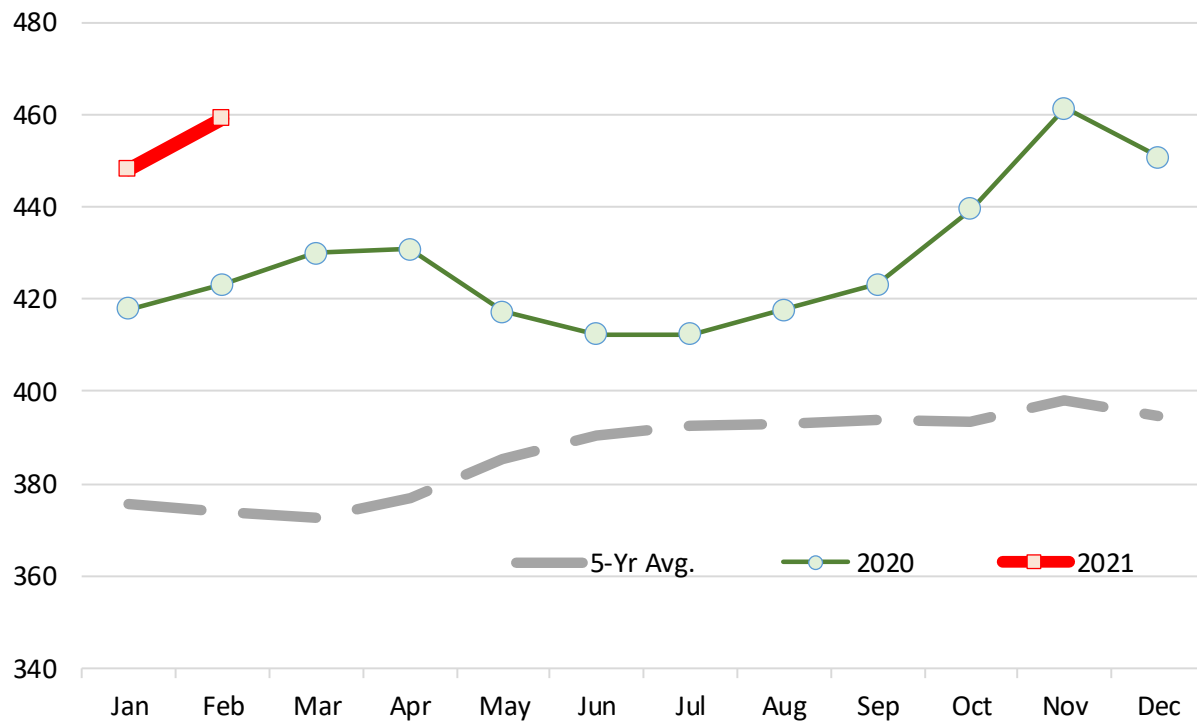
Source: Agricultural Marketin Service, USDA. \$ per 100 lb. Dressed Carcass

	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		372.44		
Apr	344.57	355.50	373.25	380.42	430.76		376.90		
May	342.63	400.16	377.43	389.48	417.20		385.38		
Jun	341.06	425.44	382.01	391.81	412.29		390.52		
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

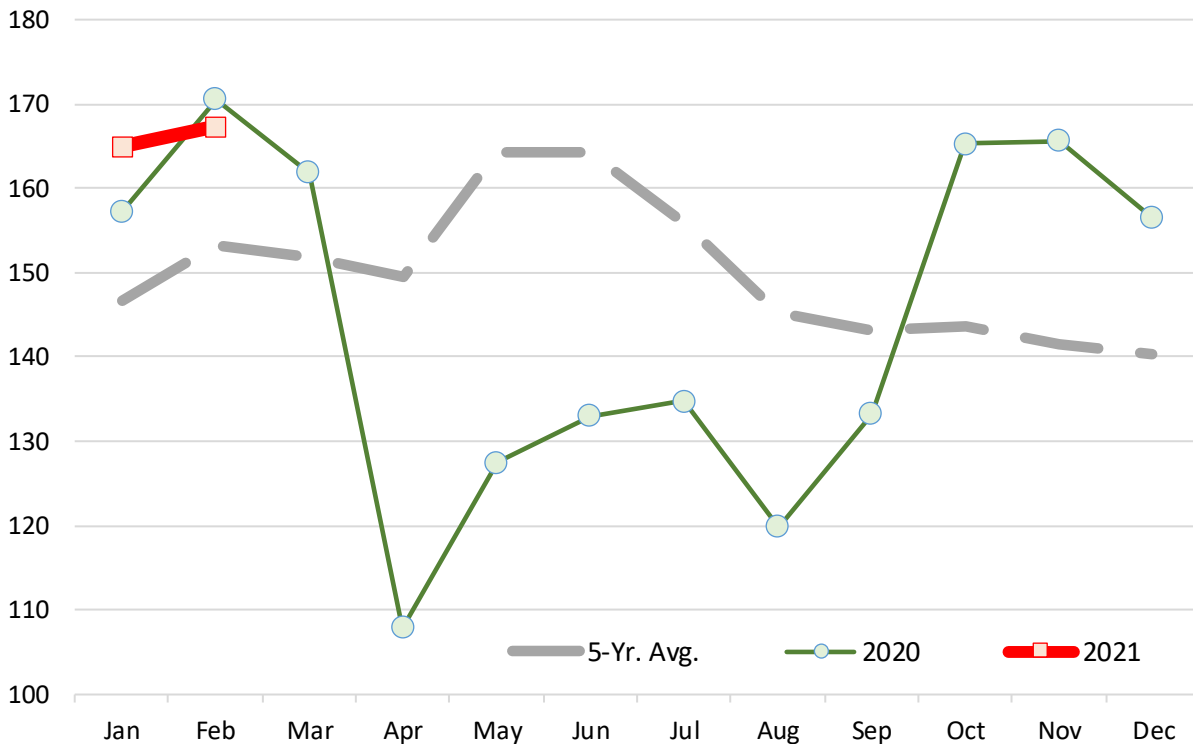
Monthly Average Prices, 100-150 lb. Woolled and Shorn, Choice & Prime 2-3 . \$ per 100 lb.

	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		151.9		
Apr	143.0	177.9	156.0	162.2	107.8		149.4		
May	156.7	209.9	161.6	165.4	127.5		164.2		
Jun	164.0	200.6	166.6	157.4	133.0		164.3		
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	Mar 30, 2020	Mar 22, 2021	Mar 29, 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	\$ 5.00	\$ 5.84	\$ 5.79	-0.9%	15.9%
AUS Shoulder, Square-cut	8,994,775	\$ 3.22	\$ 28,989,584	\$ 3.04	\$ 3.47	\$ 3.67	5.9%	20.8%
AUS Leg, bnls	6,268,292	\$ 4.36	\$ 27,355,892	\$ -	\$ 4.66	\$ 4.66	-0.1%	
AUS Leg, semi bnls	1,985,283	\$ 4.08	\$ 8,100,010	\$ 3.65	\$ 4.04	\$ 4.74	17.3%	30.0%
AUS Rack, FR, Cap-off, 20-24 oz	1,870,146	\$ 9.52	\$ 17,796,182	\$ 10.25	\$ 9.81	\$ 9.67	-1.4%	-5.6%
AUS Rack, FR, Cap-off, 24-28 oz	1,405,292	\$ 9.84	\$ 13,832,964	\$ 10.36	\$ 9.99	\$ 9.80	-1.9%	-5.4%
AUS Rack, FR, Cap-off, 28 oz/up	1,241,798	\$ 9.95	\$ 12,360,440	\$ 9.97	\$ 8.96	\$ 9.67	7.9%	-2.9%
AUS Shortloin, 1-Rib, 1x1	896,958	\$ 4.33	\$ 3,885,234	\$ 3.95	\$ 4.65	\$ 5.11	9.8%	29.4%
AUS Foreshank, VP	605,016	\$ 3.36	\$ 2,031,645	\$ 3.10	\$ 3.16	\$ 3.69	16.5%	18.8%
AUS Shoulder, Square-cut, bnls	1,471	\$ 6.00	\$ 8,826	\$ -	\$ -	\$ -		
Subtotal	37,886,567	\$ 4.88	\$ 184,920,813	\$ 4.15	\$ 5.32	\$ 5.40	1.6%	30.2%
Frozen								
AUS Leg, Long	7,153,328	\$ 2.39	\$ 17,108,856	\$ 3.79	\$ 4.51	\$ 4.52	0.1%	19.2%
AUS Foreshank, LP	4,083,880	\$ 2.39	\$ 9,767,553	\$ 2.81	\$ 2.77	\$ 2.78	0.4%	-1.2%
NZ Rack, FR, Cap-off, 16-20 oz	2,386,029	\$ 2.39	\$ 5,706,746	\$ 10.93	\$ 8.00	\$ 8.19	2.3%	-25.1%
AUS Shoulder, Square-cut	1,679,483	\$ 2.39	\$ 4,016,876	\$ 3.06	\$ 2.98	\$ 3.05	2.4%	-0.3%
AUS Leg, bnls	1,644,850	\$ 2.39	\$ 3,934,043	\$ 4.02	\$ 4.59	\$ 4.59	0.0%	14.2%
AUS Shoulder, Square-cut, bnls	1,591,611	\$ 2.39	\$ 3,806,710	\$ 4.06	\$ 4.14	\$ 4.09	-1.1%	1.0%
AUS Hindshank, LP	1,377,995	\$ 2.39	\$ 3,295,797	\$ 2.78	\$ 3.24	\$ 2.63	-18.8%	-5.2%
AUS Leg, bnls, shank-off	1,234,157	\$ 2.39	\$ 2,951,775	\$ -	\$ 4.28	\$ 4.13	-3.4%	
NZ Rack, FR, Cap-off, 12-16 oz	1,004,423	\$ 2.39	\$ 2,402,312	\$ 11.59	\$ 7.85	\$ 8.41	7.2%	-27.4%
NZ Rack, FR, Cap-off, 20 oz/up	932,757	\$ 2.39	\$ 2,230,906	\$ 10.63	\$ 7.33	\$ 7.61	3.8%	-28.4%
AUS Rack, FR, Cap-off, 20-24 oz	637,951	\$ 2.39	\$ 1,525,809	\$ -	\$ 8.19	\$ 8.24	0.5%	
AUS Rack, FR, Cap-off, 24-28 oz	619,344	\$ 2.39	\$ 1,481,306	\$ 9.53	\$ 8.92	\$ 9.69	8.7%	1.7%
AUS Rack, FR, Cap-off, 28 oz/up	611,734	\$ 2.39	\$ 1,463,105	\$ -	\$ 10.06	\$ 10.53	4.7%	
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	\$ -	\$ 7.25	\$ 7.25	0.0%	
Subtotal	24,975,190	\$ 2.39	\$ 59,734,004	\$ 4.57	\$ 4.93	\$ 4.98	1.0%	8.9%

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.

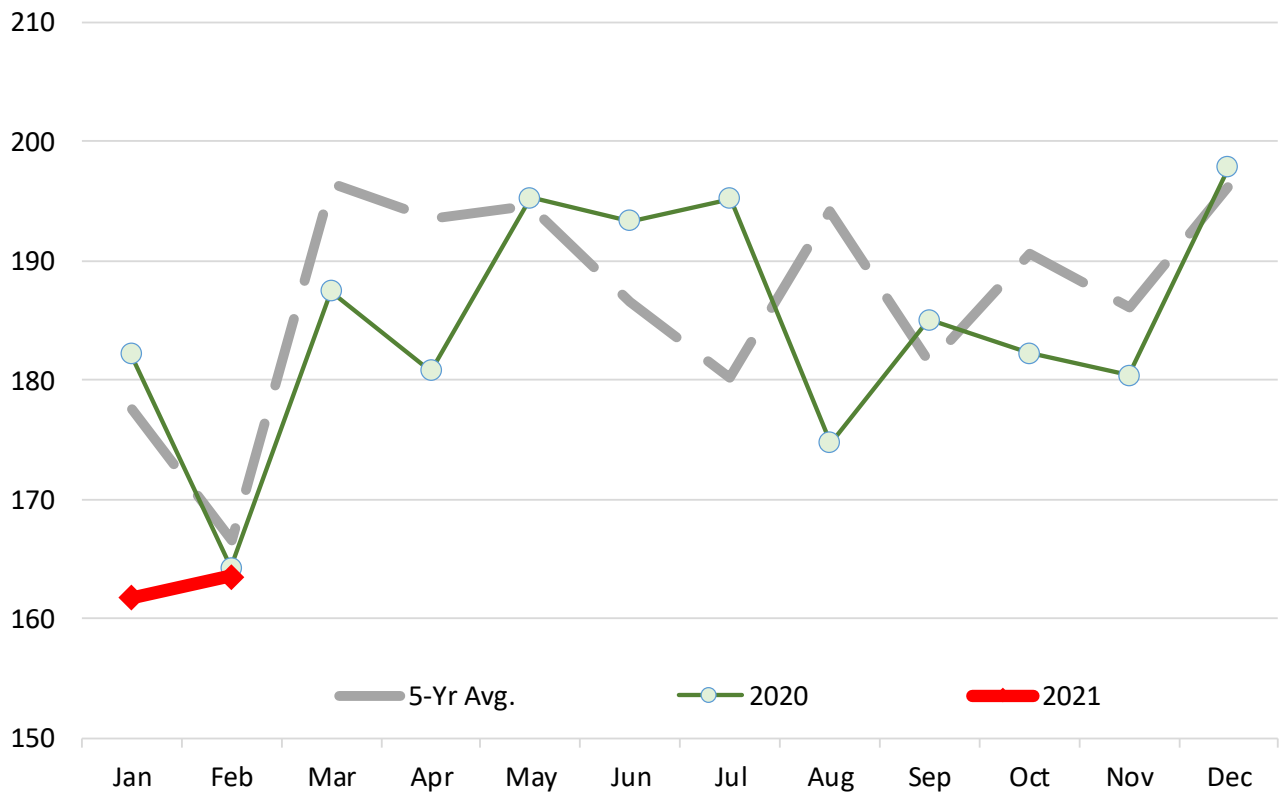
Lamb & Sheep Slaughter. Monthly. '000 Head

	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	182.2	161.8	177.6	-11.2%	-8.9%
Feb	176.1	159.4	164.3	168.7	164.3	163.6	166.6	-0.4%	-1.8%
Mar	206.5	196.3	201.5	190.4	187.5		196.4		
Apr	189.8	179.7	181.5	235.7	180.8		193.5		
May	185.7	180.8	201.8	210.0	195.3		194.7		
Jun	195.9	187.7	180.6	175.4	193.4		186.6		
Jul	170.2	166.9	180.0	188.6	195.2		180.2		
Aug	193.4	194.6	205.4	202.9	174.8		194.2		
Sep	194.0	176.4	172.2	179.3	185.1		181.4		
Oct	181.6	183.5	199.9	206.0	182.3		190.7		
Nov	186.9	187.4	195.3	181.0	180.4		186.2		
Dec	197.0	188.1	201.8	196.5	197.9		196.3		

Source: USDA

Lamb & Sheep Slaughter. Monthly. '000 Head

Monthly Data. Source: USDA



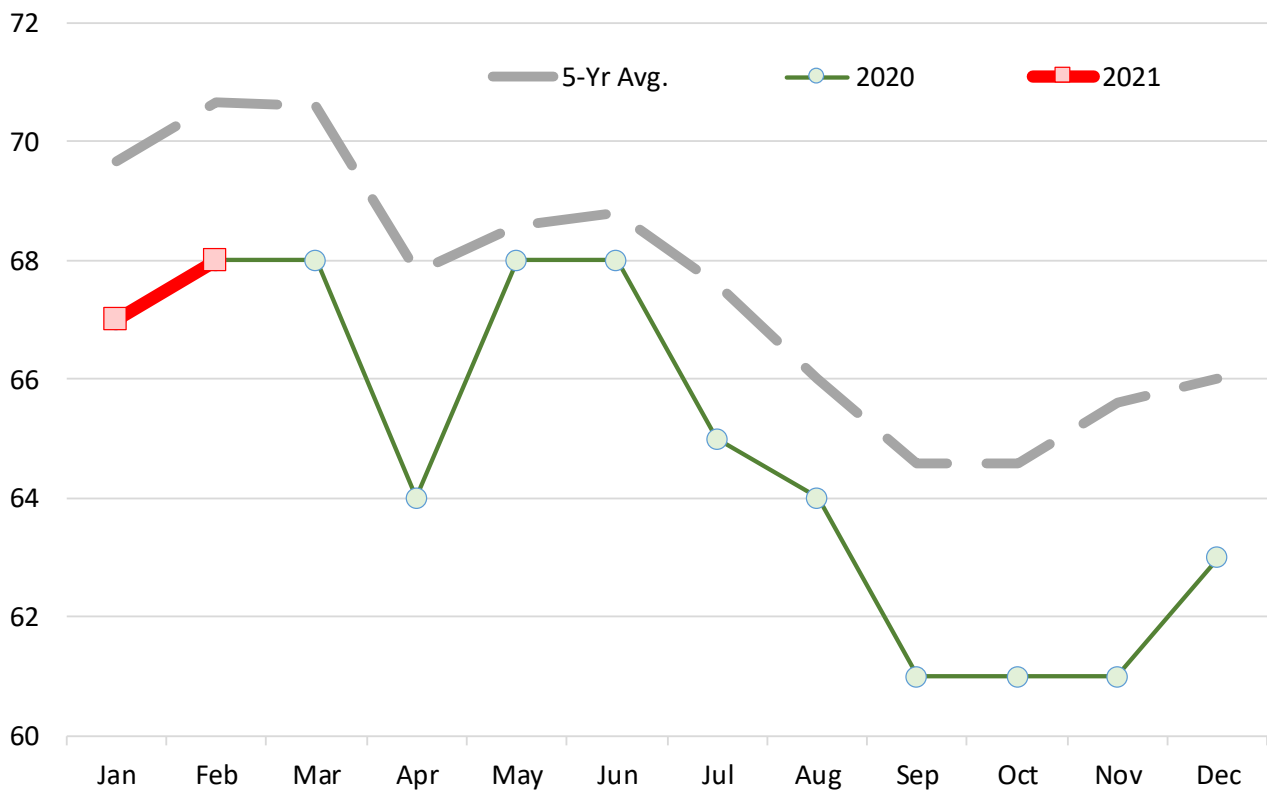
Lamb and Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	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		70.60		
Apr	70.00	67.00	71.00	67.00	64.00		67.80		
May	72.00	67.00	70.00	66.00	68.00		68.60		
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



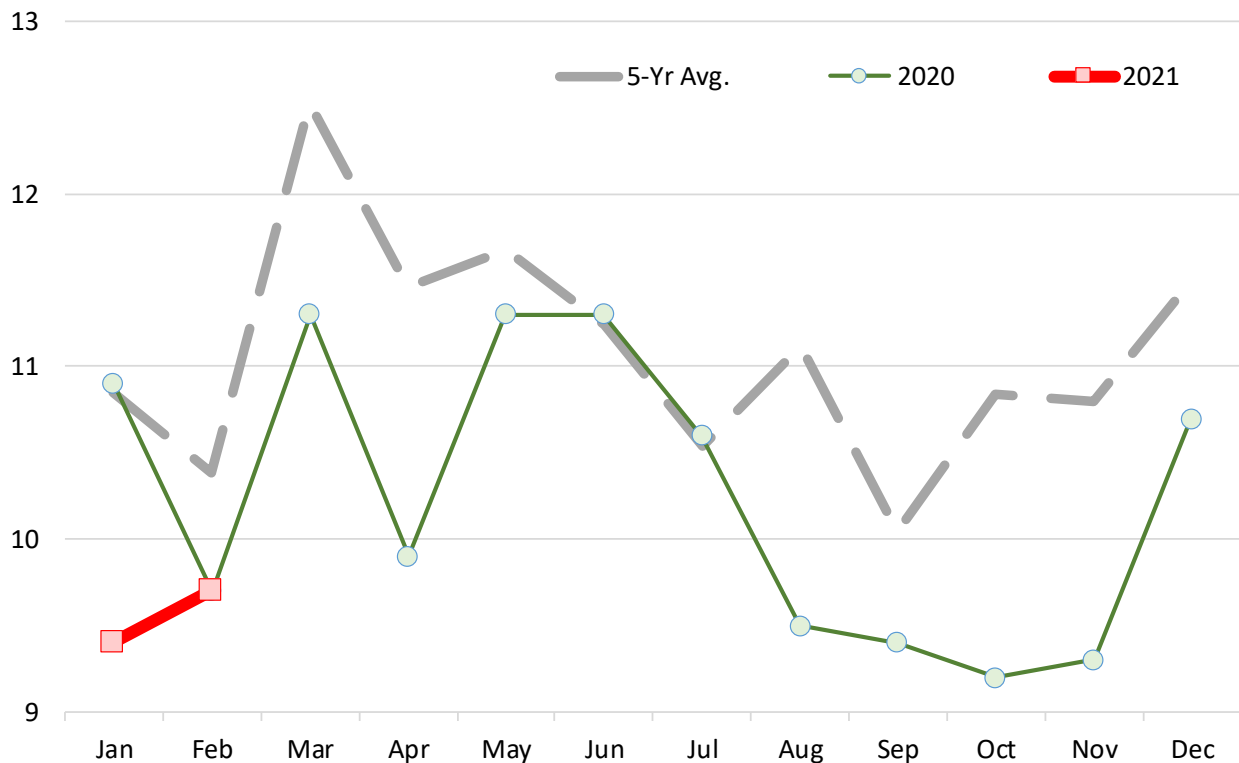
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	2016	2017	2018	2019	2020	2021	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	10.30	11.40	11.70	11.40	10.90	9.40	10.85	-13.8%	-13.4%
Feb	11.60	10.40	10.80	10.10	9.70	9.70	10.38	0.0%	-6.6%
Mar	13.20	12.70	13.30	12.10	11.30		12.52		
Apr	11.80	10.40	11.50	13.70	9.90		11.46		
May	12.00	10.50	12.50	12.10	11.30		11.68		
Jun	12.10	11.30	11.20	10.30	11.30		11.24		
Jul	10.50	9.90	11.00	10.70	10.60		10.54		
Aug	11.50	11.60	11.90	11.10	9.50		11.12		
Sep	10.90	10.10	10.10	9.70	9.40		10.04		
Oct	10.70	10.90	11.90	11.50	9.20		10.84		
Nov	11.30	11.40	11.80	10.20	9.30		10.80		
Dec	12.10	11.80	11.90	11.00	10.70		11.50		

Source: USDA

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

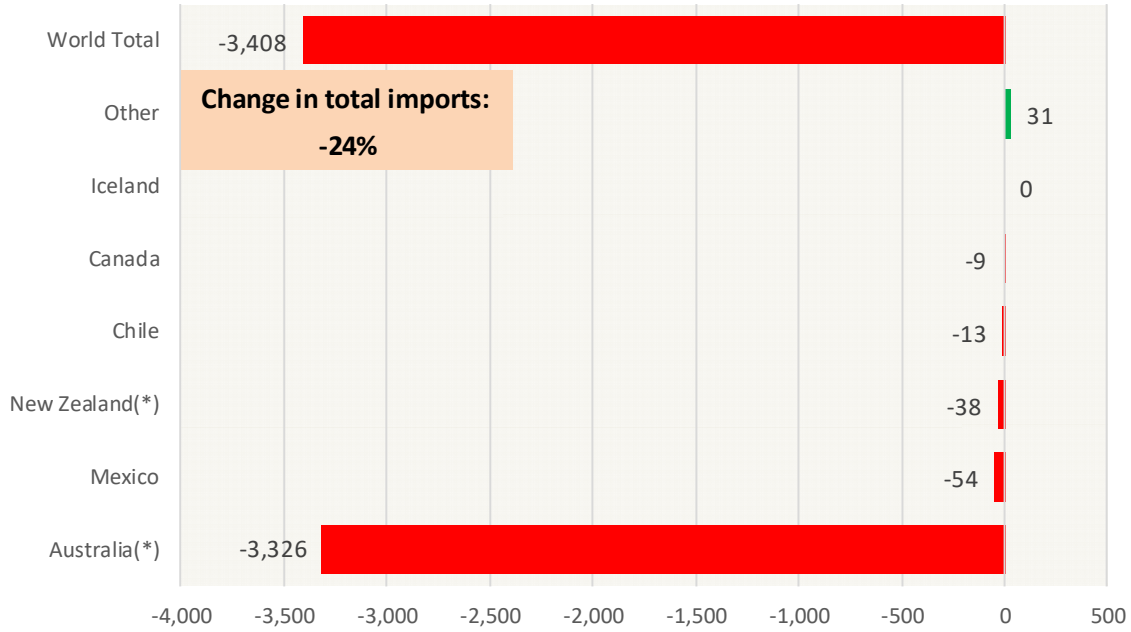
Monthly Data. Source: USDA



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

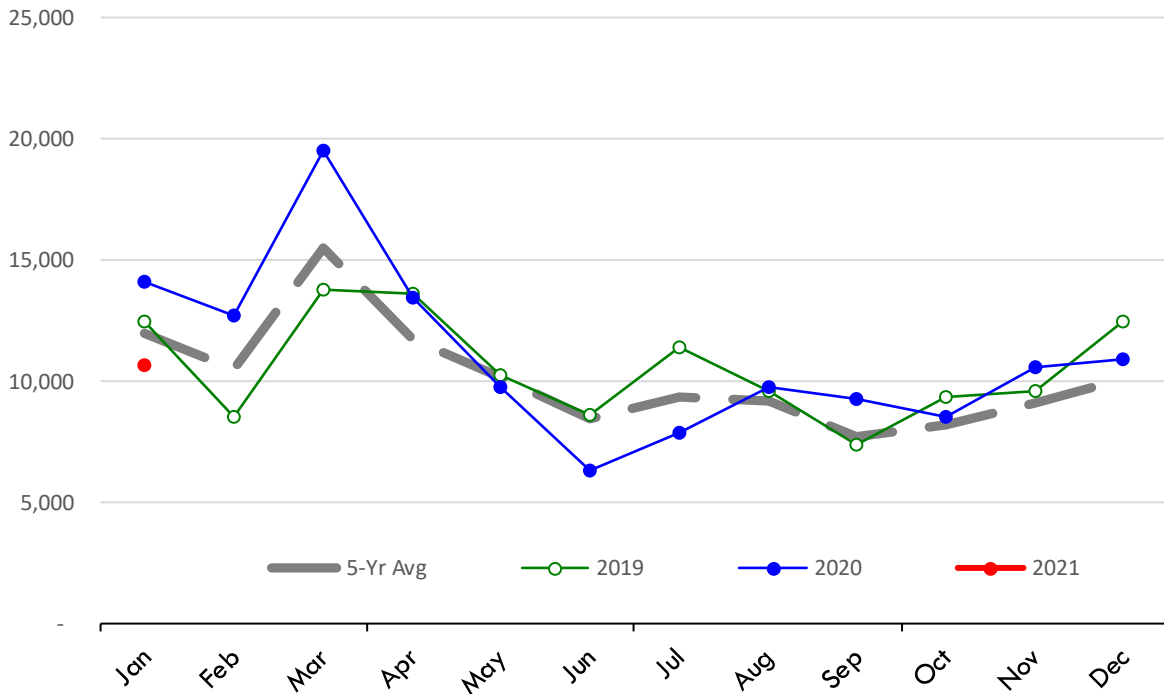
Source: USDA/FAS

Units: Metric Tons



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

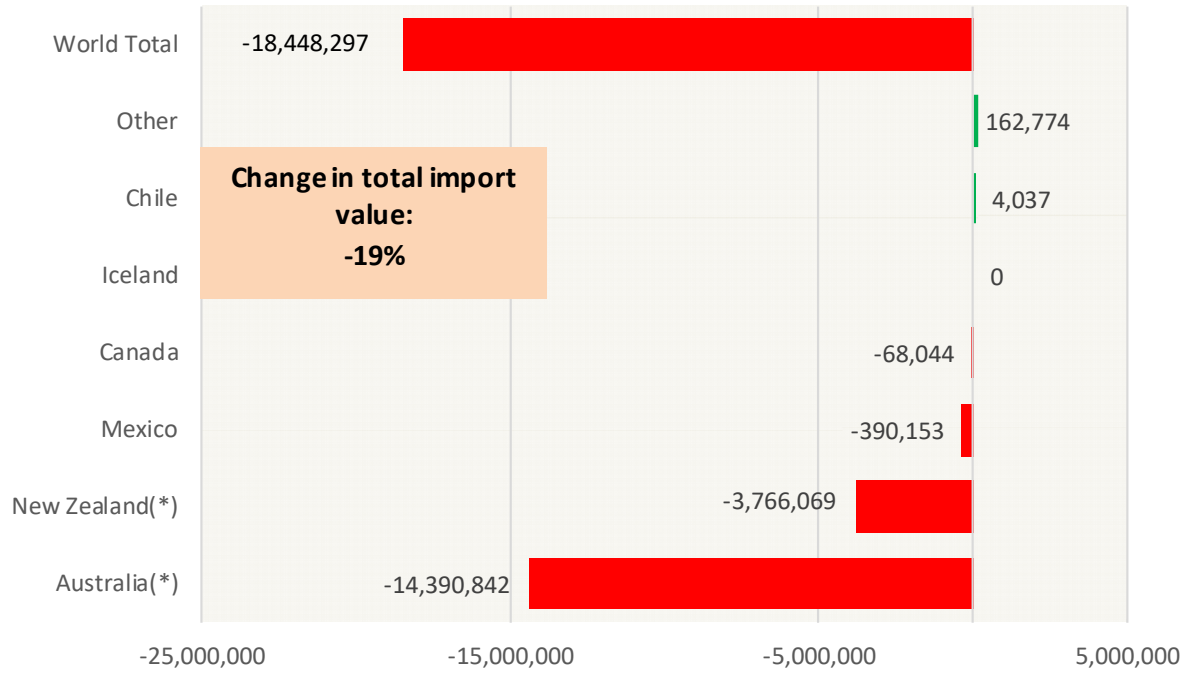
Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



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

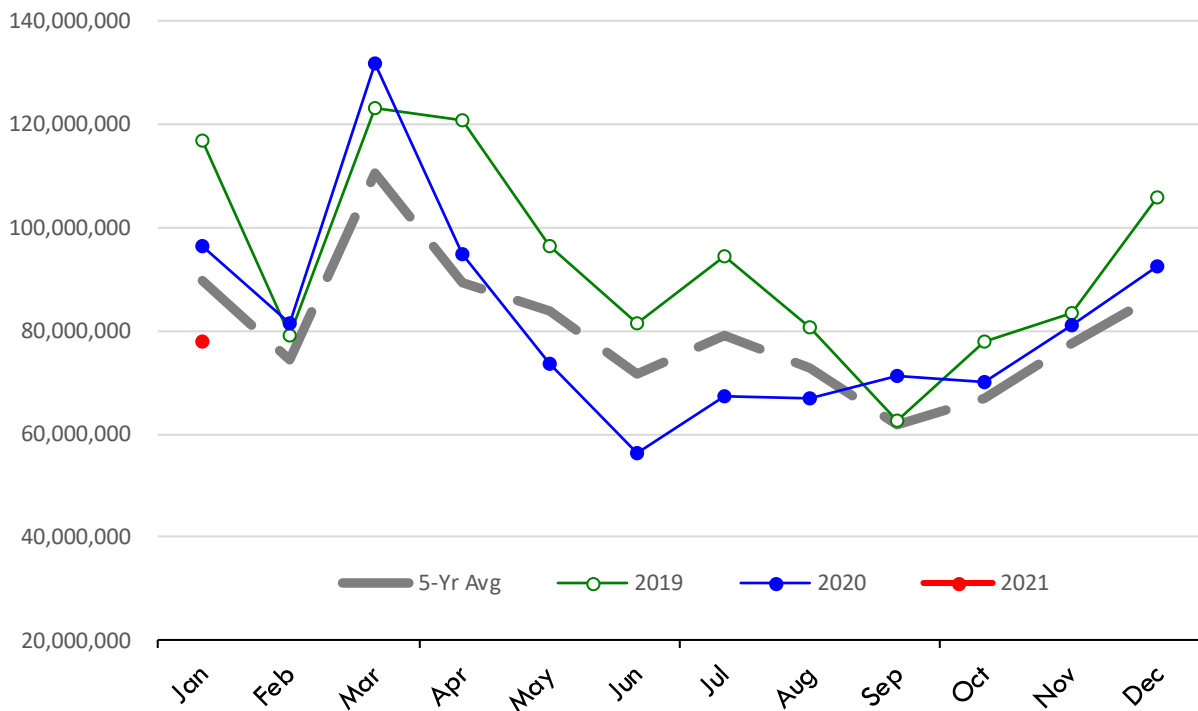
Source: USDA/FAS

Units: US Dollars



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

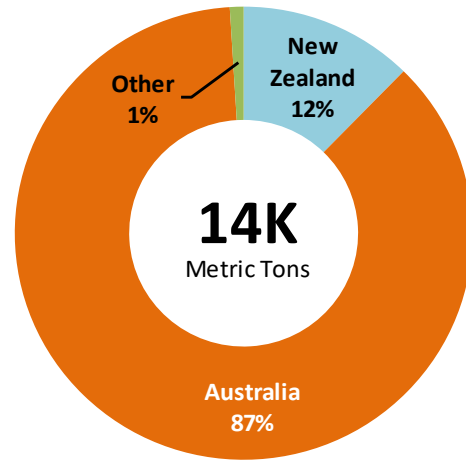
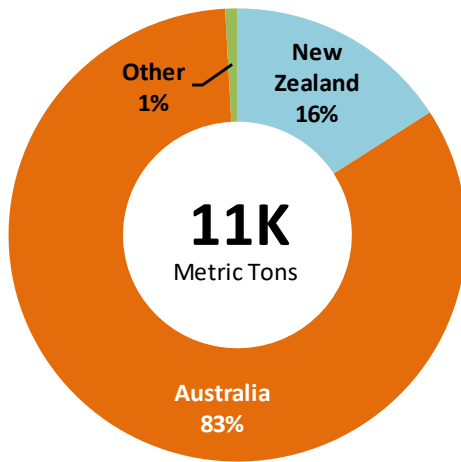
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

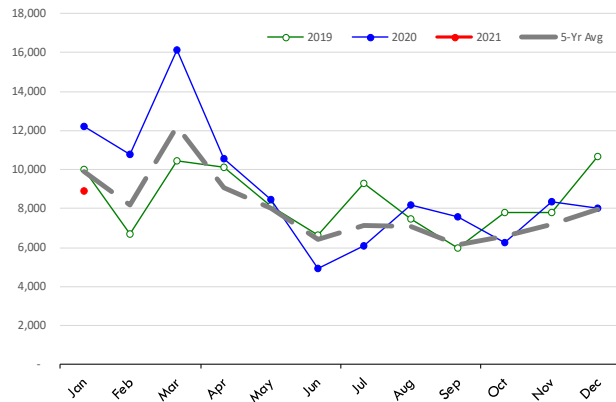
Total Volume and Country Shares for Period Jan - Jan 2021, MT

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



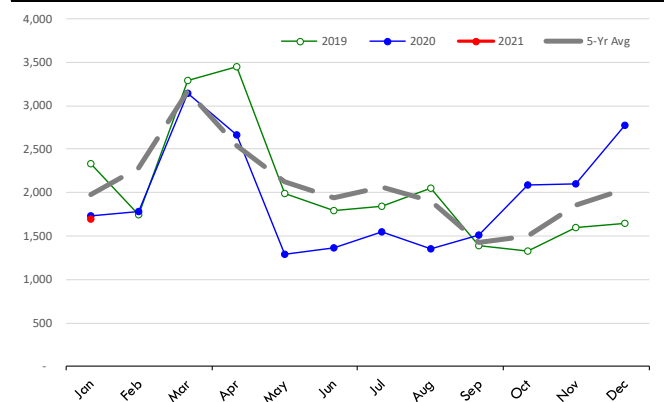
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



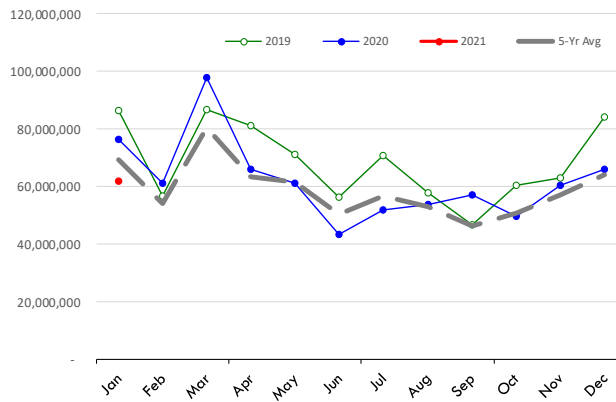
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



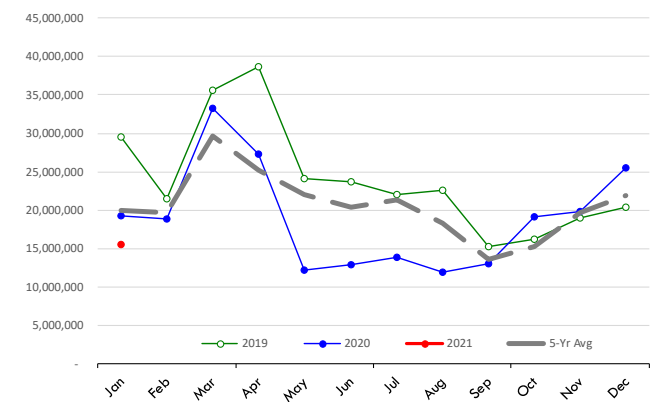
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



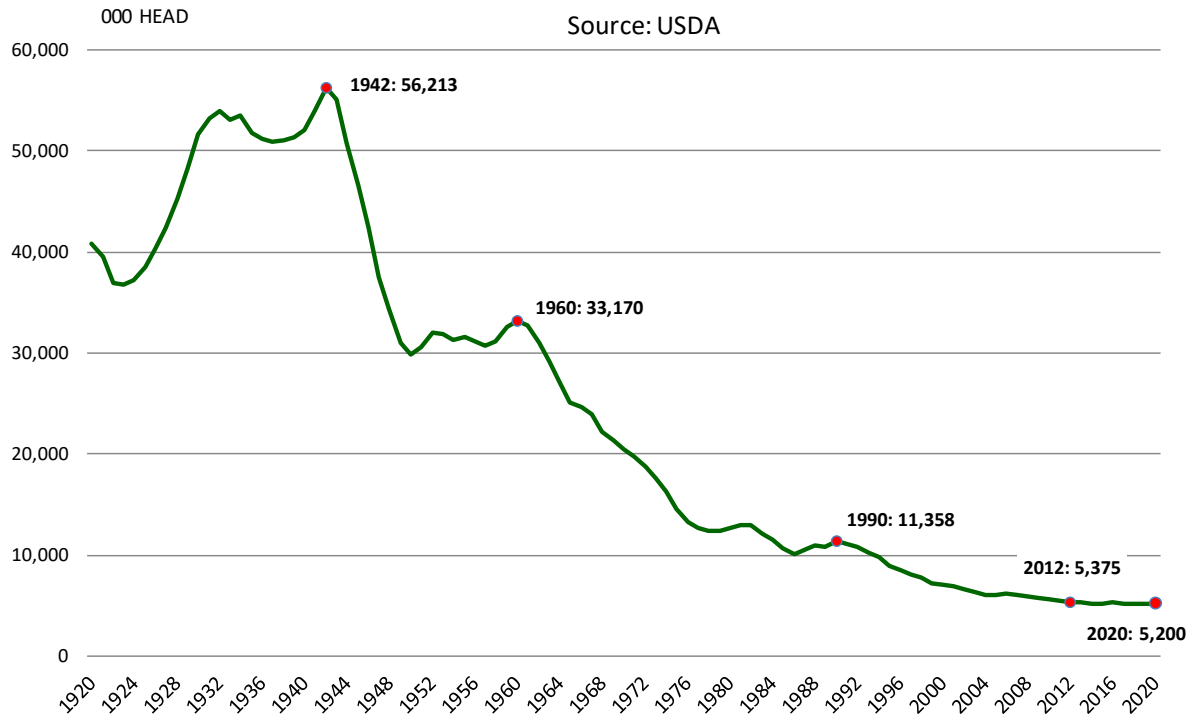
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



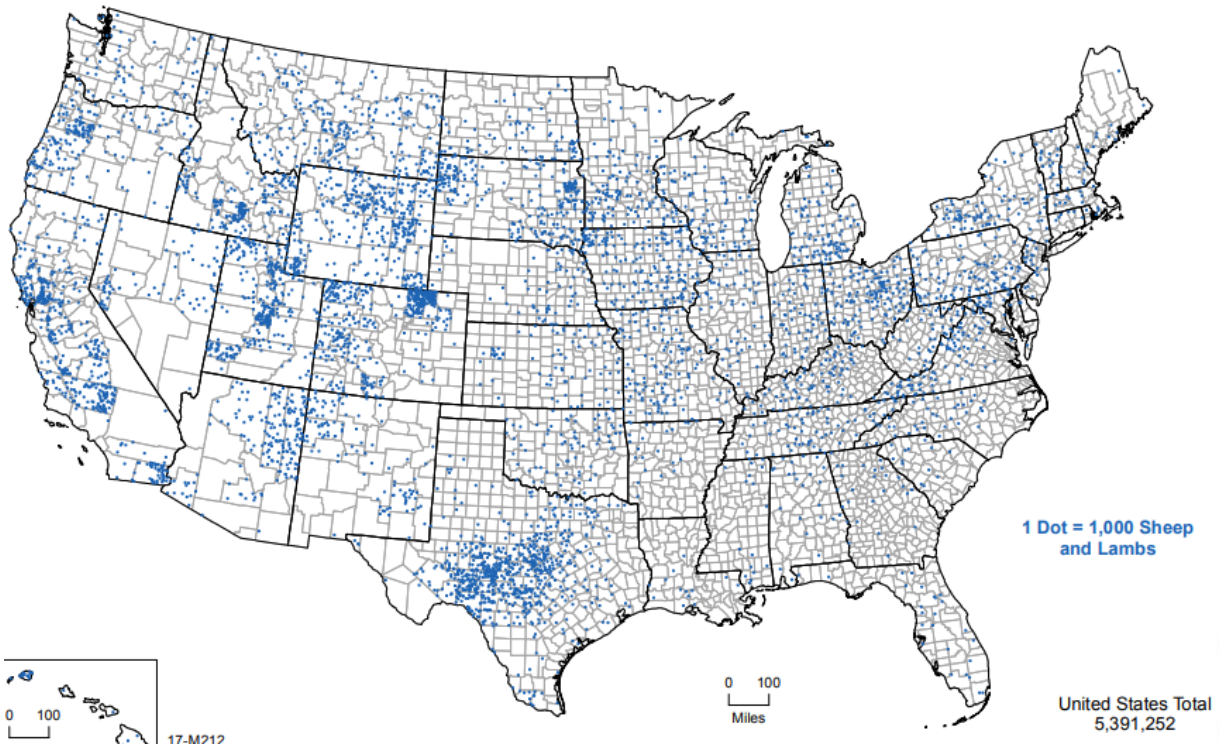
JANUARY 1 US SHEEP & LAMB INVENTORY

Source: USDA

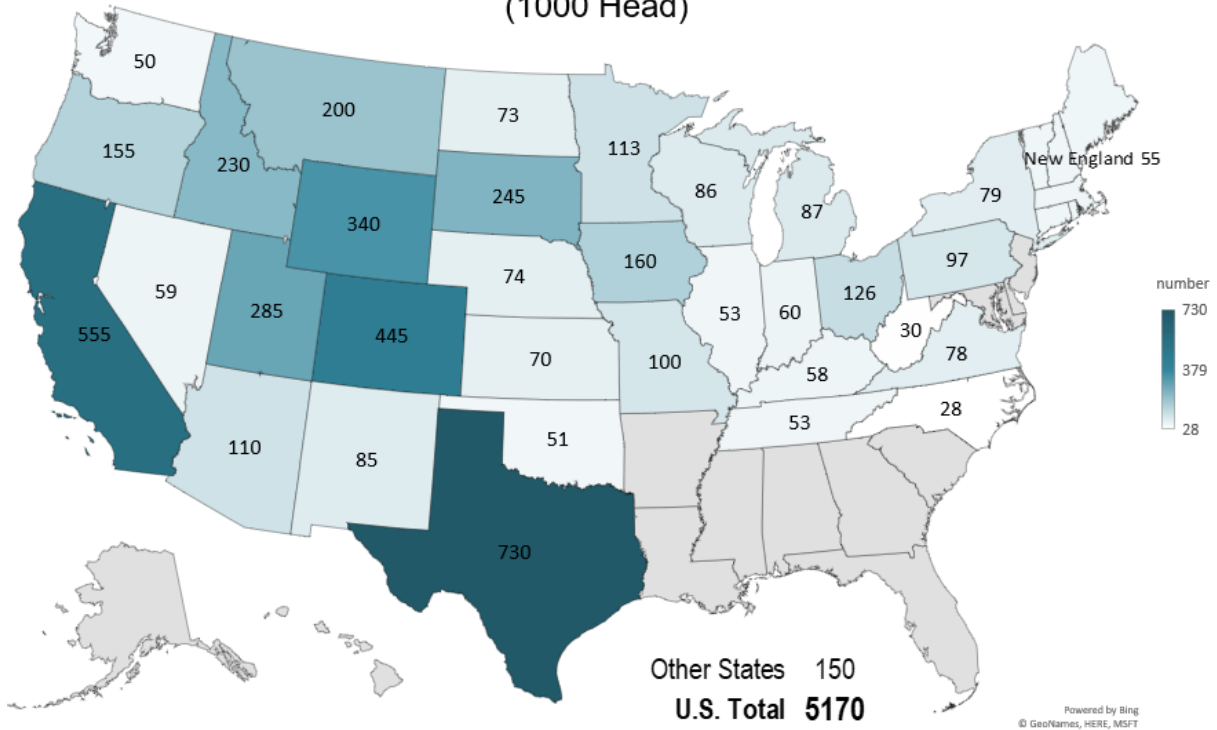


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



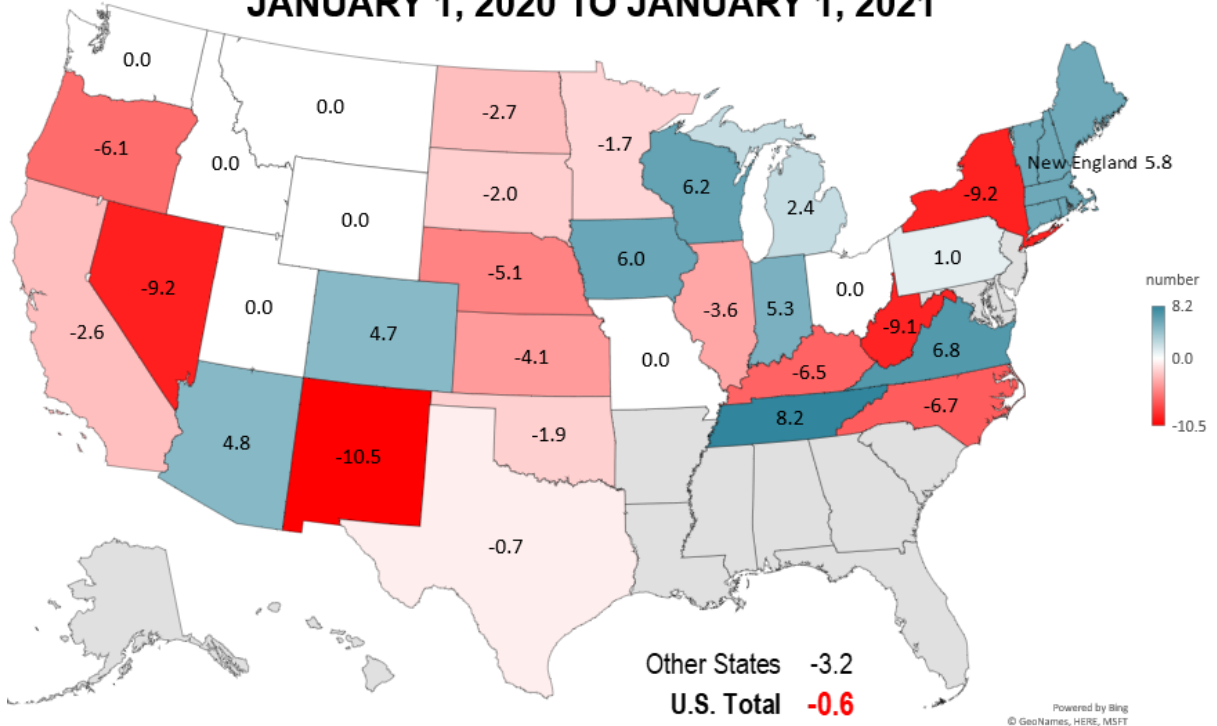
SHEEP AND LAMB NUMBERS JANUARY 1, 2021 (1000 Head)



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

