

Monthly US Lamb Market Update

May 2021 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

May 28, 2021

USA Domestic Lamb Market - Supply/Demand Situation

- US lamb and sheep slaughter in April was estimated at 222,800 head, 23% higher than a year ago. COVID outbreaks at processing plants as well as the collapse in food service demand resulted in a sharp reduction in slaughter a year ago. Current slaughter levels are now back to pre-Pandemic levels. April slaughter was 5.5% lower than in 2019 but 15% higher than the five year average. The production shift that took place during the pandemic will persist as we move forward. Colorado now accounts for a smaller share of production, with more lambs moving down to Texas given increased processing capacity in that state. In the latest update, USDA pegged Texas lamb and sheep slaughter at 23,900 head, 41% higher than a year ago. As more feedlot lambs are brought into Texas for processing, the average weight of slaughter lambs has increased dramatically. Last year, the average weight of lambs and sheep slaughtered in Texas was 83 pounds live, one of the lowest in the country and well below Colorado and California. This year, the average weight was 102 pounds, a 23% increase from last year. As a result, live sheep and lamb production in April in Texas was up 72% from a year ago.
- Lost slaughter processing capacity has negatively impacted feedlots in Colorado, traditionally the largest lamb and sheep meat producing state in the US. According to USDA, the May 1 inventory of lambs on feed in Colorado was 91,844 head, 14.3% lower than a year ago and 23.5% lower than the average of the last five years. Inventory is expected to decline in the next three months as grazing conditions seasonally improve.
- The supply of lamb and mutton in cold storage normally increases Q2, reflecting higher imports and the slowdown in demand during that time of year. This year, however, freezer inventories declined 2.3% in April and they were 39% lower than last year and 33% lower than the five year average. We think this is largely due to the quick recovery in food service demand now that most states have lifted COVID restrictions. Food service distributors have been very aggressive in trying to refill the pipeline, limiting the supply of lamb and mutton accumulated in cold storage warehouses.
- 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 at both retail and foodservice.

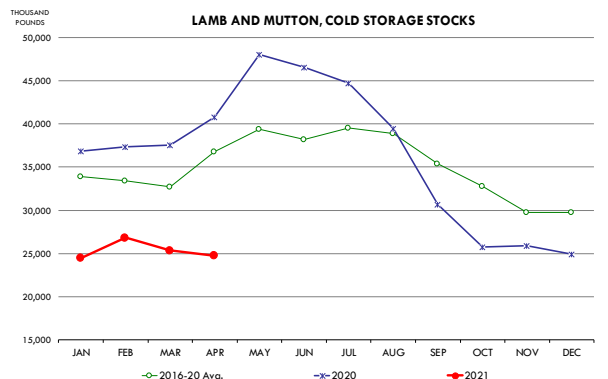
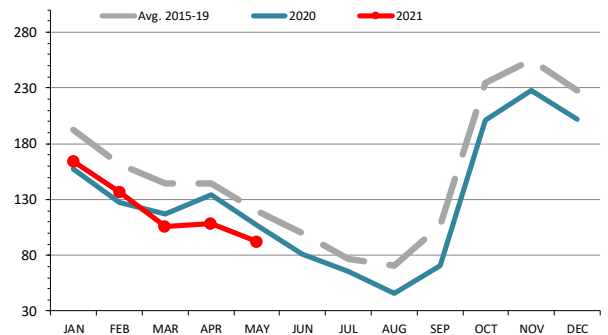
Top 10 States for Lamb/Sheep Slaughter and Production in February

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	59.2	164.0	9,683	55.1	165.0	9,083	-6%
2 California	25.5	155.0	3,954	30.2	149.0	4,481	13%
3 Texas	15.6	82.0	1,284	19.4	102.0	1,991	55%
4 New Jersey	12.8	78.0	993	16.5	80.0	1,325	33%
5 Pennsylvania	7.3	109.0	795	9.5	109.0	1,032	30%
6 Ohio	5.8	163.0	941	6.1	165.0	1,009	7%
7 Indiana	5.4	115.0	620	7.1	118.0	838	35%
8 Oregon	4.3	143.0	617	5.7	148.0	845	37%
9 New York	4.2	107.0	447	5.9	99.0	580	30%
10 Illinois	3.9	72.0	282	5.0	75.0	375	33%
Other	43.7	113.4	4,957	53.2	117.0	6,223	26%
United States	187.7	131.0	24,573	214	130.0	27,782	13%

COLORADO LAMBS ON FEED. '000 head

Monthly Data Reported by the Livestock Market Information Center



Imported Lamb Supply and Price Trends

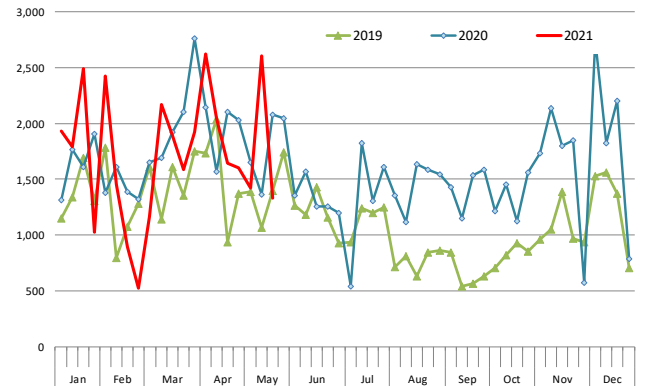
USDA weekly import data shows a great deal of variability in weekly import entries. In the four weeks ending May 15, lamb imports from Australia were estimated at around 1,159 MT/week, 4% lower than the same four week period a year ago. This is a somewhat surprising number and suggests that the weekly data set may be incomplete. In March, Australian export data pegged shipments to the US at 5,940 MT, 10% higher than the previous year and in April Australia shipped 5,575 MT of lamb to the US, 17% more than the previous year. It does not seem reasonable that export shipments from Australia show double digit increases and yet USDA weekly statistics show a decline. It should be noted that the weekly export numbers are preliminary. We expect to get official April lamb imports in early June. In March, US lamb, goat and mutton imports from Australia were down 36% y/y and overall imports were down 26%. And in the first three months of the year, overall imports of lamb, mutton and goat meat were down 15,662 MT or 34% from the previous year. The reduction in imports earlier in the year likely contributed to the lower supply of lamb and mutton in cold storage in April.

Imported lamb prices continued to gain ground through much of April and May and we expect prices to remain firm through the summer due to limited supply availability in the freezer and continued strong demand at food service. Prices for high value beef cuts have increased sharply in the last month and this will continue to underpin lamb values as well. Below are a few key pricing highlights:

- Australian 1-rib shortloins are the most traded chilled product in the market. For the week ending May 24, this product traded at \$6.55/lb., a 33% increase from a year ago and also 32% higher than in 2019. Prices are now above the previous record levels we saw in the summer of 2014.
- The price of Australian chilled cap off racks is trading in a wide range depending on sizing. The highest price quoted for the most current week was \$11.55/lb. for 24-28oz cap off racks, 11% higher than the previous year.
- Chilled shoulder and boneless leg prices are also running 14-16% higher than the already lofty prices we saw a year ago when retail demand took off.
- Frozen Australian legs were last quoted at \$4.66/lb., 23% higher than the previous year.
- Lack of Australian supply has bolstered prices in the near term. On the other hand, USDA is quoting a number of New Zealand products well below year ago levels (see page 6 for full details.)

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

Source: USDA-AMS



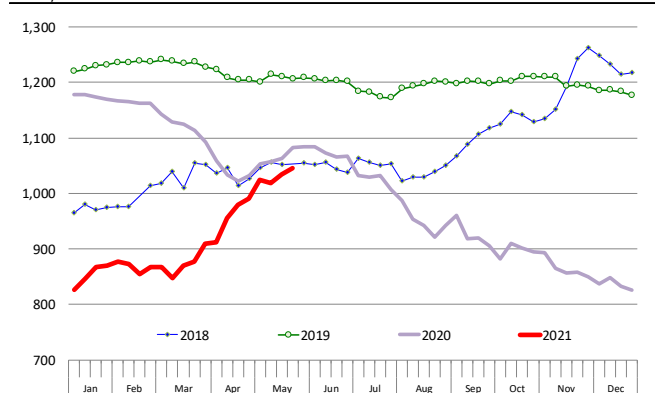
Summary of Australian Lamb Exports: Apr. 2021

Source: MAFF

	4/1/2020	4/1/2021	MT ch.	% ch.
China	7,086	4,735	(2,351)	-33%
Japan	1,071	834	(237)	-22%
South Korea	679	1,568	889	131%
Qatar	1,601	787	(814)	-51%
Dubai	1,270	1,172	(98)	-8%
Jordan	746	268	(478)	-64%
USA East	3,627	3,958	331	9%
USA West	1,127	1,617	489	43%
USA Total	4,755	5,575	820	17%
Malaysia	385	1,126	741	192%
Papua New Guinea	618	972	354	57%
Other	4,433	4,765	331	7%
Total Aus	22,643	21,801	(842)	-4%

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

Weekly Prices. Source: USDA



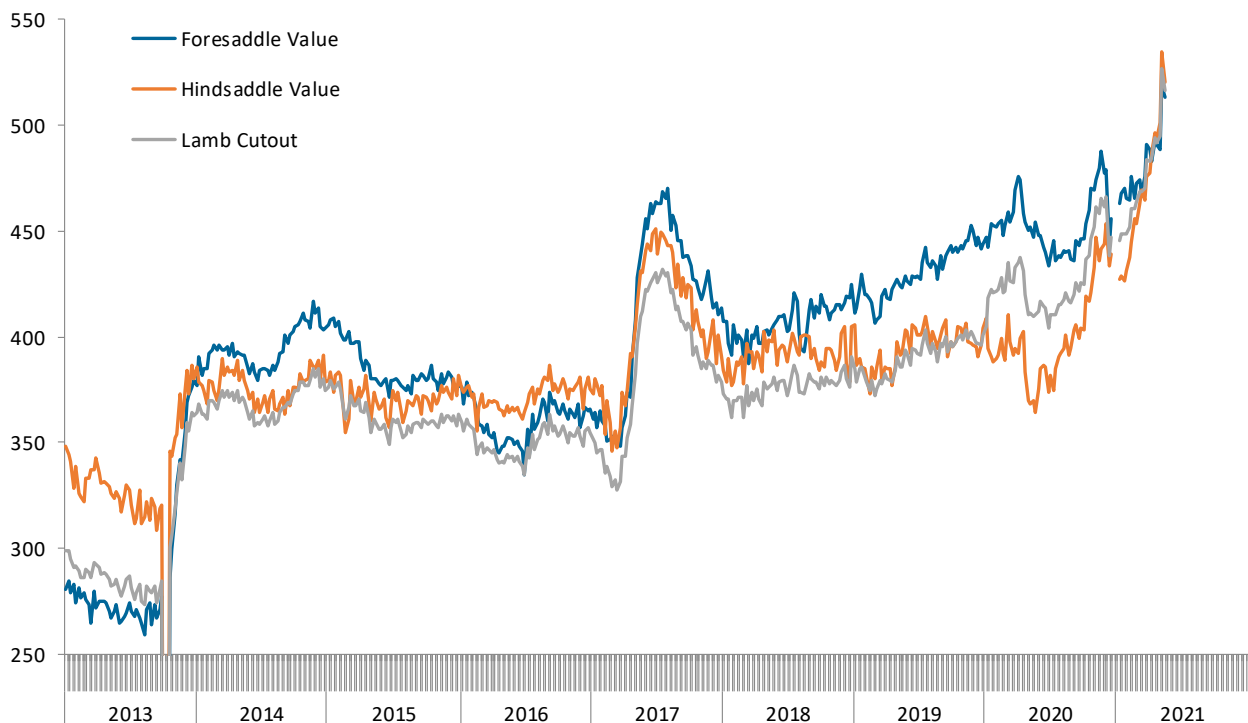
US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		5/14/2021	5/7/2021	w/w	5/15/2020	y/y
		US\$/cwt	US\$/cwt	% ch.	US\$/cwt	% ch.
Foresaddle	204 Rack, 8-Rib, Medium	1078.5	1079.8	-0.1%	854.2	26.3%
	209 Breast	275.5	291.4	-5.5%	286.0	-3.7%
	207 Shoulders, Square Cut	378.5	377.5	0.3%	326.0	16.1%
	210 Foreshank	513.5	504.0	1.9%	420.2	22.2%
	Neck	148.2	238.0	-37.7%	210.9	-29.7%
Foresaddle Value		513.2	518.4	-1.0%	447.4	14.7%
Hindsaddle	232 Loin, Trimmed, 4x4	763.3	810.0	-5.8%	501.9	52.1%
	232E Flank, Untrimmed	220.2	208.8	5.5%	177.3	24.2%
	233A Leg, Trotter Off	493.8	489.7	0.8%	386.9	27.6%
Hindsaddle Value		520.5	534.8	-2.7%	369.7	40.8%
Carcass Value		516.7	526.3	-1.8%	409.3	26.3%

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

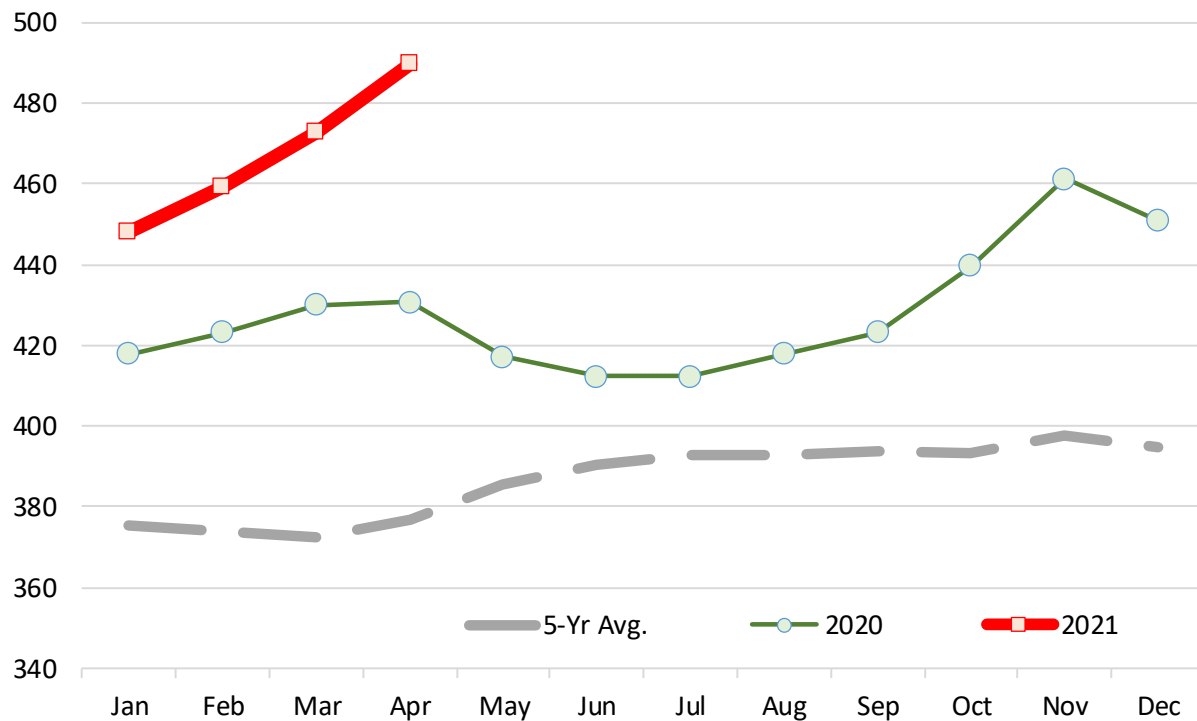
Source: Agricultural Marketin Service, USDA. \$ per 100 lb. Dressed Carcass

	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		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

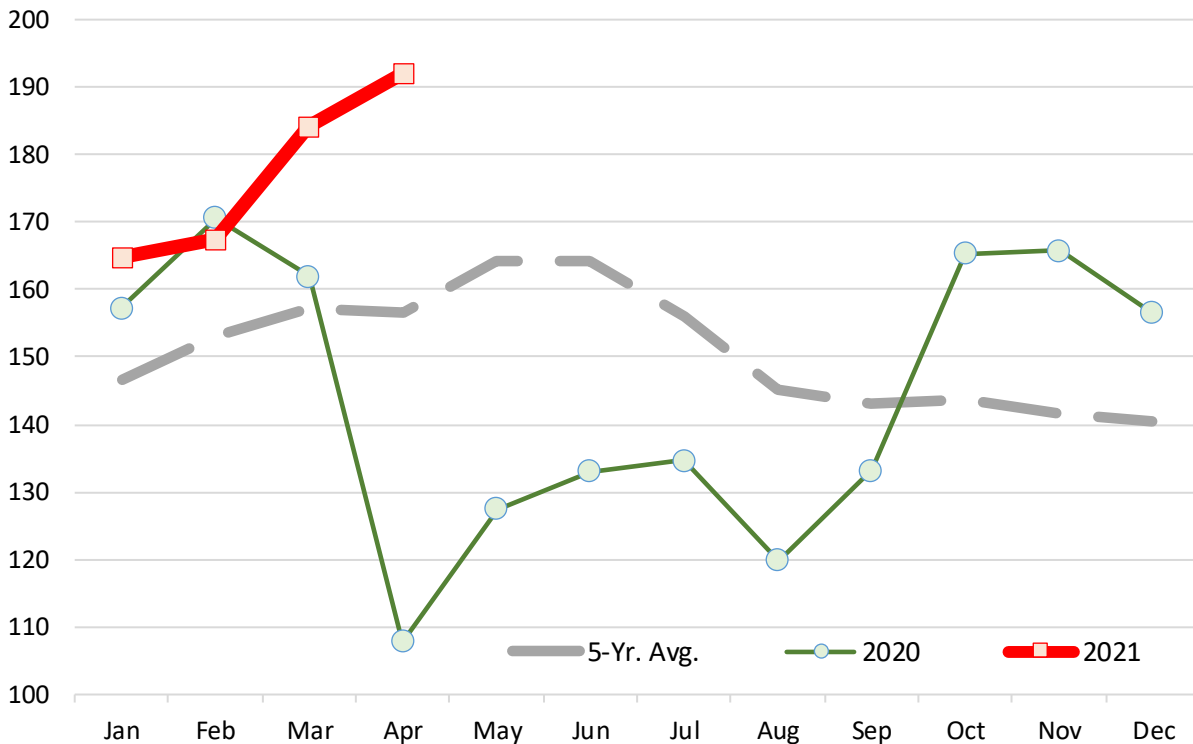
Monthly Average Prices, 100-150 lb. Woolled and Shorn, Choice & Prime 2-3 . \$ per 100 lb.

	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	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		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	May 25, 2020	May 17, 2021	May 24, 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	\$ 4.91	\$ 6.14	\$ 6.55	6.6%	33.6%
AUS Shoulder, Square-cut	8,994,775	\$ 3.22	\$ 28,989,584	\$ 3.16	\$ 3.76	\$ 3.67	-2.2%	16.1%
AUS Leg, bnls	6,268,292	\$ 4.36	\$ 27,355,892	\$ -	\$ 4.89	\$ 4.89	-0.1%	
AUS Leg, semi bnls	1,985,283	\$ 4.08	\$ 8,100,010	\$ 4.29	\$ 5.10	\$ 4.88	-4.2%	13.9%
AUS Rack, FR, Cap-off, 20-24 oz	1,870,146	\$ 9.52	\$ 17,796,182	\$ 10.19	\$ 10.19	\$ 10.29	0.9%	0.9%
AUS Rack, FR, Cap-off, 24-28 oz	1,405,292	\$ 9.84	\$ 13,832,964	\$ 10.42	\$ 10.34	\$ 11.55	11.8%	10.9%
AUS Rack, FR, Cap-off, 28 oz/up	1,241,798	\$ 9.95	\$ 12,360,440	\$ 10.90	\$ 10.55	\$ 10.59	0.4%	-2.9%
AUS Shortloin, 1-Rib, 1x1	896,958	\$ 4.33	\$ 3,885,234	\$ -	\$ 6.75	\$ 6.42	-4.8%	
AUS Foreshank, VP	605,016	\$ 3.36	\$ 2,031,645	\$ 3.43	\$ 3.87	\$ 3.85	-0.5%	12.1%
AUS Shoulder, Square-cut, bnls	1,471	\$ 6.00	\$ 8,826	\$ -	\$ -	\$ -		
Subtotal	37,886,567	\$ 4.88	\$ 184,920,813	\$ 4.12	\$ 5.73	\$ 5.90	3.0%	43.4%
Frozen								
AUS Leg, Long	7,153,328	\$ 3.69	\$ 26,425,668	\$ 3.78	\$ 4.60	\$ 4.66	1.2%	23.3%
AUS Foreshank, LP	4,083,880	\$ 2.76	\$ 11,269,505	\$ 2.81	\$ 2.90	\$ 2.90	0.3%	3.3%
NZ Rack, FR, Cap-off, 16-20 oz	2,386,029	\$ 10.04	\$ 23,946,315	\$ 10.89	\$ 8.00	\$ 8.35	4.4%	-23.3%
AUS Shoulder, Square-cut	1,679,483	\$ 2.84	\$ 4,765,242	\$ 2.85	\$ 3.35	\$ 3.07	-8.4%	7.7%
AUS Leg, bnls	1,644,850	\$ 3.91	\$ 6,423,177	\$ 4.06	\$ 5.43	\$ 4.51	-17.0%	11.1%
AUS Shoulder, Square-cut, bnls	1,591,611	\$ 3.93	\$ 6,247,621	\$ 3.95	\$ 4.57	\$ 4.93	8.0%	24.7%
AUS Hindshank, LP	1,377,995	\$ 2.76	\$ 3,806,928	\$ 2.75	\$ 3.25	\$ 3.39	4.6%	23.6%
AUS Leg, bnls, shank-off	1,234,157	\$ 3.90	\$ 4,816,990	\$ -	\$ 5.14	\$ 5.46	6.4%	
NZ Rack, FR, Cap-off, 12-16 oz	1,004,423	\$ 10.05	\$ 10,096,657	\$ 10.75	\$ 7.92	\$ 8.99	13.6%	-16.4%
NZ Rack, FR, Cap-off, 20 oz/up	932,757	\$ 8.60	\$ 8,022,179	\$ 9.47	\$ 7.78	\$ 8.05	3.4%	-15.0%
AUS Rack, FR, Cap-off, 20-24 oz	637,951	\$ 8.42	\$ 5,368,366	\$ 8.53	\$ 12.78	\$ 10.10	-21.0%	18.4%
AUS Rack, FR, Cap-off, 24-28 oz	619,344	\$ 8.03	\$ 4,975,165	\$ 8.77	\$ 10.79	\$ 8.62	-20.1%	-1.7%
AUS Rack, FR, Cap-off, 28 oz/up	611,734	\$ 8.07	\$ 4,936,693	\$ 8.45	\$ 10.11	\$ 11.74	16.1%	39.0%
AUS Hindshank, VP	17,648	\$ 3.53	\$ 62,334	\$ -	\$ -	\$ -		
AUS Rack, FR, Cap-off, 20 oz/dn	11,430	\$ 5.61	\$ 64,142	\$ -	\$ 12.98	\$ 12.98	0.0%	
NZ Rack, FR, Cap-off, 12 oz/dn	10,418	\$ 10.24	\$ 106,702	\$ -	\$ 9.15	\$ 9.15	0.0%	
Subtotal	24,997,038	\$ 4.85	\$ 121,333,682	\$ 4.87	\$ 5.31	\$ 5.30	-0.2%	8.8%

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.

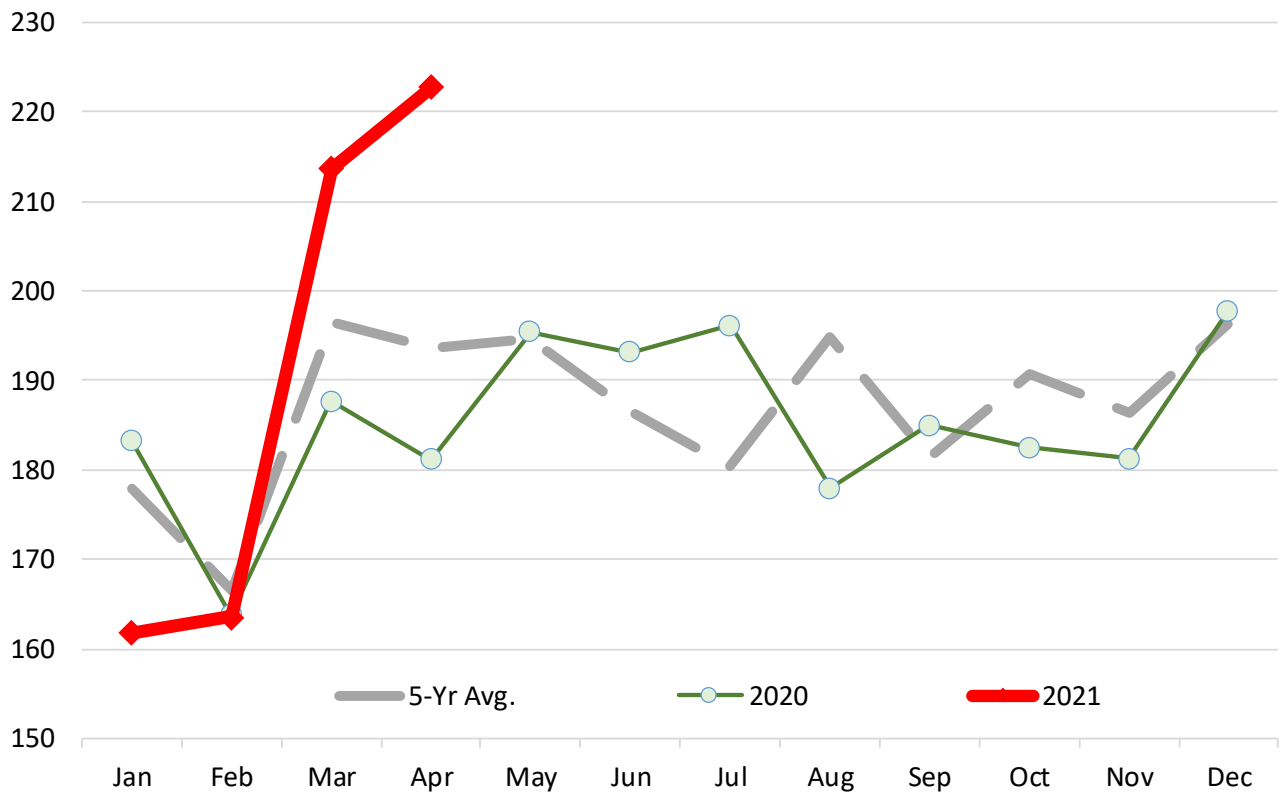
Lamb & Sheep Slaughter. Monthly. '000 Head

	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	213.7	196.5	13.9%	8.8%
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		194.7		
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



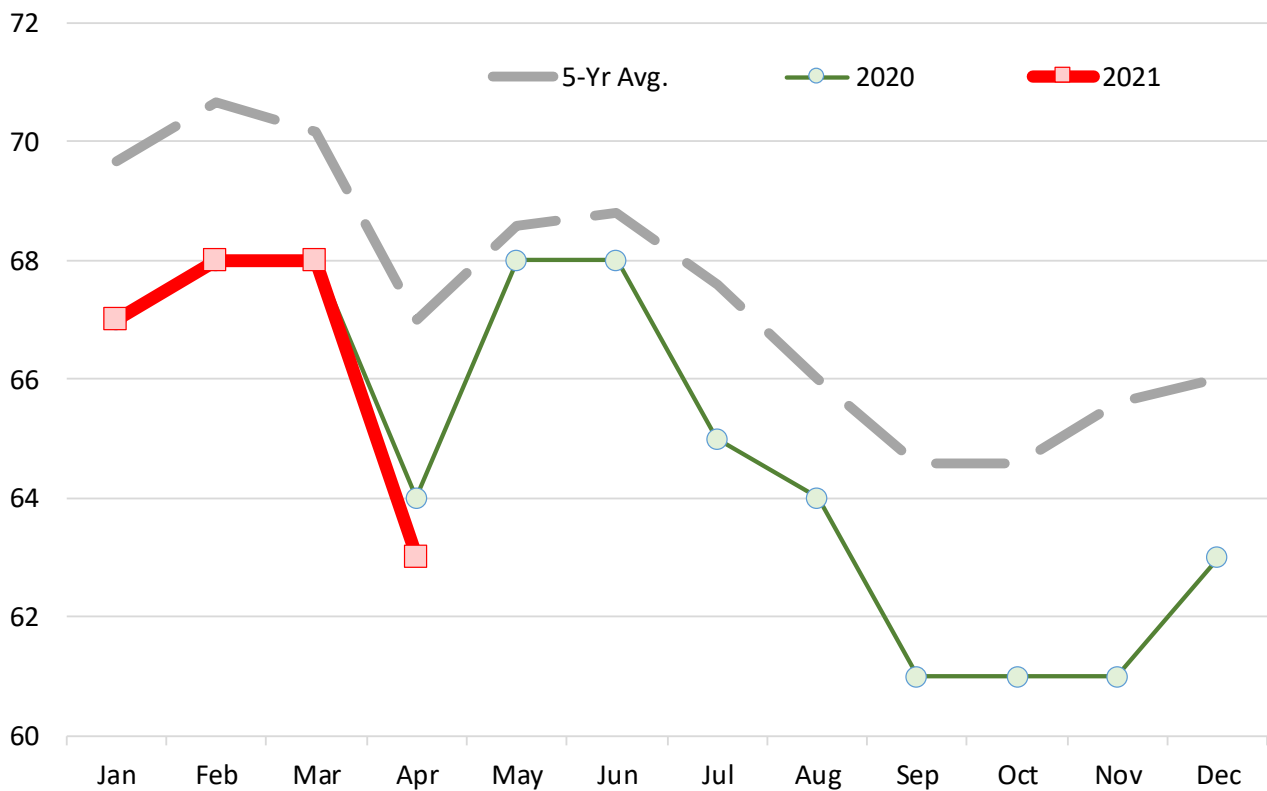
Lamb and Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	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		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



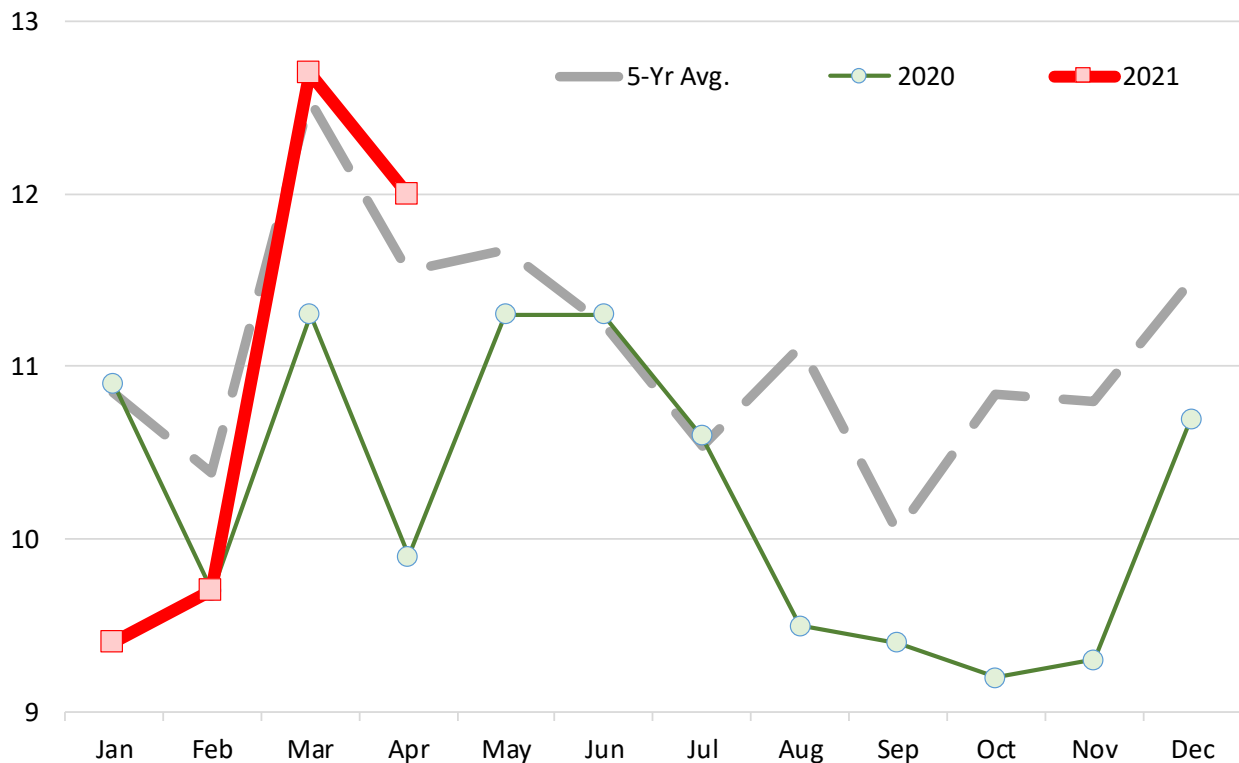
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	2016	2017	2018	2019	2020	2021	5-Yr Avg.	% ch Yr Ago	% ch 5-Yr Avg.
Jan	10.3	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		11.7		
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.

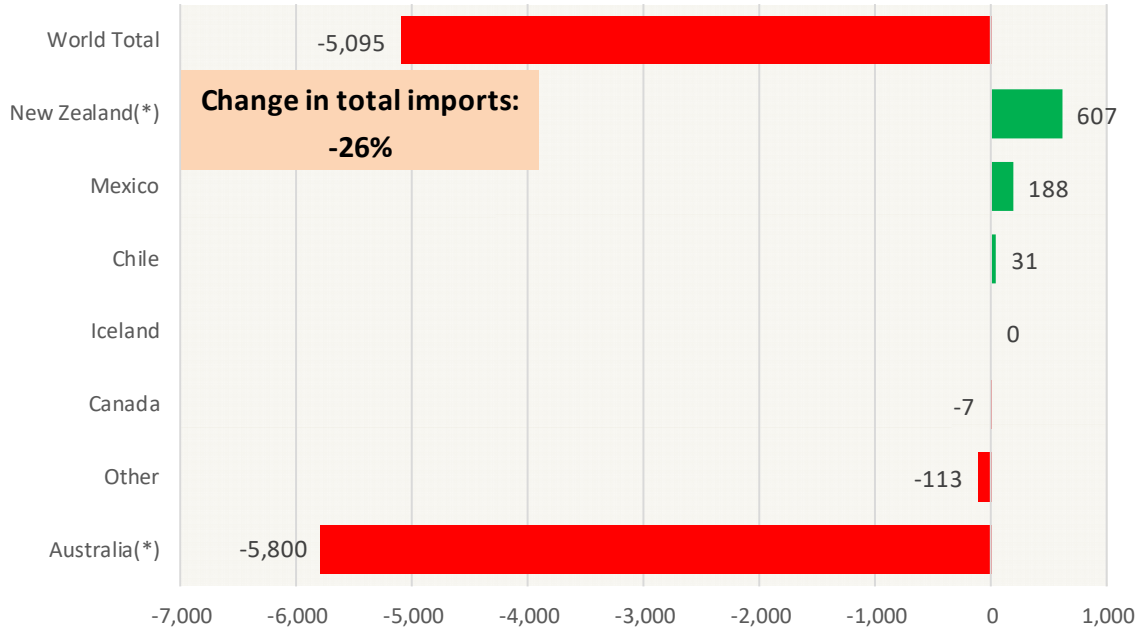
Monthly Data. Source: USDA



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

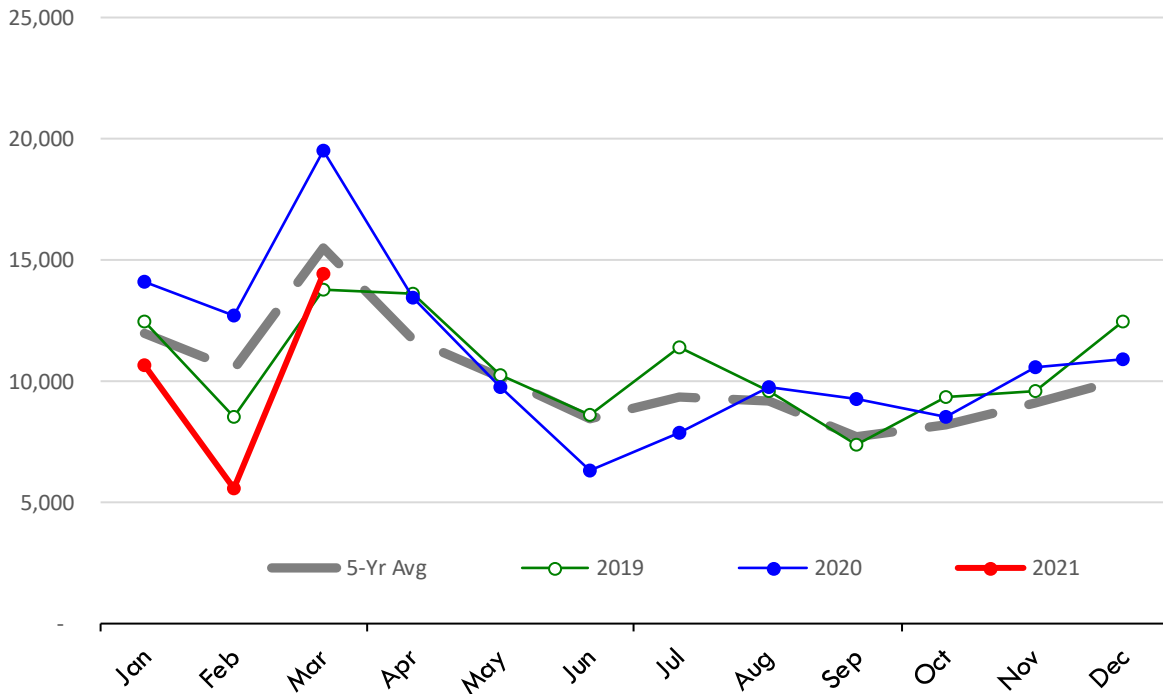
Source: USDA/FAS

Units: Metric Tons



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

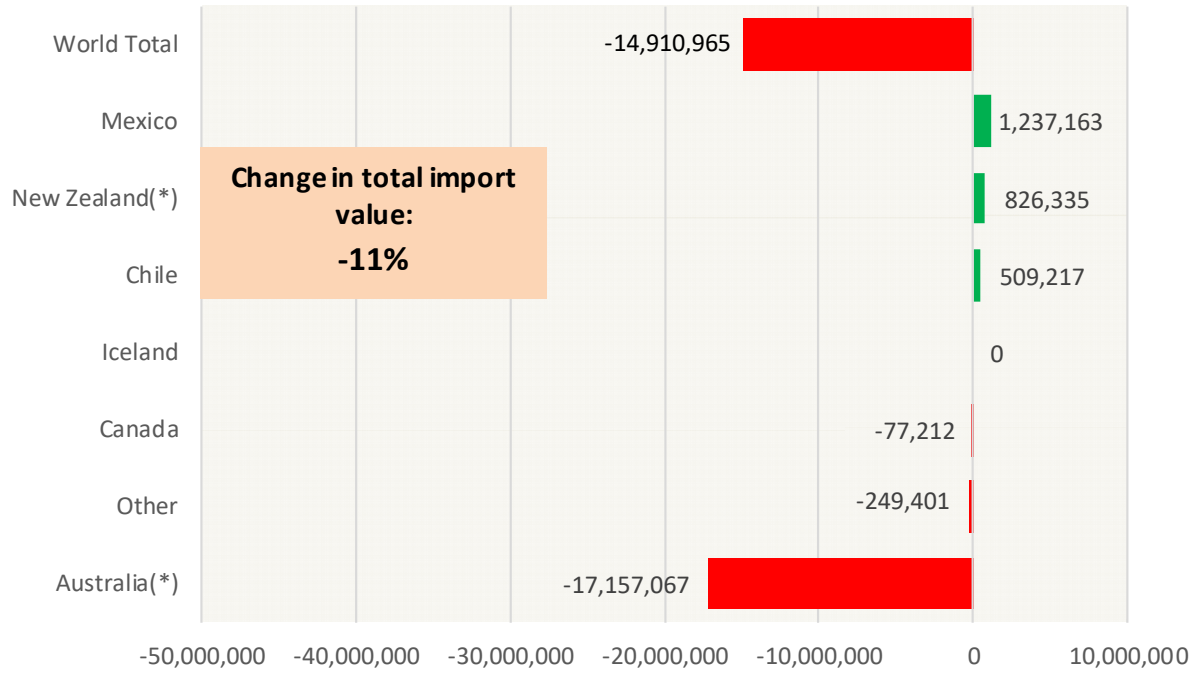
Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



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

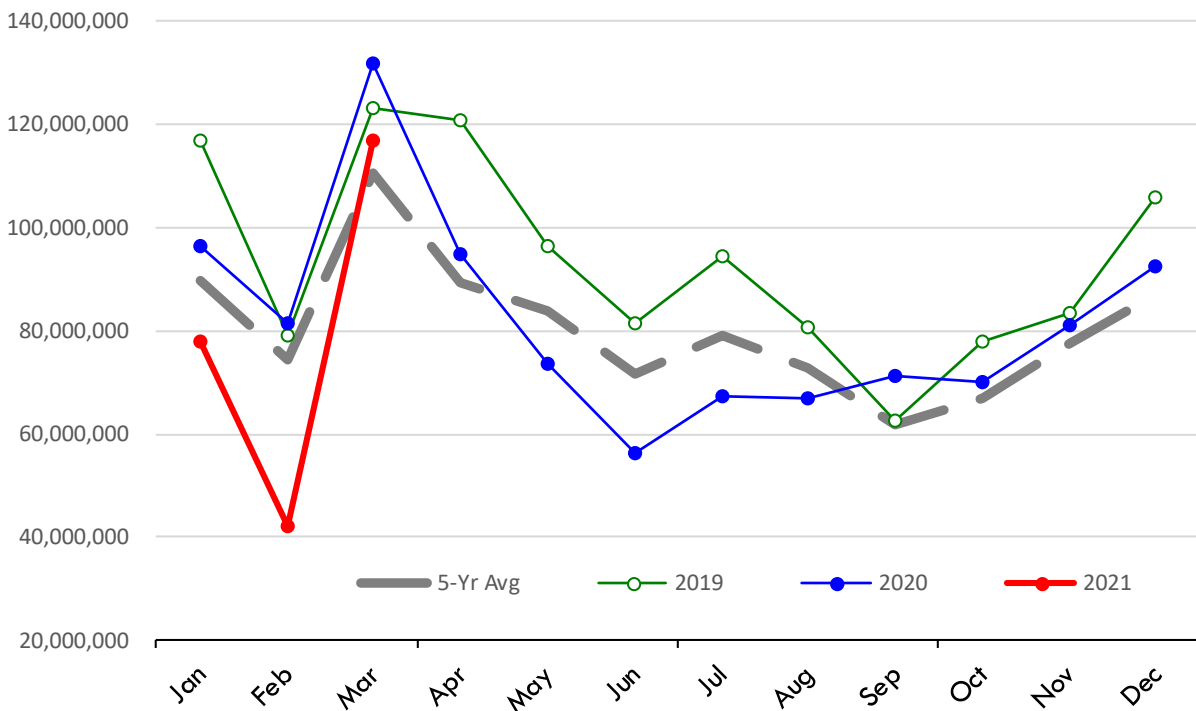
Source: USDA/FAS

Units: US Dollars



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

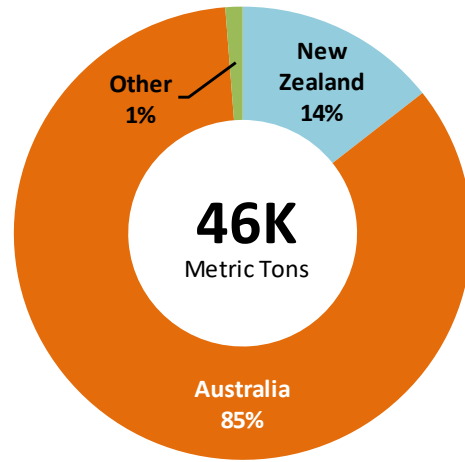
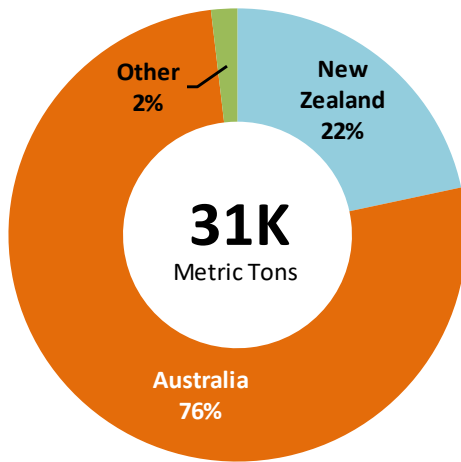
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

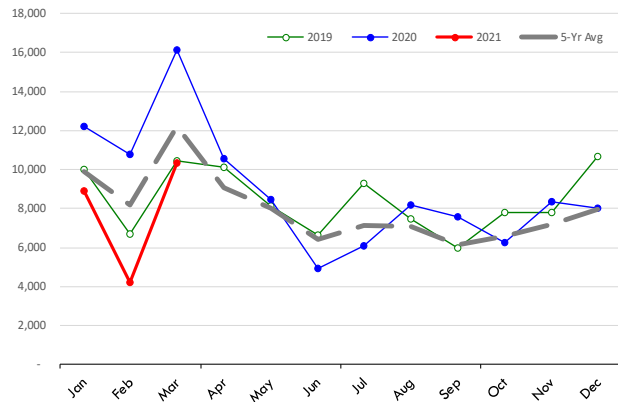
Total Volume and Country Shares for Period Jan - Mar 2021, MT

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



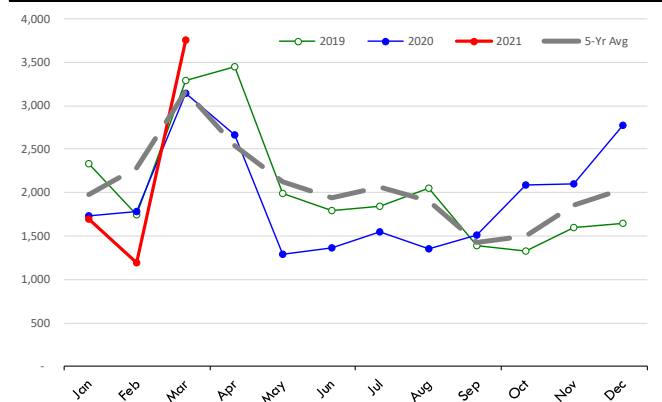
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



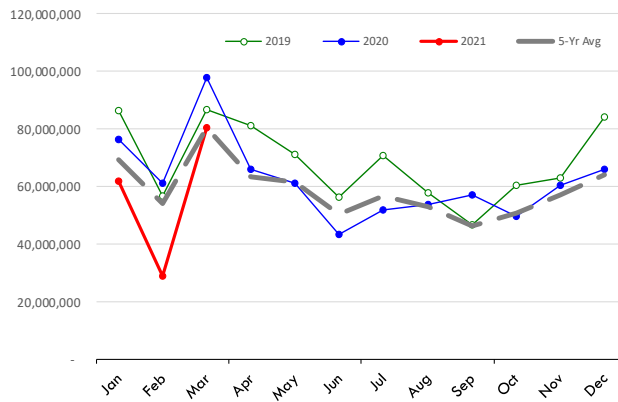
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



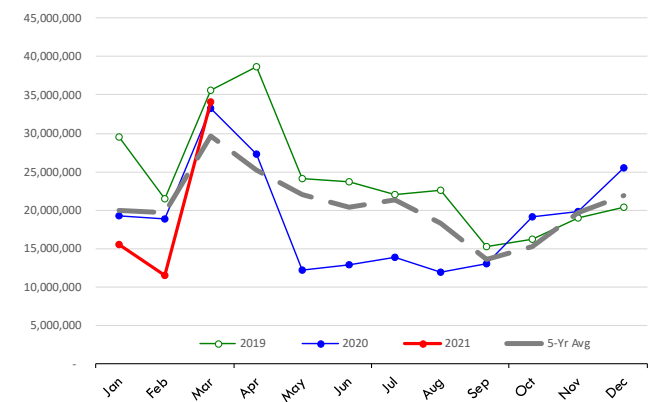
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



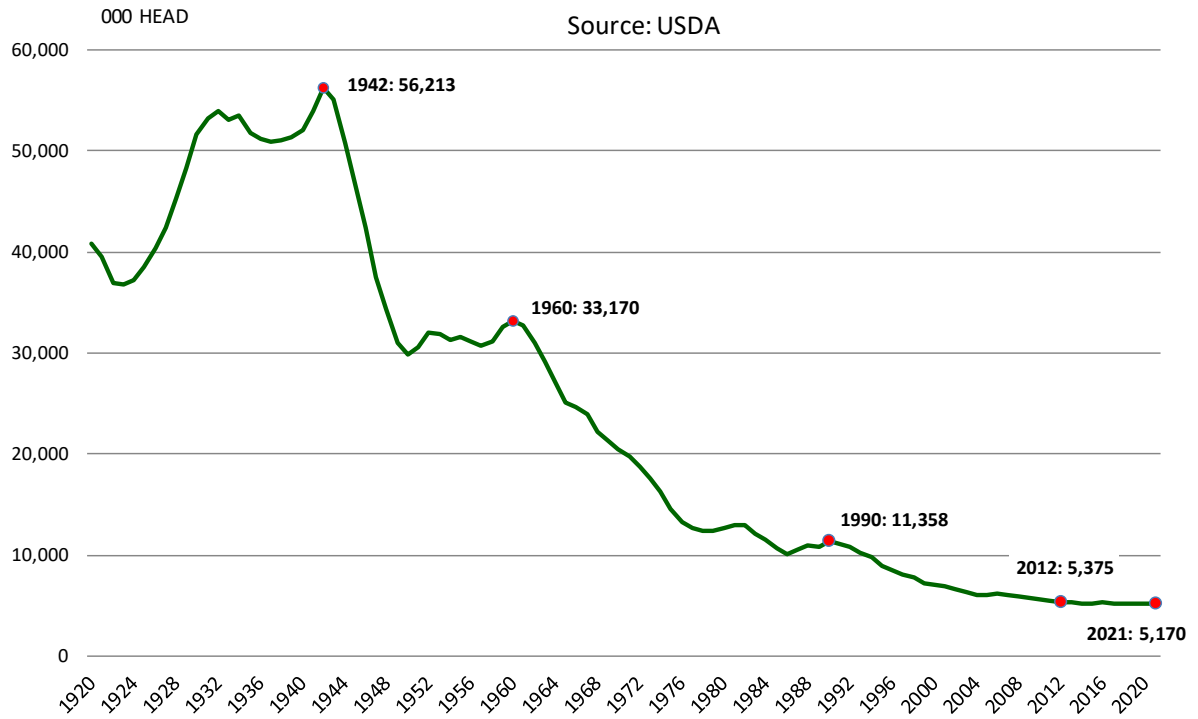
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



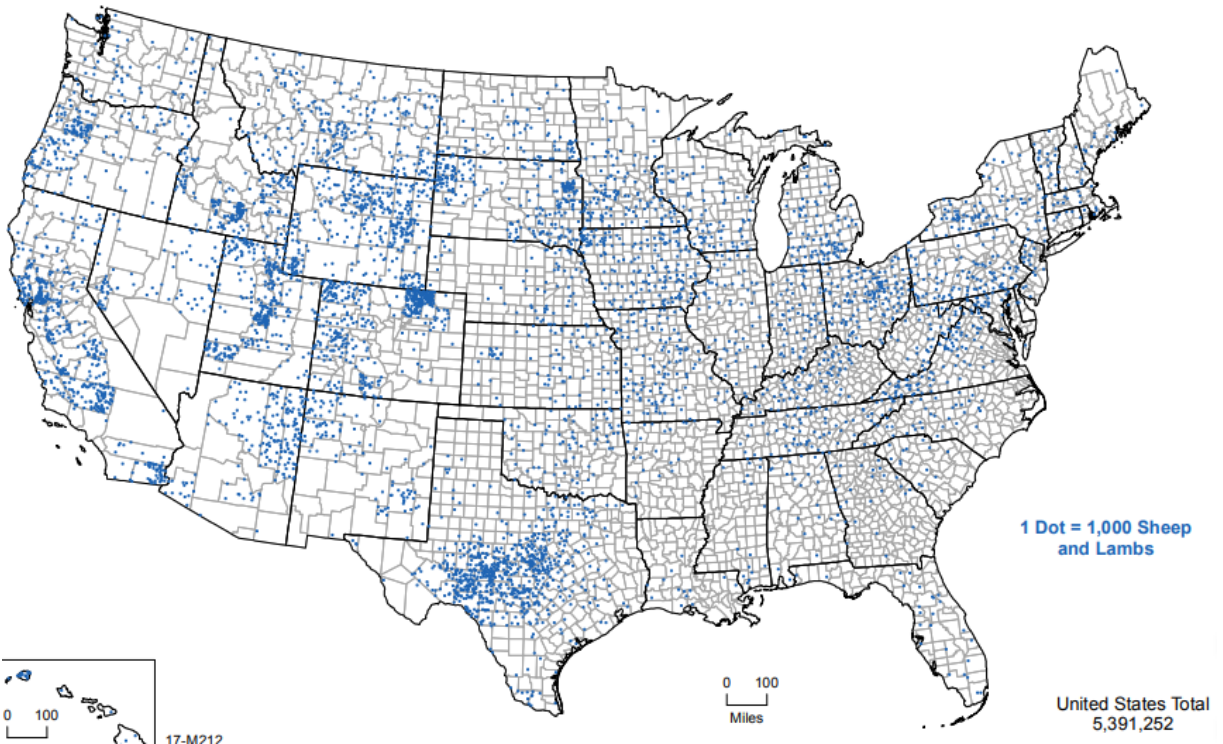
JANUARY 1 US SHEEP & LAMB INVENTORY

Source: USDA

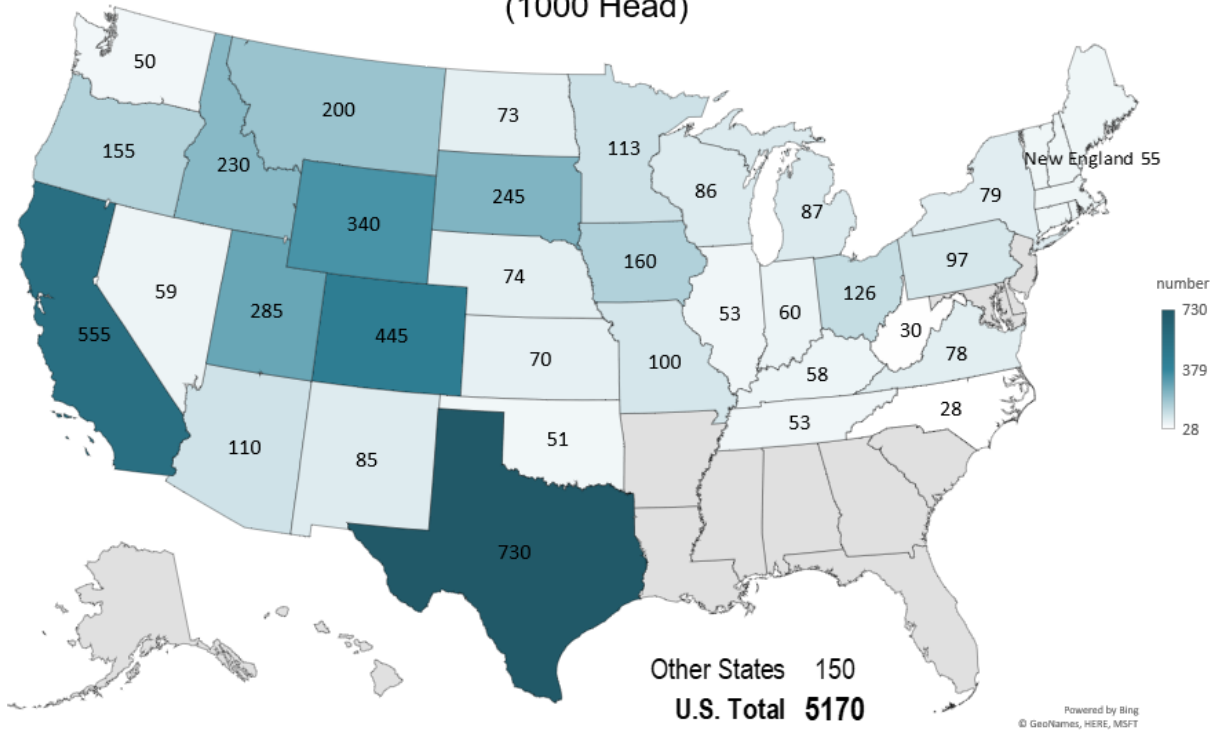


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



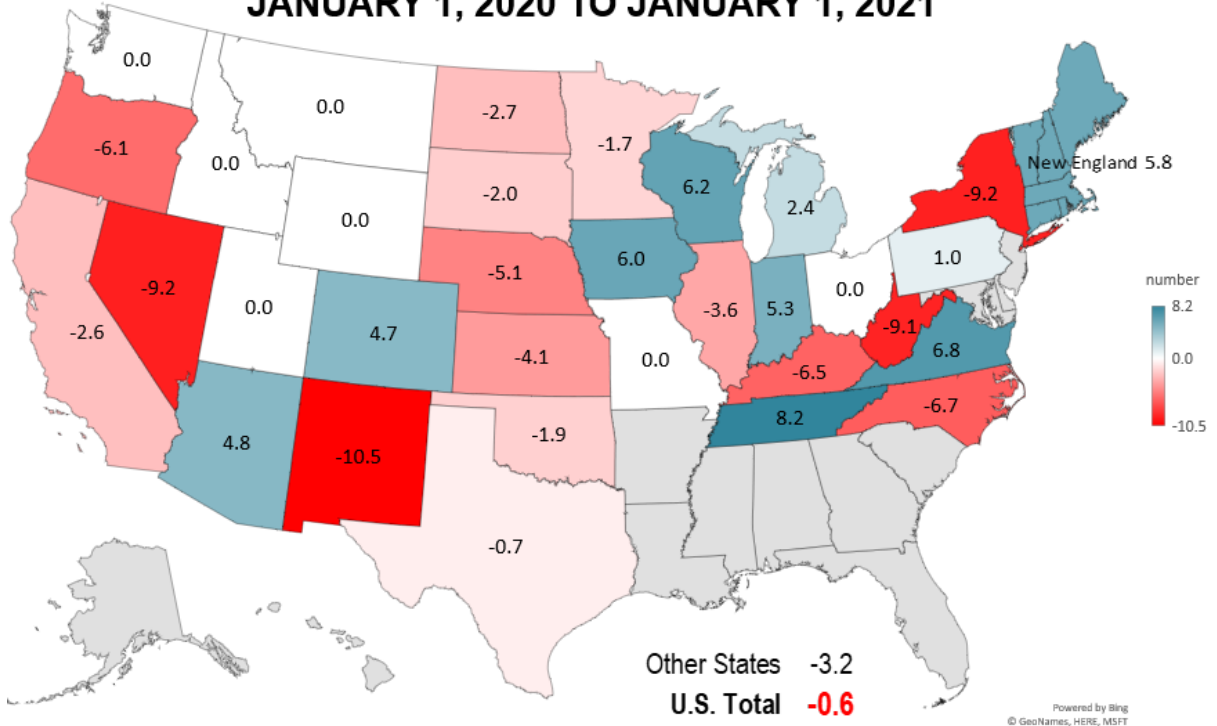
SHEEP AND LAMB NUMBERS JANUARY 1, 2021 (1000 Head)



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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