

Monthly US Lamb Market Update

May 2020 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

May 29, 2020

USA Domestic Lamb Market - Supply/Demand Situation

On feed numbers start to increase. At the start of the year the total inventory of lambs on feed in Colorado feedlots was estimated 16% lower than a year ago. The slowdown in demand and resulting decline in slaughter during March and April negatively impacted the flow of lambs out of feedlots during those two months. As a result, on May 1 the inventory of lambs on feed in Colorado was estimated 8.7% higher than a year ago. Last year Colorado accounted for 32% of total lamb slaughter in the US and feedlot finished lambs account for a significant portion of that supply. According to USDA, the average live weight of lambs and sheep that was slaughtered in Colorado in April was 167 pounds (~76kg), by far the heaviest in the US. The average weight of lambs and sheep slaughtered at a national level in April was 123 pounds (~56kg). The range was from 56 pounds in Louisiana to 167 in Colorado. States in which non traditional ethnic markets account for a large portion of the demand normally see lighter lambs come to market compared to states such as Colorado and California. The latter tend to focus more on domestic retail and foodservice channels.

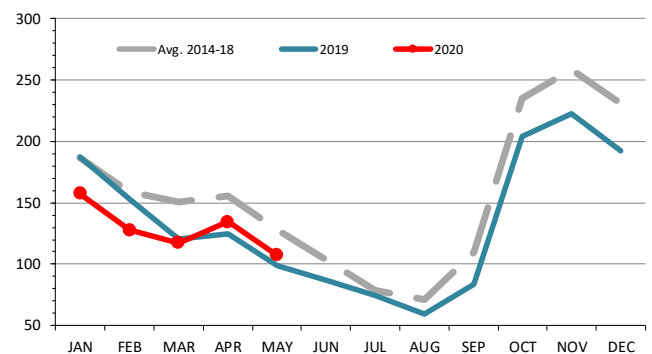
Production recovery on better demand, limited COVID impact. Weekly lamb and sheep slaughter in April averaged 27% below year ago levels. Faced with a collapse in foodservice demand and distributors looking to liquidate inventory, slaughter plants reacted by sharply limiting slaughter. The trend has shifted, however. In the four weeks ending May 30, US lamb and sheep slaughter averaged 38,000 head per week, 5.5% lower than a year ago. Lamb weights were running well below year ago levels in Q1 but April slowdown has changed that trend. In the last four weeks, average lamb weights were between 1.5% and 2% above year ago levels.

Foodservice demand shows only modest recovery, still well below year ago levels. At this time the lack of restaurant demand will slow down the flow of lambs on feed and the supply is expected to drift lower in June and July. The more critical factor will be lamb crop this year. USDA does not provide any information on ewe slaughter during the course of the year. Ewe inventory on January 1, 2020 was estimated at 2.980 million head, 0.7% lower than a year ago while the lamb crop last year was down 0.2%. We expect to see the lamb crop this year to be down 0.6% from a year ago. Current weak returns could induce further ewe liquidation and an even smaller breeding herd next January.

Cold storage inventories remain below year ago. The total supply of lamb and mutton in cold storage at the end of April was 37.864 million pounds, 7.5% lower than a year ago but still about 5% higher than the five year average.

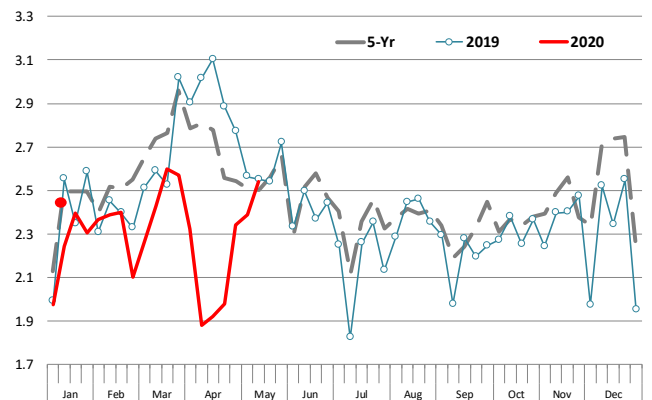
COLORADO LAMBS ON FEED. '000 head

Monthly Data Reported by the Livestock Market Information Center

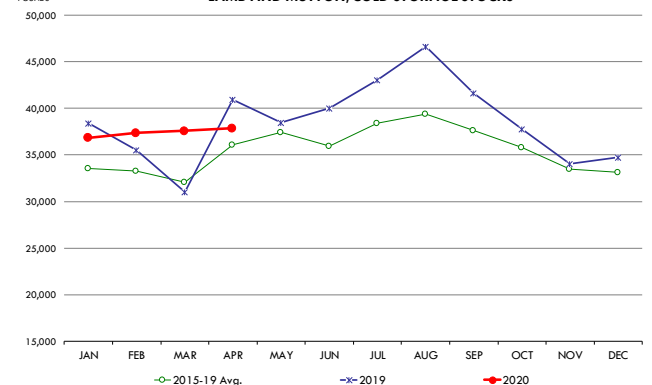


Weekly USA Lamb Production

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



LAMB AND MUTTON, COLD STORAGE STOCKS



Imported Lamb Supply and Price Trends

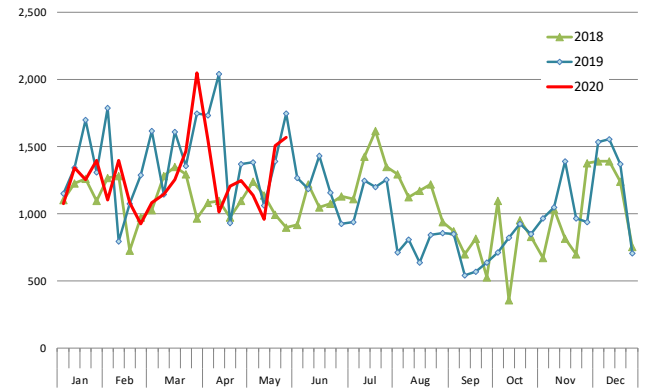
Lamb imports continued to drift lower in May. Official import data for meat imports will be released in early June for the month of April. To gauge the pace of imports in the last few weeks we continue to focus on weekly import reports despite some of their known shortcomings. In the four weeks ending May 23, USDA-AMS report that weekly lamb imports averaged 15% lower than a year ago. Imports from Australia during this period accounted for 72% of the overall total. Australia imports averaged 1,292 MT/week during this period, 7% lower than a year ago. Since the start of the year weekly lamb imports from Australia show a 10% decline compared to the same period a year ago. In contracts, Australian lamb exports to the US during the Jan-Apr period were down 7%. Some of the discrepancy is due to the transit time and some could be due to the fact that AMS data is collected by inspectors whose primary responsibility is not to collect trade statistics.

NZ lamb imports post sharp decline. USDA data showed that imports from New Zealand in the four weeks ending May 23 averaged 451 MT/wk, down 35% from a year ago. Lower slaughter in New Zealand and a recovery in China demand likely contributed to this decline. New Zealand data shows that lamb slaughter in the four weeks ending May 2 was 12% lower than the previous year. Lamb slaughter in the South Island was down 18% while North Island slaughter was down only 2%. South Island accounts for a larger share of New Zealand slaughter.

Goat and mutton imports continued to drift lower in April. In the four weeks ending May 23, US goat meat imports averaged 147 MT/wk, down 57% from a year ago. Goat meat imports from New Zealand and Mexico, traditionally small suppliers, were non-existent in late April and May. Australian goat meat export data for April shows shipments to the US were a total of 587 MT, a decline of 26% from a year ago. Demand is only part of the challenge in exporting product to the US at this time. Freezer space and ability to move product into commerce has become increasingly difficult. This is especially the case in the East Coast, where ports in NJ and PA have been especially affected. Goat meat exports to the US East Coast were down 33% in April while exports to the US West Coast increased by 17% y/y.

Imported lamb prices reflect shift to retail. Prices for most imported lamb products are down compared to a year ago. However, retail focused items, such as legs and shoulders, are up compared to last year (see page 6). The price of higher value products that generally go to foodservice is down as much as 28% (cap off racks). Lower imports and reopening of restaurants should underpin rack values in second half of year.

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



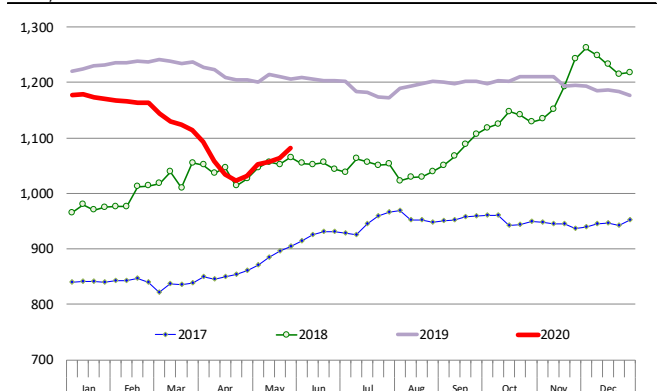
Summary of Australian Lamb Exports: Jan-Apr

Source: MAFF

	Jan/Apr '19	Jan/Apr '20	MT ch.	% ch.
China	21,127	23,088	1,961	9%
Japan	3,772	4,196	424	11%
South Korea	4,313	4,577	263	6%
Qatar	5,249	6,167	918	17%
Dubai	6,613	5,998	(615)	-9%
Jordan	3,043	2,908	(135)	-4%
USA East	16,614	15,354	(1,260)	-8%
USA West	6,704	6,362	(342)	-5%
USA Total	23,319	21,716	(1,602)	-7%
Malaysia	3,410	2,721	(690)	-20%
Papua New Guinea	4,637	3,003	(1,633)	-35%
Other	25,203	20,544	(4,659)	-18%
Total Aus	100,686	94,917	(5,768)	-6%

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

Weekly Prices. Source: USDA



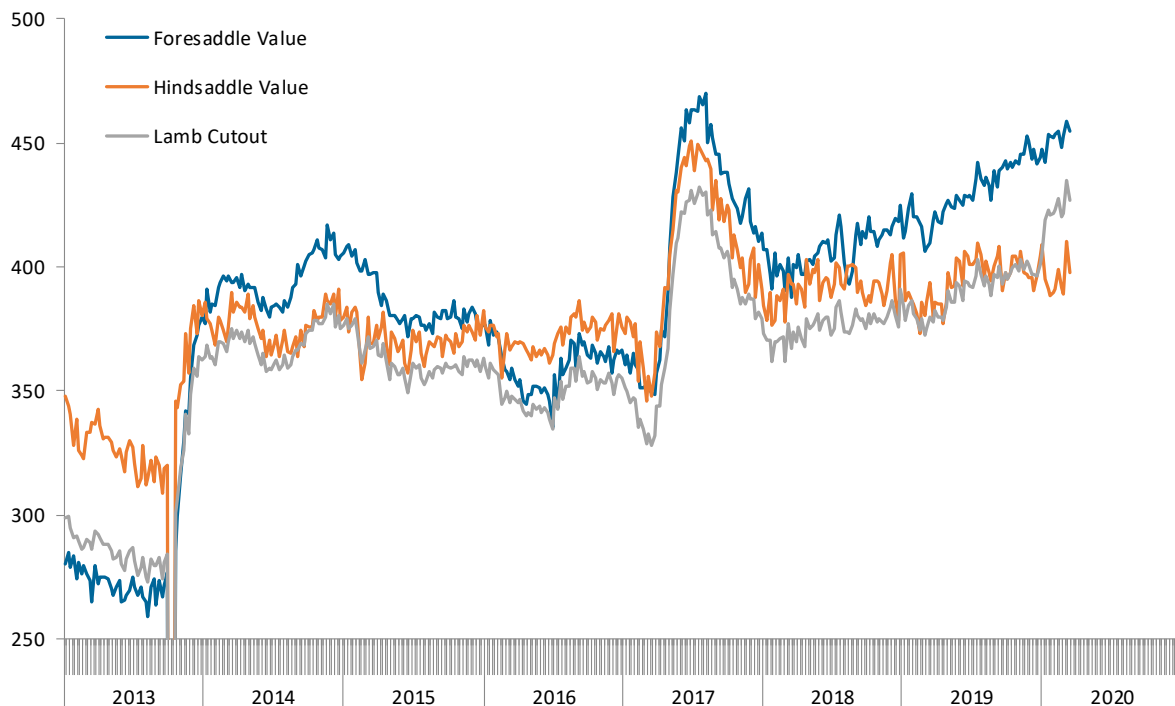
US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		5/22/2020	5/15/2020	w/w	5/24/2019	y/y
		US\$/cwt	US\$/cwt	% ch.	US\$/cwt	% ch.
Foresaddle	204 Rack, 8-Rib, Medium	858.6	854.2	0.5%	888.2	-3.3%
	209 Breast	289.0	286.0	1.1%	224.2	28.9%
	207 Shoulders, Square Cut	334.3	326.0	2.5%	297.0	12.6%
	210 Foreshank	427.1	420.2	1.6%	420.0	1.7%
	Neck	213.6	210.9	1.3%	200.9	6.3%
Foresaddle Value		454.2	447.4	1.5%	428.7	6.0%
Hindsaddle	232 Loin, Trimmed, 4x4	485.5	501.9	-3.3%	537.6	-9.7%
	232E Flank, Untrimmed	72.3	177.3	-59.2%	130.0	-44.4%
	233A Leg, Trotter Off	383.0	386.9	-1.0%	383.8	-0.2%
Hindsaddle Value		364.2	369.7	-1.5%	403.3	-9.7%
Carcass Value		410.1	409.3	0.2%	393.4	4.2%

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

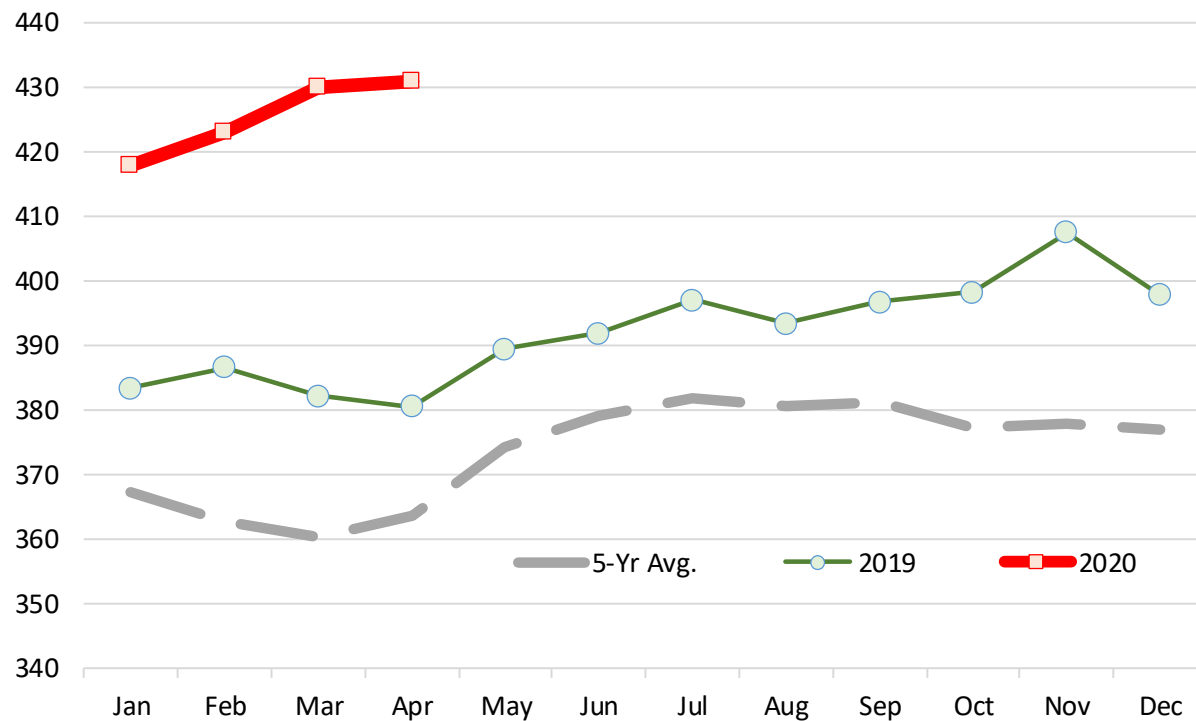
Source: Agricultural Marketin Service, USDA. \$ per 100 lb. Dressed Carcass

	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		374.21		
Jun	355.17	341.06	425.44	382.01	391.81		379.10		
Jul	357.71	343.29	428.96	381.66	397.03		381.73		
Aug	356.28	355.42	421.48	375.87	393.39		380.49		
Sep	359.34	356.77	414.16	378.23	396.62		381.02		
Oct	359.34	354.23	395.31	379.26	398.15		377.26		
Nov	360.56	354.47	386.74	379.39	407.49		377.73		
Dec	361.26	353.66	388.59	383.36	397.78		376.93		

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

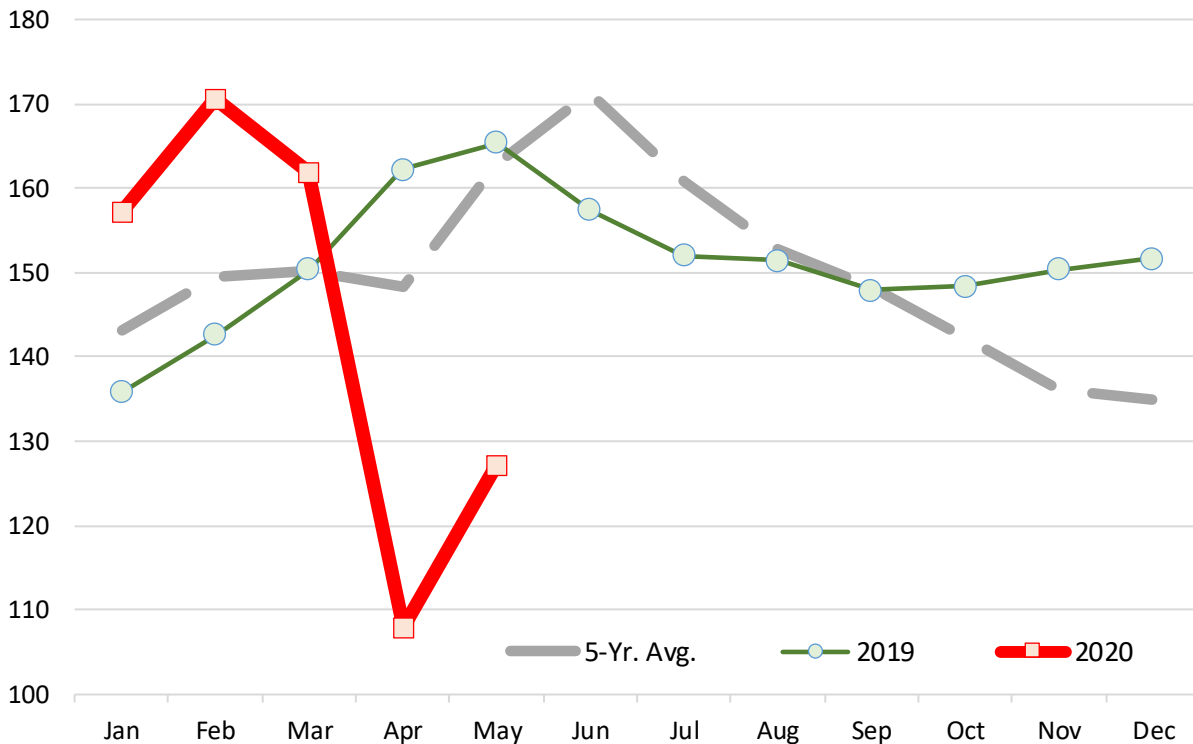
Monthly Average Prices, 100-150 lb. Woolled and Shorn, Choice & Prime 2-3 . \$ per 100 lb.

	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	127.1	162.9	-23.1%	-22.0%
Jun	167.5	164.0	200.6	166.6	157.4		171.2		
Jul	158.9	168.7	177.7	146.3	152.0		160.7		
Aug	157.7	166.0	156.3	132.4	151.5		152.8		
Sep	159.4	161.3	144.0	129.3	147.9		148.4		
Oct	157.7	140.3	134.3	130.4	148.4		142.2		
Nov	138.7	131.5	131.4	129.1	150.3		136.2		
Dec	129.1	134.3	126.8	133.0	151.7		135.0		

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

	2019 Volume	2019 Wt. Avg. \$	2019 Implied Value	Jun 3, 2019	May 25, 2020	Jun 1, 2020	% ch. vs. two wk Ago	% ch. vs. Year Ago
Fresh/Chilled								
	Pounds	\$/lb.	Total \$					
AUS Shortloin, 1-Rib, 0x0	8,528,127	\$ 4.95	\$ 42,199,023	\$ 4.89	\$ 4.91	\$ 4.77	-2.8%	-2.6%
AUS Shoulder, Square-cut	4,481,193	\$ 3.02	\$ 13,543,443	\$ 2.97	\$ 3.16	\$ 3.02	-4.7%	1.4%
AUS Rack, FR, Cap-off, 24-28 oz	797,608	\$ 11.95	\$ 9,532,114	\$ 11.96	\$ 10.42	\$ 10.24	-1.7%	-14.4%
AUS Rack, FR, Cap-off, 28 oz/up	785,560	\$ 12.07	\$ 9,478,315	\$ 12.02	\$ 10.90	\$ 10.68	-2.0%	-11.2%
AUS Shortloin, 1-Rib, 1x1	740,994	\$ 4.26	\$ 3,153,708	\$ 4.17	\$ -	\$ 4.50	n/a	7.9%
AUS Leg, semi bnls	574,293	\$ 3.71	\$ 2,133,410	\$ 3.80	\$ 4.29	\$ 3.63	-15.2%	-4.3%
AUS Rack, FR, Cap-off, 20-24 oz	307,216	\$ 11.88	\$ 3,650,508	\$ 11.95	\$ 10.19	\$ 10.57	3.7%	-11.6%
AUS Foreshank, VP	135,199	\$ 3.03	\$ 410,129	\$ 2.58	\$ 3.43	\$ 3.24	-5.7%	25.3%
Subtotal	16,350,190	\$ 5.14	\$ 84,100,651	\$ 5.10	\$ 4.83	\$ 4.88	1.1%	-4.2%
Frozen								
AUS Leg, Long	8,370,493	\$ 2.39	\$ 20,019,990	\$ 3.60	\$ 3.78	\$ 3.74	-1.2%	3.7%
AUS Foreshank, LP	3,790,731	\$ 2.39	\$ 9,066,419	\$ 2.75	\$ 2.81	\$ 2.82	0.2%	2.5%
AUS Shoulder, Square-cut	2,513,670	\$ 2.39	\$ 6,012,029	\$ 2.53	\$ 2.85	\$ 2.88	1.0%	13.7%
AUS Leg, bnls	1,743,261	\$ 2.39	\$ 4,169,416	\$ 3.83	\$ 4.06	\$ 3.87	-4.7%	0.8%
AUS Hindshank, LP	1,174,944	\$ 2.39	\$ 2,810,153	\$ 2.60	\$ 2.75	\$ 2.74	-0.3%	5.3%
AUS Shoulder, Square-cut, bnls	944,929	\$ 2.39	\$ 2,260,019	\$ -	\$ 3.95	\$ 4.14	4.8%	
AUS Rack, FR, Cap-off, 20-24 oz	862,556	\$ 2.39	\$ 2,063,004	\$ 10.99	\$ 8.53	\$ 7.86	-7.9%	-28.5%
AUS Rack, FR, Cap-off, 24-28 oz	706,739	\$ 2.39	\$ 1,690,331	\$ 10.62	\$ 8.77	\$ 8.07	-7.9%	-24.0%
AUS Rack, FR, Cap-off, 28 oz/up	671,365	\$ 2.39	\$ 1,605,726	\$ 11.21	\$ 8.45	\$ 8.45	0.0%	-24.7%
AUS Hindshank, VP	40,426	\$ 2.39	\$ 96,688	\$ -	\$ -	\$ -		
NZ Rack, FR, Cap-off, 16-20 oz	3,524,701	\$ 2.39	\$ 8,430,146	\$ 11.83	\$ 10.89	\$ 10.66	-2.0%	-9.9%
NZ Rack, FR, Cap-off, 12-16 oz	1,665,018	\$ 2.39	\$ 3,982,280	\$ 11.87	\$ 10.75	\$ 11.44	6.4%	-3.6%
NZ Rack, FR, Cap-off, 20 oz/up	1,107,888	\$ 2.39	\$ 2,649,773	\$ 11.78	\$ 9.47	\$ 10.57	11.6%	-10.3%
NZ Rack, FR, Cap-off, 12 oz/dn	86,283	\$ 2.39	\$ 206,366	\$ -	\$ -	\$ -		
Subtotal	27,203,004	\$ 2.39	\$ 65,062,342	\$ 5.73	\$ 5.49	\$ 5.50	0.1%	-4.0%

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.

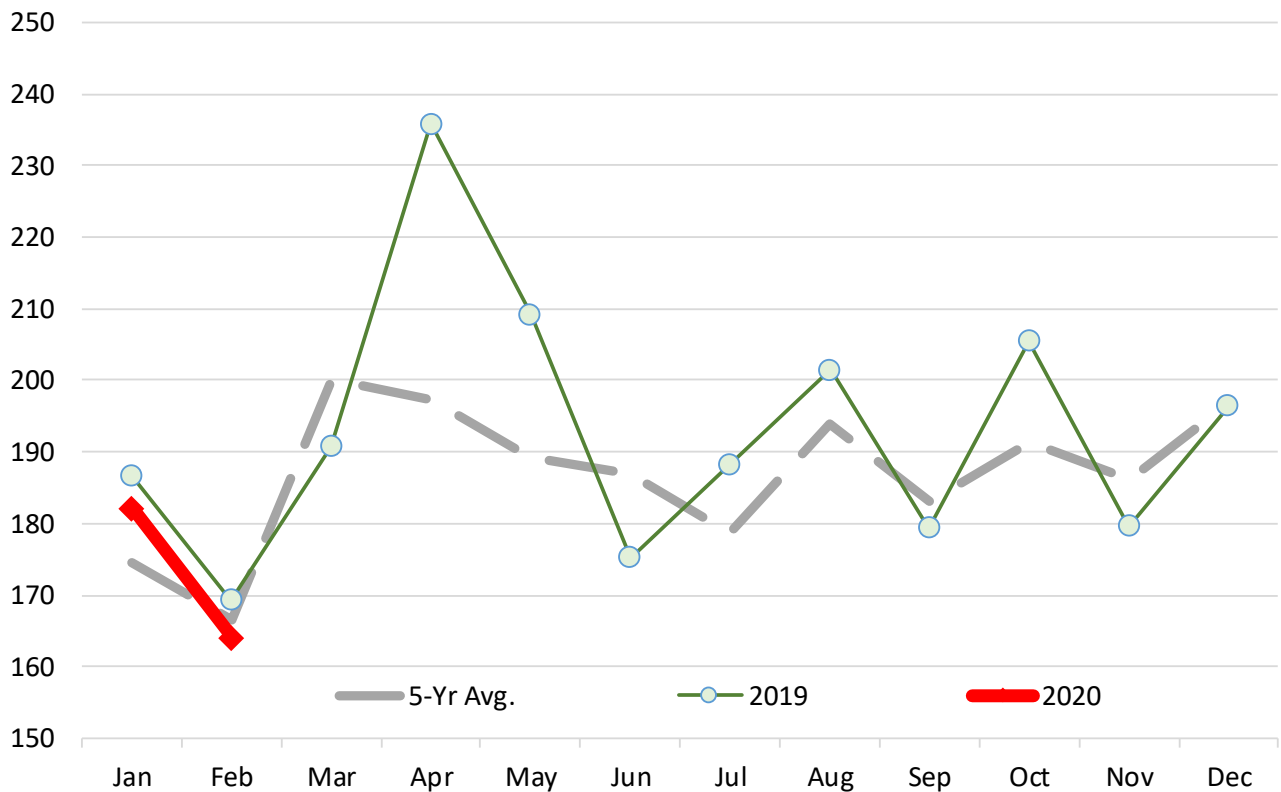
Lamb & Sheep Slaughter. Monthly. '000 Head

	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	186.8	182.2	174.5	-2.5%	4.4%
Feb	164.0	176.1	159.4	164.3	169.3	164.2	166.6	-3.0%	-1.5%
Mar	205.2	206.5	196.3	201.5	190.7		200.0		
Apr	199.3	189.8	179.7	181.5	235.9		197.2		
May	169.4	185.7	180.8	201.8	209.2		189.4		
Jun	194.9	195.9	187.7	180.6	175.3		186.9		
Jul	188.0	170.2	166.9	180.0	188.3		178.7		
Aug	175.2	193.4	194.6	205.4	201.5		194.0		
Sep	192.9	194.0	176.4	172.2	179.4		183.0		
Oct	185.9	181.6	183.5	199.9	205.5		191.3		
Nov	181.4	186.9	187.4	195.3	179.7		186.1		
Dec	200.4	197.0	188.1	201.8	196.5		196.8		

Source: USDA

Lamb & Sheep Slaughter. Monthly. '000 Head

Monthly Data. Source: USDA



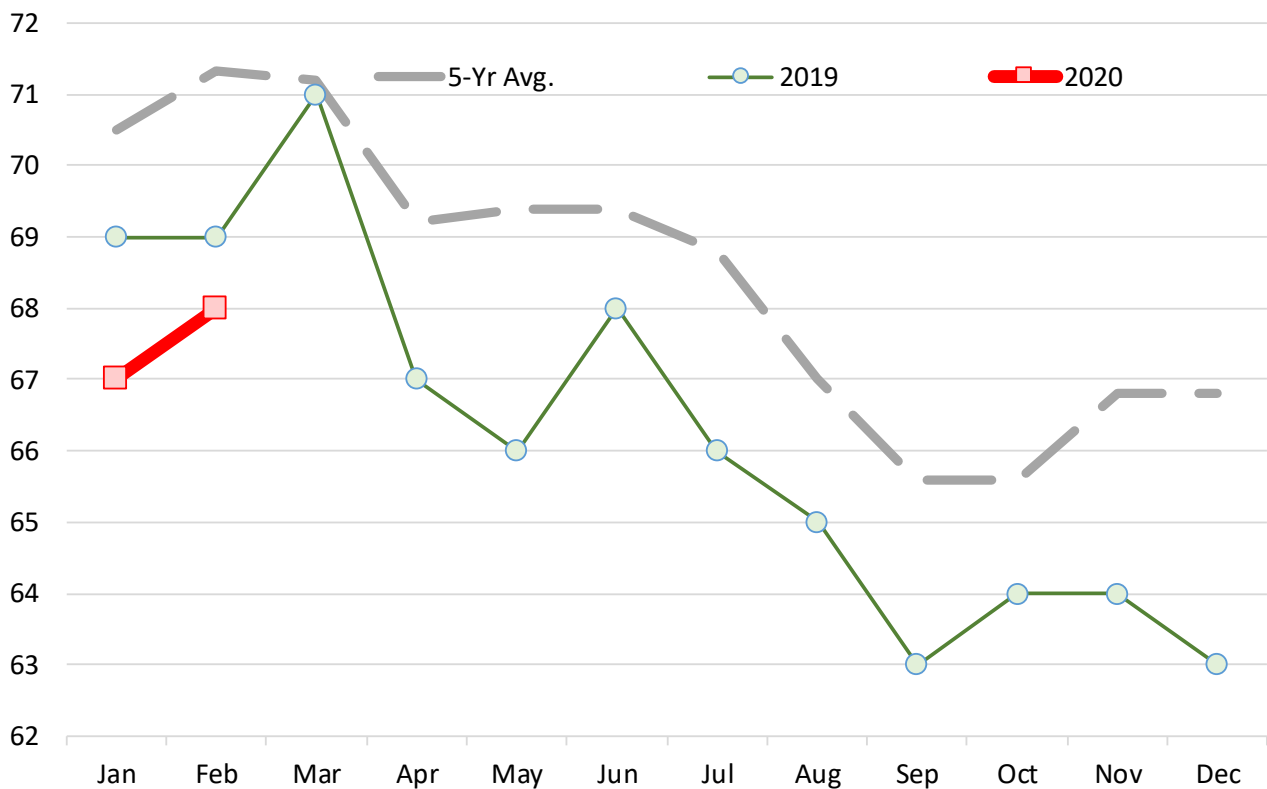
Lamb Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	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		71.20		
Apr	71.00	70.00	67.00	71.00	67.00		69.20		
May	72.00	72.00	67.00	70.00	66.00		69.40		
Jun	71.00	69.00	68.00	71.00	68.00		69.40		
Jul	71.00	69.00	68.00	70.00	66.00		68.80		
Aug	69.00	66.00	67.00	68.00	65.00		67.00		
Sep	66.00	64.00	66.00	69.00	63.00		65.60		
Oct	66.00	65.00	66.00	67.00	64.00		65.60		
Nov	67.00	67.00	68.00	68.00	64.00		66.80		
Dec	67.00	68.00	69.00	67.00	63.00		66.80		

Source: USDA

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

Monthly Data. Source: USDA



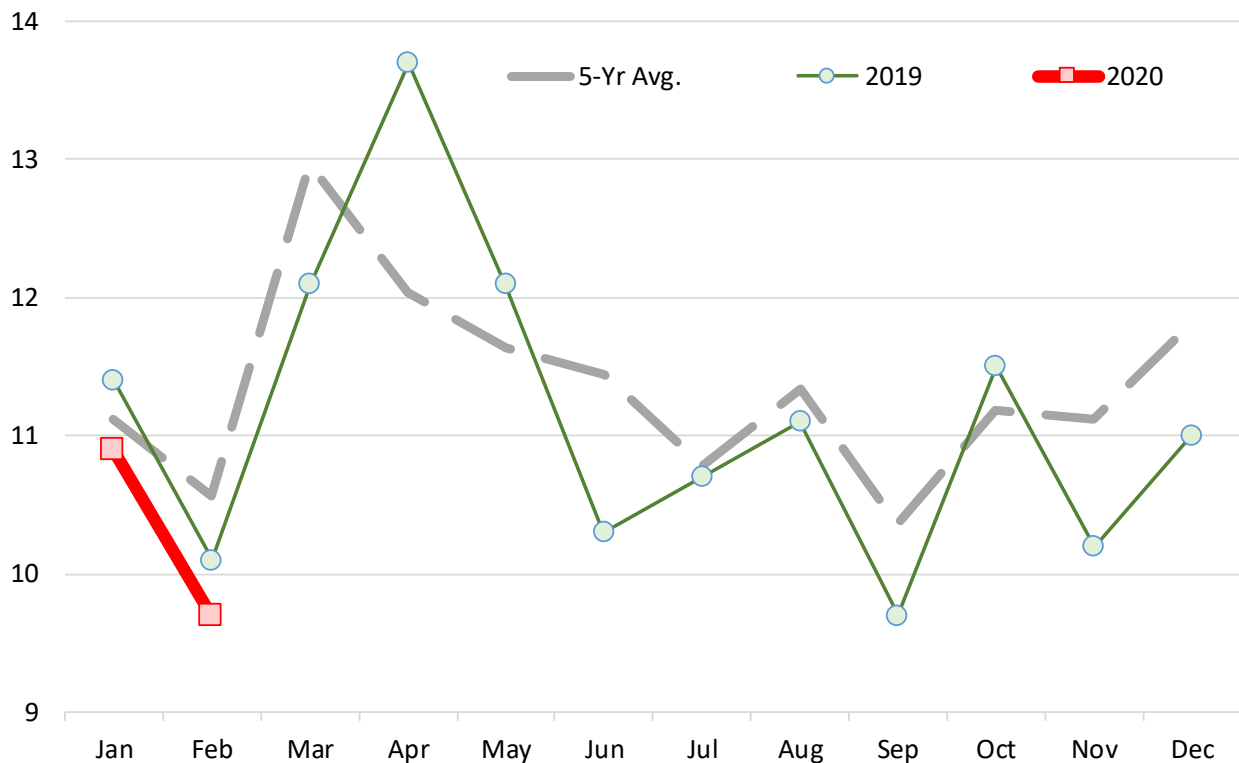
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	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		12.96		
Apr	12.80	11.80	10.40	11.50	13.70		12.04		
May	11.10	12.00	10.50	12.50	12.10		11.64		
Jun	12.30	12.10	11.30	11.20	10.30		11.44		
Jul	11.80	10.50	9.90	11.00	10.70		10.78		
Aug	10.60	11.50	11.60	11.90	11.10		11.34		
Sep	11.00	10.90	10.10	10.10	9.70		10.36		
Oct	10.90	10.70	10.90	11.90	11.50		11.18		
Nov	10.90	11.30	11.40	11.80	10.20		11.12		
Dec	12.30	12.10	11.80	11.90	11.00		11.82		

Source: USDA

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

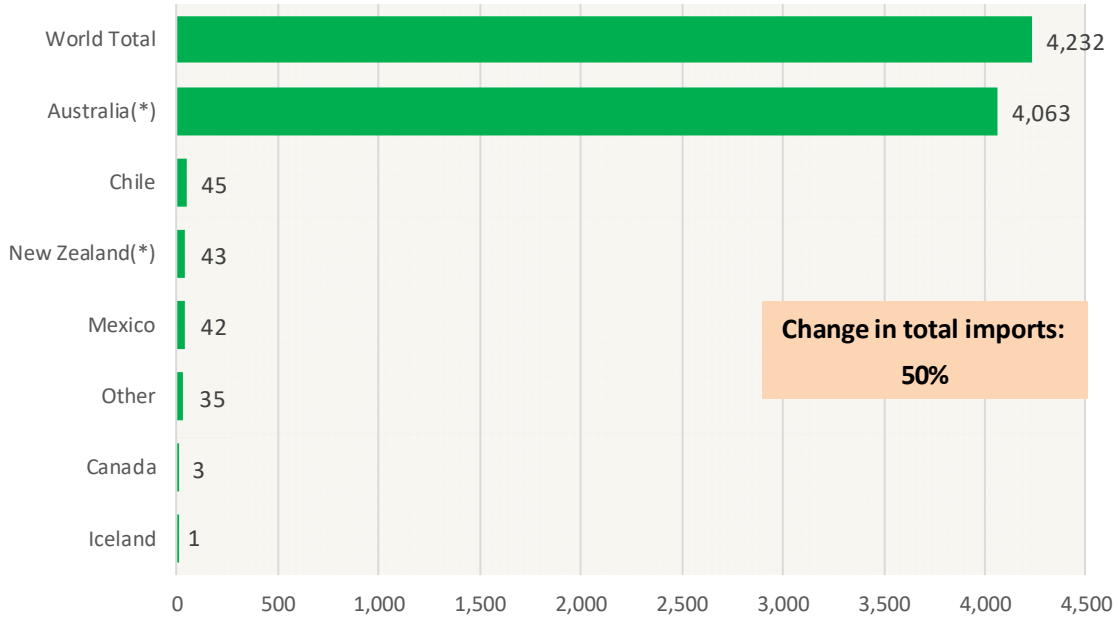
Monthly Data. Source: USDA



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

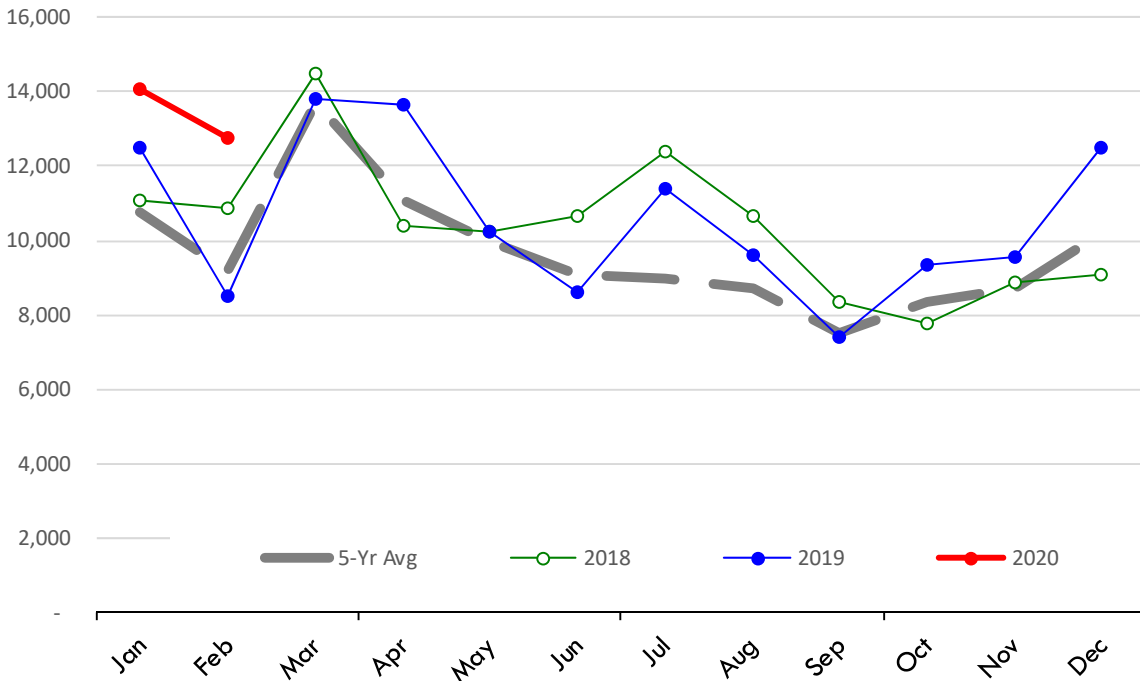
Source: USDA/FAS

Units: Metric Tons



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

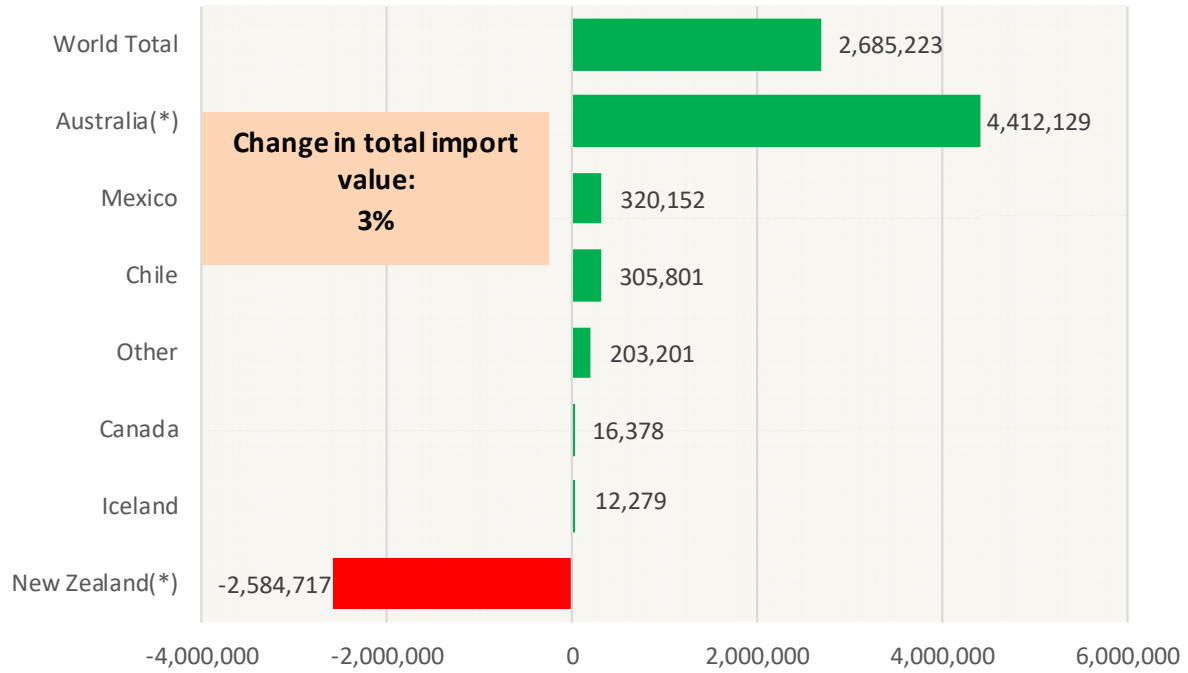
Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



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

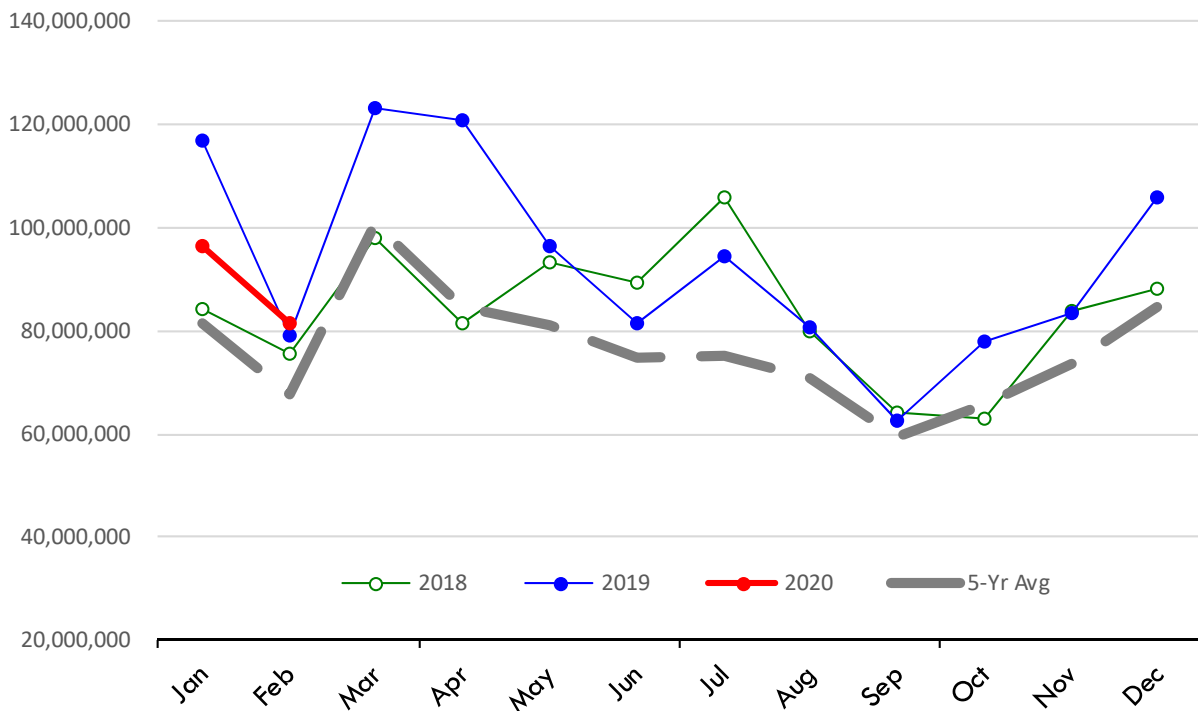
Source: USDA/FAS

Units: US Dollars



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

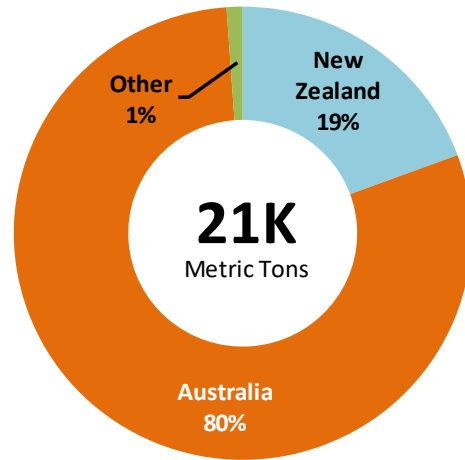
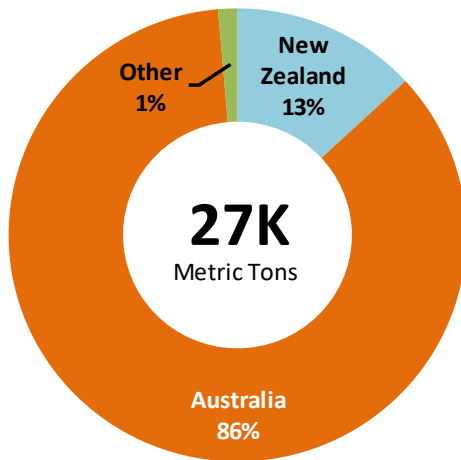
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

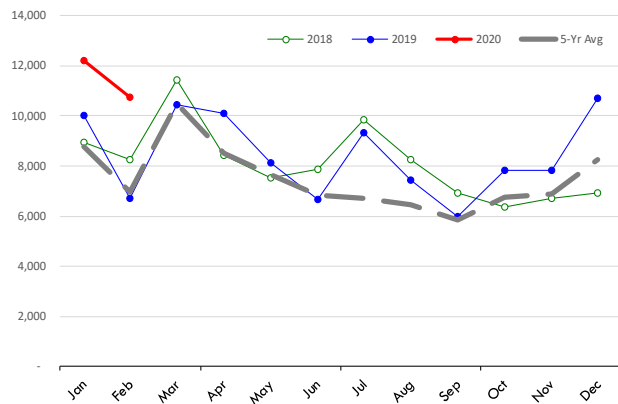
Total Volume and Country Shares for Period Jan - Feb 2020, MT

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



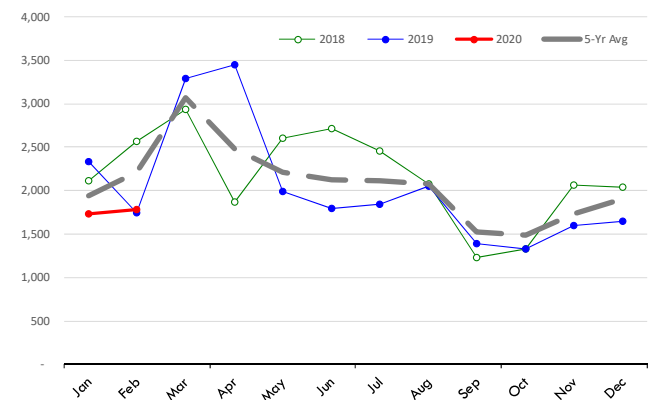
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



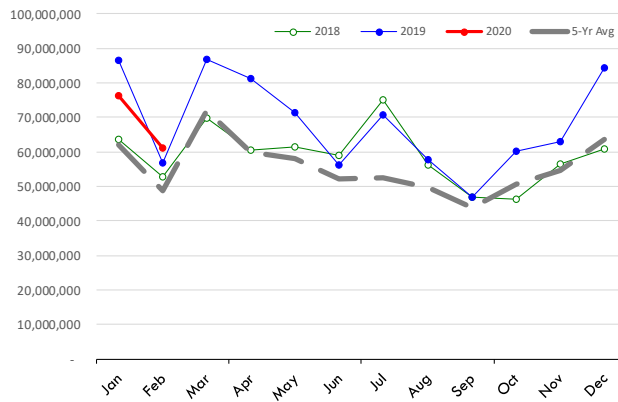
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



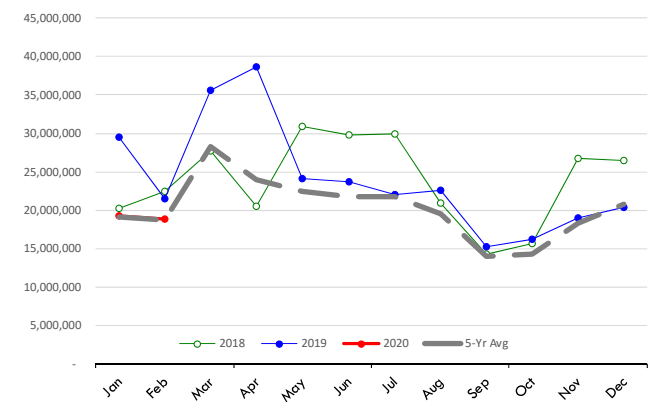
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



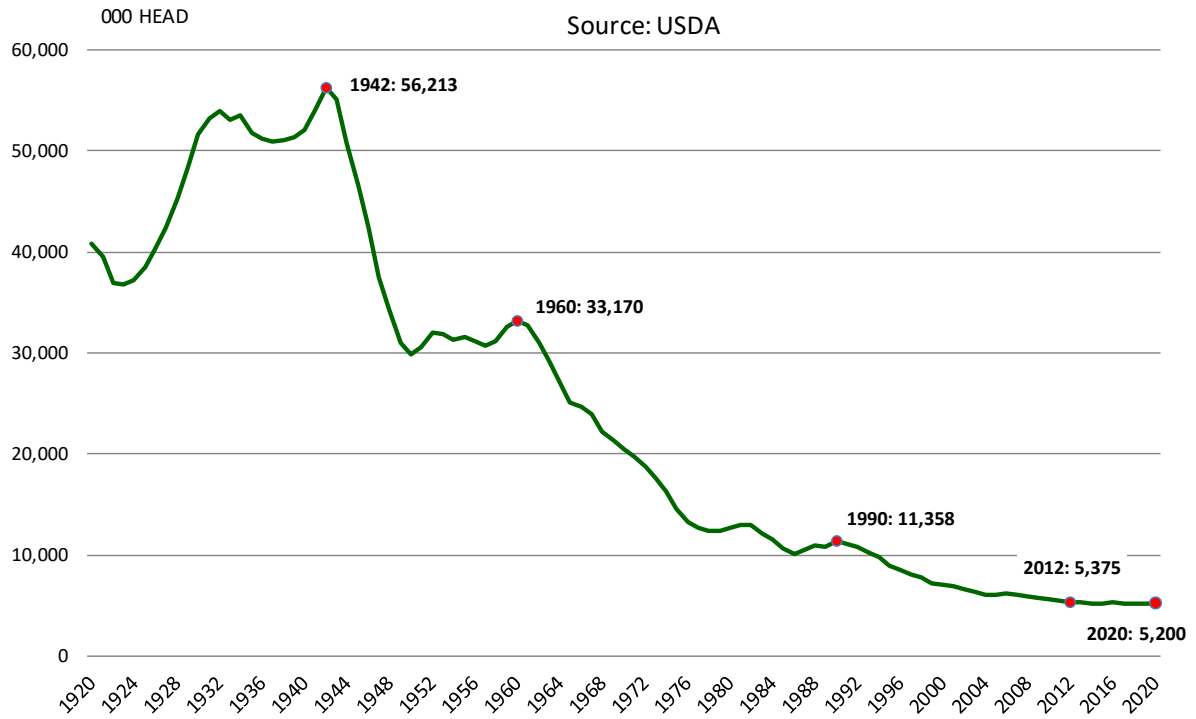
\$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



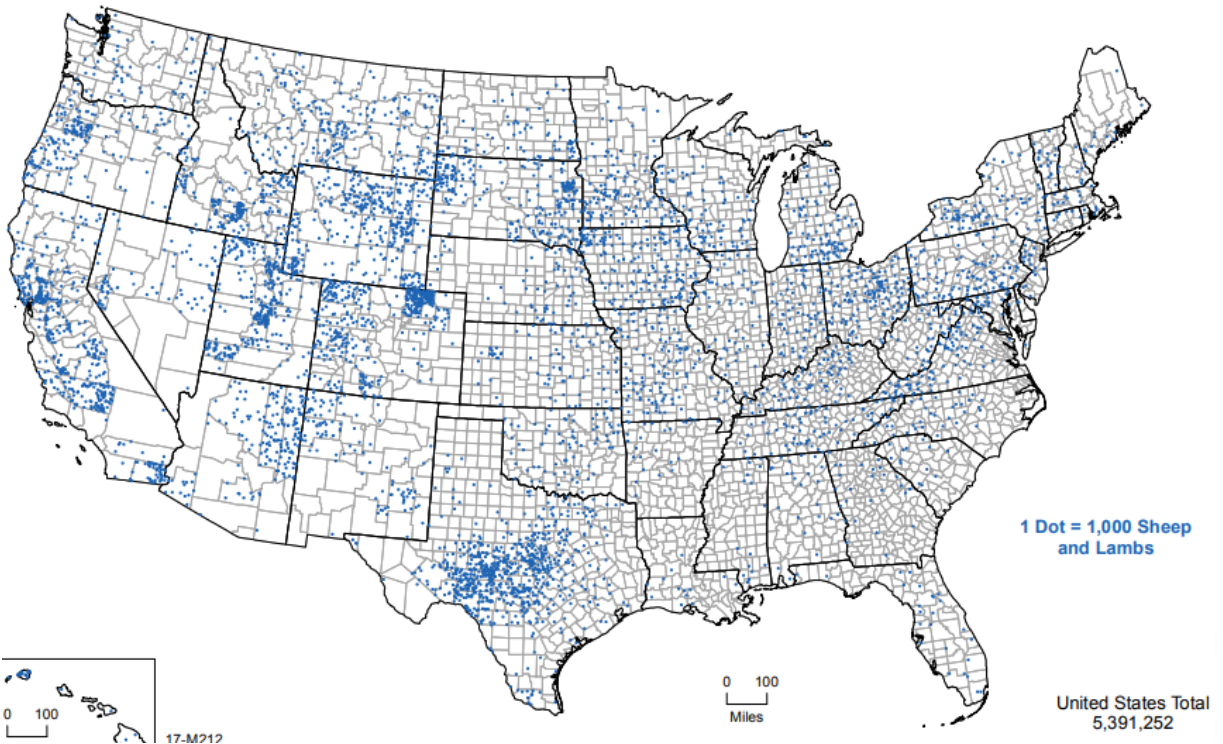
JANUARY 1 US SHEEP & LAMB INVENTORY

Source: USDA

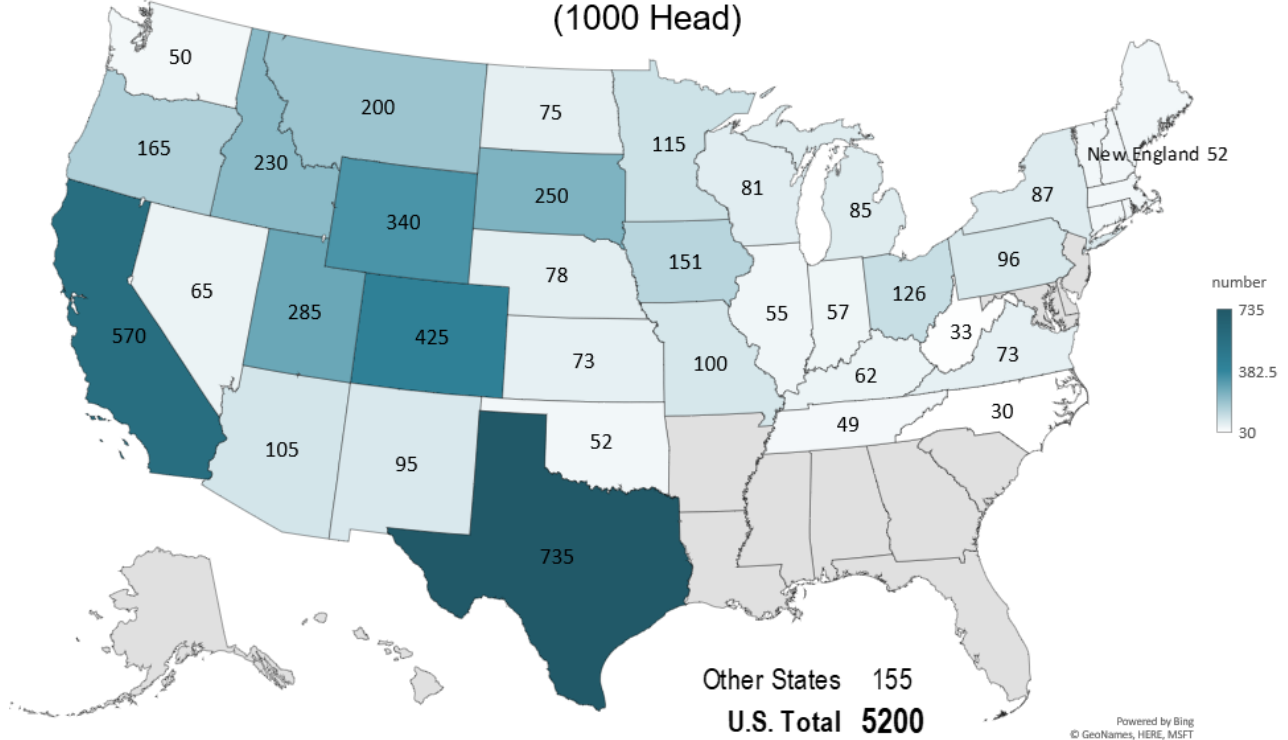


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



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

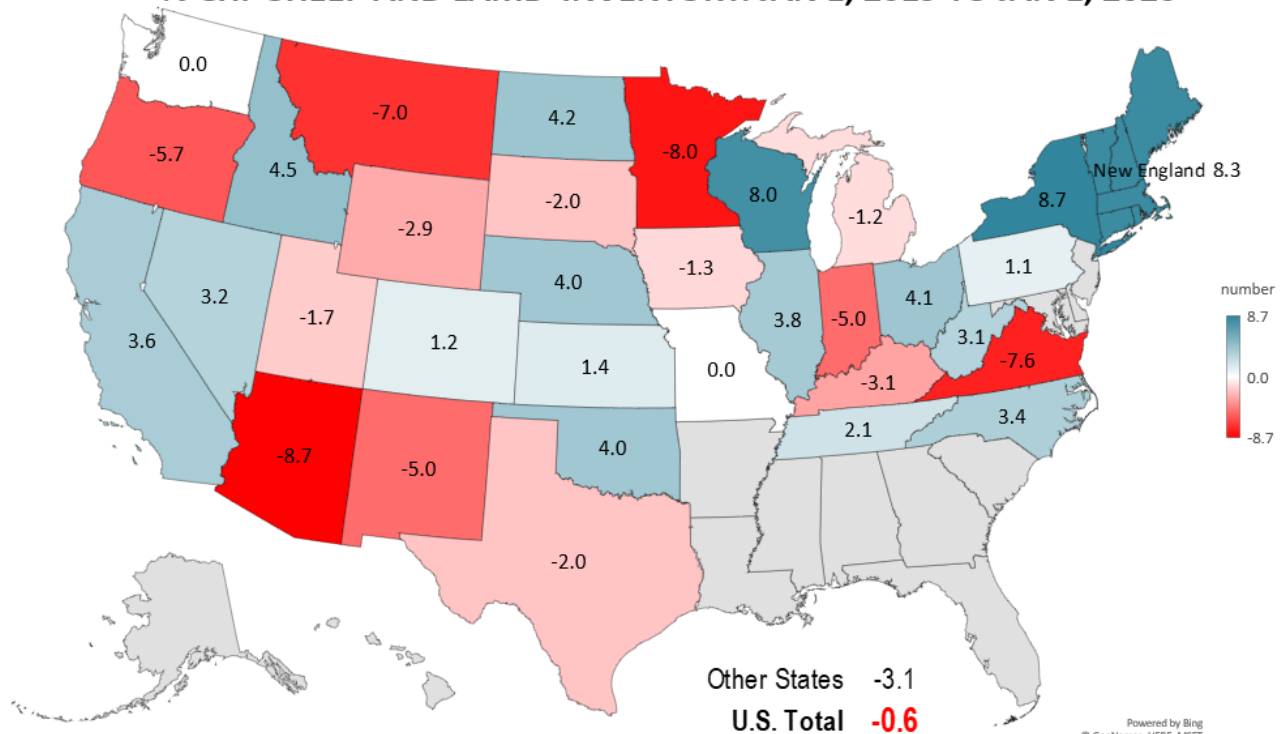


Livestock Marketing Information Center
Data Source: USDA-NASS

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% CH. SHEEP AND LAMB INVENTORY: JAN 1, 2019 TO JAN 1, 2020



Livestock Marketing Information Center
Data Source: USDA-NASS

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