

Industry projections 2025

Australian sheep – September update

MLA's Market Intelligence – insights@mla.com.au

KEY POINTS

- The sheep flock has been significantly impacted by poor seasonal conditions over the past two years.
- The flock rebuild will be more considered due to much smaller breeding base.
- Carcase weights will see the influence of grain feeding and weight-based price signals to support production.



KEY 2025 NUMBERS

- ➔ **Lamb slaughter:**
24.9 million head
- ➔ **Lamb production:**
610,000 tonnes cwt
- ➔ **Sheep slaughter:**
9.97 million head
- ➔ **Mutton production:**
265,000 tonnes cwt

*Graphic illustrates year-on-year change

Summary

The Australian sheep sector continues to be challenged by patchy and below-average seasonal conditions across key production regions. As at June 2025, the national flock is estimated to be 74.2 million (m) head, 6.2% lower than 2024 levels. While some regions experienced favourable conditions, these were not enough to offset widespread drought and seasonal pressures, which drove heavy liquidation across southern states. Elevated lamb slaughter and a sharp increase in mutton turn-off further constrained the flock's ability to rebuild, with growth now expected to come from natural increases rather than accelerated joining.

The Bureau of Meteorology (BOM) forecast a positive spring in southern Australia and average conditions throughout the remainder of the outlook period. Should this eventuate, it is expected that lamb supply may reach 24.9m head in 2025. In 2026, maintained processor demand is expected to encourage continued lamb turn-off, sustaining slaughter volumes and pushing back a strong rebuild. At the same time, breeding ewe retention is anticipated to lift, reducing mutton supply.

Looking further ahead, a more stable market environment should allow producers to focus on flock rebuilding through increased ewe lamb retention, supporting stronger supply growth from 2027 onwards. While producer confidence is underpinned by solid domestic processor demand and steady global markets, seasonal volatility remains a key risk. Supply swings continue to place pressure on processors, who face the challenge of managing fixed costs while maintaining throughput to remain profitable.

Globally, exports from New Zealand (NZ) are set to decline as their flock continues to decline in size. With Australia and NZ making up an estimated 85% of total global sheepmeat exports, this suggests that the supply of sheepmeat will be relatively constrained over the forecast period.

ABS flock update

Since 2022, no official inventory of the Australian sheep flock has been published by the Australian Bureau of Statistics (ABS).

To address this gap, MLA has relied on internal modelling to establish baseline flock estimates for 2023–25, which provide the foundation for the projections in this report. While this introduces some additional uncertainty, MLA's modelling is based on the best available data and is supported by extensive national consultations to validate assumptions and test outputs.

Looking ahead, MLA will review and adapt its approach as updated ABS figures become available.

Table 1: Situation and outlook for the Australian sheep industry

	2019	2020	2021	2022	2023	2024	% change 2024 on 2023	2025 ^f	2026 ^f	2027 ^f	% change 2027 ^f on 2024 ^e
Sheep and lamb numbers ('000 head)*											
As at 30 June	65,755	63,794	70,885	76,024	78,751	79,084	0.4%	74,165	75,691	78,949	-0.17%
Percentage change	-6.9%	-3.0%	11.1%	7.2%	3.6%	0.42%		-6.2%	2.1%	4.3%	
Slaughterings ('000 head)											
Sheep	9,344	6,142	5,804	6,640	9,817	11,784	20.0%	9,965	8,160	9,069	-23.04%
Lamb	21,624	20,421	20,791	21,495	24,863	26,389	6.1%	24,856	24,311	25,620	-2.92%
Total	30,969	26,564	26,595	28,135	34,680	38,173	10.1%	34,821	32,471	34,688	-9.13%
Avg carcase weight (kg)											
Sheep	24.4	25.6	26.7	26.0	25.3	25.2	-0.1%	25.7	25.9	26.2	3.73%
Lamb	23.3	24.5	24.4	25.0	24.1	23.9	-0.9%	24.5	25.0	25.4	6.48%
Production ('000 tonnes carcase weight)											
Mutton	228	158	155	173	248	298	20.0%	256	212	238	-20.17%
Lamb	503	500	508	537	599	630	5.2%	610	607	651	3.38%
Total production	731	658	663	710	847	927	9.5%	866	819	888	-4.18%
Live exports ('000 head)											
	1,118	812	576	503	651	433	-33.4%	340	300	300	-30.73%
Sheep exports** ('000 tonnes)											
Mutton carcase weight	218	170	169	176	255	301	18.0%	261	226	249	-17.43%
shipped weight	184	140	141	144	210	255	21.7%	222	192	211	-17.37%
Lamb carcase weight	337	320	328	351	394	438	11.1%	424	422	458	4.55%
shipped weight	282	264	265	284	326	359	10.2%	348	346	376	4.56%
Domestic utilisation ('000 tonnes carcase weight)***											
Total carcase weight	176	167	166	183	197	188.139001	-4.6%	181	170	182	-3.30%
kg/head***	6.9	6.5	6.4	7.0	7.5	7.0	-5.5%	6.7	6.3	6.6	-6.00%

Source: Australian Bureau of Statistics (ABS), DAFF, MLA forecasts

* From 2017–2022 flock numbers are an MLA estimate based on ABS Data – Figures as of 30 June. Please note, the flock estimates are based off the new EVAO cut off used by the ABS. Previously this was \$5,000 EVAO, but was changed upwards to \$40,000 EVAO. For more information, please visit abs.gov.au

** excl. canned/misc, shipped weight

*** Domestic meat consumption is measured by removing the portion of exports (DAFF data) from total production (ABS data) and assuming the difference is consumed (or at least disappears) domestically. Imports are also added to domestic consumption when present. Per capita consumption is calculated by dividing domestic consumption by ABS population data. Please note that domestic per capita consumption is entirely a supply statistic and does not take account of waste or non-food uses of livestock meat products.

f = forecast
e = estimate

Assumptions

Weather and climate events

Seasonal conditions remain the key driver of Australia's flock, slaughter and production levels. The forecasts in this report are based on several assumptions – medium-term projections draw on recent weather conditions and three-month outlooks, while long-term expectations are based on average seasonal conditions.

The BOM's latest spring outlook points to a shift from the past two years, with much of the east coast holding an 70%+ chance of above-median rainfall. If realised, the impact will be uneven across regions.

Victoria, SA and southern NSW have experienced 18 months of below-average seasons, shaping their current baseline. Sustained rainfall will be required before a recovery takes hold, although improved pastures and water availability could trigger earlier flock rebuilding.

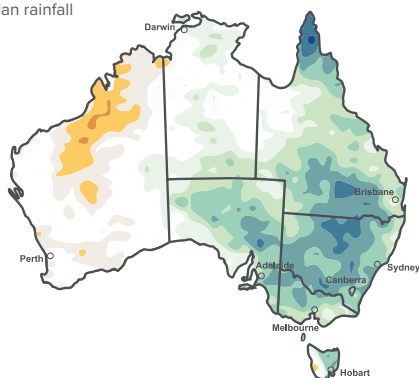
In southern Australia, where the majority of the national flock is located, sustained and prolonged dry conditions left producers turning off sheep earlier to mitigate the impact of drought-like conditions. With the BOM forecasting positive seasonal conditions, producers in many dry regions are likely to benefit from potential rainfall.

Figure 1: Australian rainfall outlook – Oct to Dec 2025

Chance of exceeding the median rainfall

Legend

- Above 80% chance
- 75–80% chance
- 70–75% chance
- 65–70% chance
- 60–65% chance
- 55–60% chance
- 45–55% chance
- 40–45% chance
- 35–40% chance
- Below 35% chance

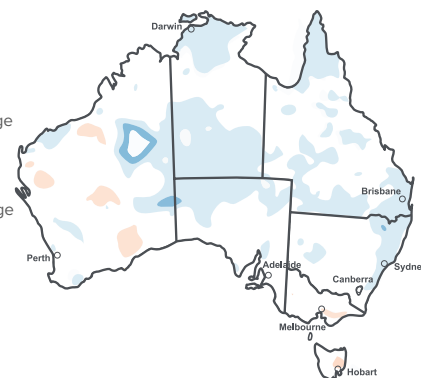


Source: Bureau of Meteorology

Figure 2: Forecasted root zone soil moisture – Oct 2025

Legend

- Lowest 1%
- Very much below average
- Below average
- Average
- Above average
- Very much above average
- Highest 1%



Source: Bureau of Meteorology

Wool

In September 2025, the Eastern Market Indicator (EMI) was 1,291¢/kg – an 18% lift from September 2024. The rebound in wool prices over the past two years has been encouraging, although rising input costs continue to pressure producer margins.

Finances

Interest rates

At its August 2025 meeting, the Reserve Bank of Australia (RBA) reduced the cash rate by 25 basis points to 3.60%. This marks the third cut of the year and the lowest level since April 2023. The decision reflects a continued easing in inflation – which is now within the RBA's 2–3% target band – alongside signs of a softening labour market.

The prolonged period of higher interest rates placed significant strain on farm businesses through elevated land values and expensive financing. The recent cuts have provided some relief, with further reductions anticipated.

The major banks have forecast interest rate reductions in the medium term. Their forecasts for end of 2025 are outlined below:

- **ANZ:** targeting 3.35% by the end of 2025
- **CommBank:** expecting one more cut in November, to 3.35% by December 2025
- **NAB:** projecting 3.1% by early 2026
- **Westpac:** forecasting 2.85% by May 2026.

Price production indices

The Australian price production indices (PPI) track agricultural product price movements.

1. The agriculture PPI was 162.2 in Q2 2025 – 6% higher than Q2 2024, but 4% below the Q3 2022 peak.
2. The sheep, beef cattle and grain farming PPI was 165.1 – 15% higher than Q2 2024 but 15% below its Q2 2022 peak.

Exchange rate

At the August 2025 RBA meeting, the Australian dollar was trading at A\$1.54/United States Dollar (USD), below the five-year average of A\$1.45/USD.

This depreciation has improved Australia's beef export competitiveness, particularly in the United States (US), where tight local supply and increased South American imports continue to shape the market. Australian beef has also gained an edge in Japan, South Korea and Greater China against US competitors.

Cost of inputs

Input costs remain a major concern for producers. While lower interest rates are easing some financial pressure, the weaker Australian dollar has lifted the price of imported inputs such as fuel and fertilisers.

Electricity

ABS data shows electricity prices fell 6.3% in the year to June 2025, due to expanded rebates and competitive market offers. However, excluding rebates, prices have climbed 17.4% since June 2023 and remain well above the five-year average. Rising wholesale costs and infrastructure upgrades are driving these increases, affecting producers who are reliant on irrigation, refrigeration and processing systems.

Fuel

Diesel prices fell 8% year-on-year to June 2025, leaving them 13% below the five-year average. This provides some cost relief for transport, machinery and on-farm operations. Nonetheless, volatility remains a risk, with global supply chain issues and geopolitical tensions creating uncertainty.

Employment

By June 2025, the Pacific Australia Labour Mobility (PALM) scheme supported 31,055 workers across 513 approved employers:

- 17,010 (55%) in agriculture
- 11,650 (37%) in meat processing, of which 97% were long-term employees.

The scheme remains critical for filling labour shortages, particularly in regional areas. However, the reliance on long-term workers has raised fixed labour costs, challenging processors to adapt to fluctuating production volumes. Under the Meat Industry Labour Agreement, businesses can also sponsor skilled overseas workers for up to four years or for permanent residency, shaping long-term workforce planning.

Regulations

Regulatory requirements continue to place financial and administrative pressure on farm businesses. According to the Productivity Commission, producers face a complex mix of rules spanning land use, environmental compliance, biosecurity, animal welfare and transport – all of which add to operational costs.

Supply

Flock

The national sheep flock, as of 30 June 2025, was estimated to be 74.2m head, which is a 6.2% decline on the 2024 estimated flock size.

Varied climate outcomes have had ongoing impacts on sheep producing regions. SA and Victoria have continued to face harsh climate outcomes which have influenced producer turn-off decisions. High lamb slaughter and elevated mutton turn-off has affected the flock size, as well as its ability to rebuild. Alternately, relatively positive conditions across NSW have supported turn-off, however, carrying capacity across the state did not allow for much flock protection.

Looking ahead, assuming average seasons, the flock is expected to rebuild, though slowly, through natural increase. This will initially occur through ewe retention which will grow the breeding herd, and then as prices stabilise, through ewe lamb retention. In 2026, the flock is expected to lift 2.1% to 75.7m head, and then a further 4.3% by 2027 to 78.9m head as rebuild capability lifts.

Slaughter

Lamb slaughter in 2025 started very strong, however it is not expected to remain firm for the remainder of the year. The current lamb cohort is expected to be quite below standard seasonal trends, but will see a peak in the final quarter.

Lamb slaughter by the end of 2025 is projected to reach 24.9m head, a 5.8% decline on 2024 calendar year records, though in line with 2023 volumes. Moving ahead in 2026, producers are expected to retain ewes before lambs, resulting in just a slight 2.2% decline to 24.3m head in turn-off as the flock recovers from liquidation. A following lift of 5.4% to 25.6m head is expected by 2027 – just below the 2024 record.

Mutton slaughter is forecast to drop significantly as the flock turns to rebuild. The 2025 calendar year numbers are expected to dip 15.4% to 9.97m head, followed by a consecutive 18.1% dip to 8.16m head in 2026 as ewe retention turns on. By 2026, mutton turn-off will return 11.1% to 9.07m head.

Carcase weight

Lamb carcase weights (cwt) continue to trend upwards. This is a result of a combination of fewer destocked animals, increased feed availability due to assumed average seasons, and a general trend towards grain feeding sheep. In 2025, average carcase weight is projected to land at 24.5kg, up 0.7kg on 2024 averages. By 2026, weights are expected to lift 0.4kg to 25kg, and another 0.4kg by 2027 to 25.4kg.

Sheep carcase weights are expected to follow trends, lifting 0.5kg by the end of 2025 to 25.7kg, followed by two consecutive lifts of 0.2kg to make 26.2kg by 2027.

Figure 3: National sheep flock

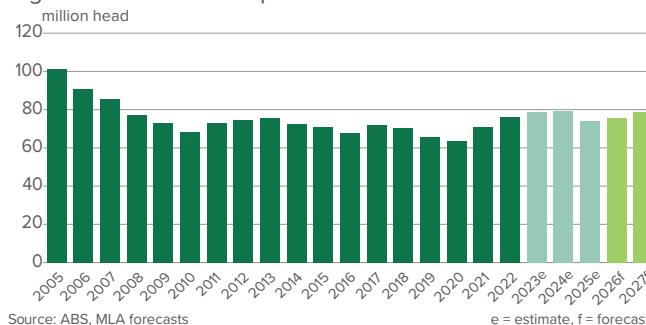


Figure 4: National lamb slaughter

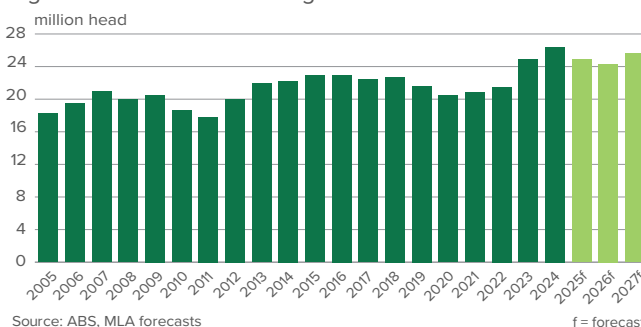


Figure 5: National sheep slaughter

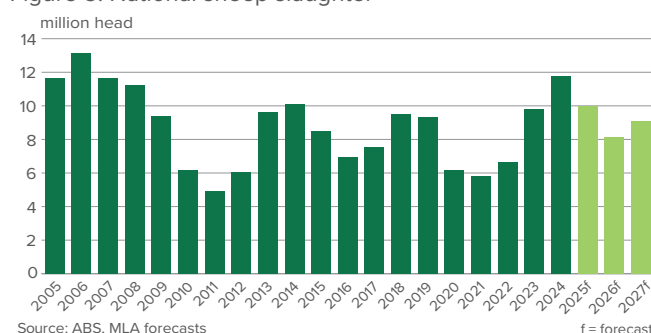
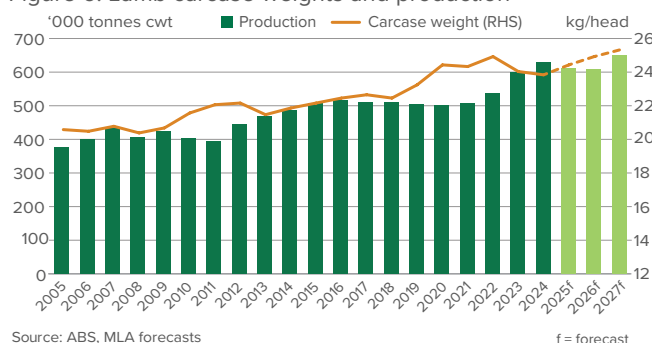


Figure 6: Lamb carcase weights and production

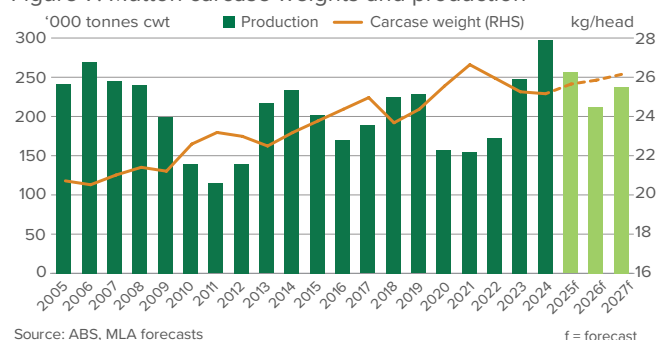


Access MLA's National Livestock Reporting Service (NLRs) weekly slaughter report:
mla.com.au/prices-markets/slaughter

Production

Lamb production is expected to reach 609,894 tonnes (t) by the end of 2025, a 3.1% decline on last year's record production year. A lift to carcase weights will measure the impact of reduced slaughter in 2026, resulting in just a 0.5% decline to 607,014t. Growth in carcase weights and slaughter by 2027 will result in a projected record production year, with 650,959t produced, up 7.2%. Mutton production will ease, following slaughter trends. By the end of 2025, mutton production will have eased 13.9% to 256,182t, followed by a 17.3% ease to 211,741t before a 12.2% lift to 237,519t by 2027.

Figure 7: Mutton carcase weights and production



New season lamb signals

Australia's new season lamb market has entered uncharted territory in the second half of 2025.

Access the new season lamb review here



Live export

Live sheep exports provide Australian producers with an important market outlet, offering flexibility, price competition and diversification within production systems. This contributes to the overall resilience and adaptability of the sheep industry, particularly in WA.

While supply and demand fundamentals remain central, the live sheep export industry continues to operate within a broader landscape of change and uncertainty, making forecasting increasingly complex.

Export volumes in early 2025 were subdued, largely due to vessel availability issues caused by unscheduled maintenance and delays in securing suitable replacement ships. Although shipping constraints have since eased, total exports from January to August 2025 are tracking 3% below the same period in 2024, primarily due to the slow start to the year.

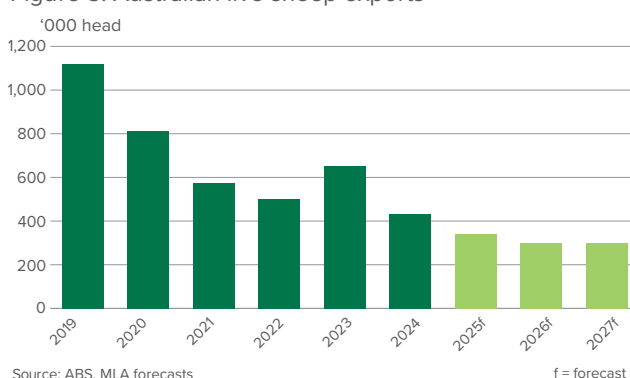
The supply outlook is evolving, with several factors influencing current flock numbers. Dry seasonal conditions across southern Australia have led to flock reductions, while WA, the key state supplying live export, has experienced a gradual shift in production dynamics over recent years. A mix of influencing factors, including seasonal variability, input costs, labour availability and evolving producer sentiment, have shaped current trends. The Australian Government's announcement to phase out live sheep exports by sea by 2028 has also prompted some producers to reassess and adapt their business models. As a result, tighter supply has increased competition between processors and restockers, helping to support strong market conditions. Should favourable weather conditions return to key southern production regions, a flock rebuild may emerge, further influencing supply dynamics.

On the demand side, Australian sheep are in high demand in the Middle East, driven by Australia's reputation for quality, consistency and animal health standards. These attributes have established Australian sheep as a trusted option for importers seeking assurance of both supply and quality.

In contrast, alternative suppliers such as Romania and Spain have faced ongoing challenges, including elevated prices and biosecurity concerns, which have reduced their competitiveness in international markets. Similarly, while the Horn of Africa continues to supply some parts of the Middle East region, trade from these origins has been affected by political instability, drought and evolving import protocols.

Australian sheep play a valuable role in supporting food security across the Middle East, particularly in markets where there is a strong cultural preference for fresh meat and sheepmeat forms a central part of the diet. Despite evolving conditions and structural changes, trade continues, reflecting the strength of underlying demand. At the same time, new export opportunities are emerging, highlighting ongoing international interest in Australian sheep and reinforcing the sector's global relevance.

Figure 8: Australian live sheep exports



Access MLA's LiveLink interactive dashboard for export statistics:
mla.com.au/prices-markets/trends-analysis/livelinek

Key and emerging issues

Rise of sheep feedlots

Sheep lot feeding is on the rise as more producers look to deliver consistent growth and heavier carcasses. By finishing lambs on high-energy rations in confinement, feedlots reduce variability, shorten finishing times and produce more uniform carcasses that align with processor specifications. For abattoirs, this can mean better efficiency on the chain and improved yield per head.

The expansion of feedlot use, however, is no silver bullet. Feedlot performance depends on lamb entry weight, ration cost and smooth adaptation to grain. Not all lambs are suited to the system, and high feed costs can quickly erode margins. While lot feeding can increase average carcase weights, it cannot manufacture supply where ewe numbers are in decline.

Breeding ewe numbers underpin the annual spring flush – the seasonal surge in lamb supply that processors and markets rely on. When ewe numbers fall due to drought destocking, low profitability or delayed rebuilding – the flow-on effect is fewer lambs born and available for finishing. Even if more of those lambs are feedlot-finished to heavier weights, total throughput is reduced.

This dynamic has important implications across the supply chain. Processors face the challenge of higher fixed costs spread over fewer animals, even if individual carcasses are heavier. Further, retailers may see prices remain elevated due to the total kilograms of lamb available being reduced, despite heavier carcase weights. For producers, there is a risk of higher volatility around spring markets, as the expected flush is smaller and competition for limited supply becomes more intense.

This outlook highlights the need to treat lot feeding as part of a broader strategy rather than a substitute for flock rebuilding. Strategic use of feedlots such as finishing late-born lambs or smoothing seasonal gaps can add value. Maintaining a viable breeding base, however, remains critical for supply security. Rebuilding ewe numbers takes time, and lot feeding alone cannot shorten the biological lag.

In short, while the rise of sheep feedlots is helping to lift carcase weights and consistency, the reduced spring flush from a smaller ewe base will shape the market more than any gains in finishing systems.

The MENA market

The Middle East and North Africa (MENA) region has historically been an important market for frozen and chilled Australian lamb and mutton, with Australian exports in the region going back more than 50 years. Over the past five years, the region's importance in Australia's export market mix has shifted, with two distinct elements emerging.

The first trend is the rapid development of several cities in the region as major international centres, which has led to the emergence of a set of high-value markets for Australian red meat exports. In this context, Australian products are being utilised in high-end foodservice and retail across a wide range of styles and culinary traditions. The emergence of this trade has seen an increase in premium lamb cuts into the area and has largely developed alongside the growth in premium beef exports into the region.

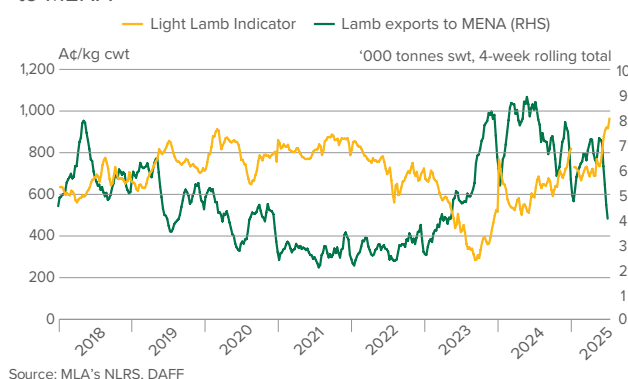
Secondly, the MENA region has emerged as the most price sensitive major market, with export volumes becoming much more sensitive to Australian livestock prices and product availability. In particular, since mid-2023 there has been strong demand in MENA for light lambs. These were in good supply for the past several years as poor conditions on farm across much of southern Australia led to higher turn-off and increased costs for on-farm weight gain in some circumstances.

Sheep projections are forecasting that lamb slaughter will decline over the next two years, with carcase weights rising over the same period – this should attenuate total production declines slightly. This forecast has distinct effects on these two trends.

For the high value export opportunities emerging in major MENA cities, the effect of lower production is likely to be felt largely through greater difficulty securing product and potentially increased competition from other buyers. While overall slaughter is set to decline, higher average carcase weights suggest there are likely to be relatively more trade and heavy weight lambs, and the already evident 'premiumisation' trend in some markets across the region suggest that price sensitivity will be lower than average in those markets.

By contrast, as slaughter is set to fall and carcase weights are set to rise, the slaughter and export of light lamb carcasses is likely to drop considerably from the highs seen during 2023 and 2024. This is likely to have an outsized effect on the more price-sensitive parts of the region, as lower productivity is likely to impact total volumes being exported into the region.

Figure 9: Light lamb indicator versus lamb export volumes to MENA



Source: MLA's NLRS, DAFF

Fortunately, despite the likely shift in export volumes overall, history shows that Australian trade with MENA is resilient and that as production rises at the end of the forecast period, exports to MENA are likely to rise with it. The longstanding trading relationship between MENA and Australia remains strong. Demand in MENA for Australian product has been an especially important support for Australian industry during the last few years, as poor seasonal conditions pushed slaughter and production to records levels.

Global supply and forecast

In FY2024–25, Australian sheepmeat exports made up 54% of the global total, while exports from NZ made up an additional 31%. Given Australia and NZ make up 85% of global exports, their supply dynamics largely determine the global supply of exported lamb and mutton.

In both nations, supply is expected to be tight over the next several years. Unlike Australia, where the dip in supply is largely due to a cyclical rebuilding after years of drought-induced destocking, lower supply of sheepmeat from NZ is more structural. This is due to land use changes putting pressure on the size of the flock and reducing production.

Total sheepmeat production in NZ is forecast to decline by 1.9% in the upcoming 2025–26 season, according to *Beef + Lamb New Zealand's New Season Outlook*. The primary driver for this shift is lower slaughter, forced by an historically small sheep flock, estimated at 23.36m in June 2025.

Although the lamb crop in 2025–26 is forecast slightly higher than 2024–25, farmland availability has fallen, capping the potential for flock growth and with it, capping future production. According to Beef + Lamb New Zealand, between 2017–18 and 2024–25, 292,800 hectares of grassland were converted to forest, either for logging or (more commonly) for carbon sequestration purposes. This shift was responsible for a 1.32m reduction in sheep numbers.

When combined with further land use changes that took place over the 2000s and 2010s, – when the success of Fonterra in marketing dairy solids products in export markets drove a substantial shift away from sheep production towards dairy cattle – the NZ flock is unlikely to return to sizes seen a decade, or even five years ago.

As more than 90% of NZ's sheepmeat is exported, this reduction in the flock has a strong effect on export volumes. Already, NZ exports fell 4.8% year-on-year in 2024–25 to 393,475t carcass weight (cwe), and are forecast to fall another 1.9% in the upcoming season to 357,000t cwe, which will be the smallest export total in 15 years.

At the same time, improved market access is shifting the distribution of NZ exports. NZ signed a Free Trade Agreement with the European Union (EU-NZ FTA) which came into effect on May 1, 2024. This has provided an increase in the tariff-free quota for NZ sheepmeat.

Due to this, and alongside a shortage in lamb and mutton in the EU, exports from NZ into the EU increased. Even in the context of falling NZ exports, exports to markets in the EU rose 14% in 2024–25 to 74,097t cwe. This meant ex-EU NZ exports actually fell by 10% year-on-year.

The combination of a slightly broader export mix and a shrinking flock led to considerably lower exports into key markets where Australian and NZ sheepmeat directly compete. In Mainland China, exports fell by 11% over 2024–25, while in the US, exports fell by 10% year-on-year.

Taken together, NZ exports are likely to remain low for the foreseeable future, and exports that do occur are likely to be slightly more geared towards markets in which Australia has a smaller footprint. This presents an opportunity for Australian exporters to build market share and continue to export large volumes of lamb and mutton, even as forecast Australian production is likely to slow somewhat.

Figure 10: NZ sheep flock, 2005–25

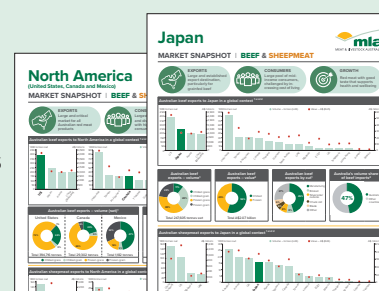


Market snapshots

MLA's market snapshots aim to give a better understanding of Australia's main red meat markets along with insights into what's driving consumer demand.

Covering 14 markets, the snapshots provide industry stakeholders access to topline insights on:

- consumer demographics, perceptions, habits and trends
- Australian export data and analysis
- foodservice and retail sector trends
- trade access and competitive landscape.



Access the latest market snapshots:
mla.com.au/prices-markets/overseas-markets

Prices

MLA's sheep projections include an aggregate price estimate from analysts (excluding MLA) for the three major indicators. By aggregating these estimates, an average target price is calculated, along with a price range that reflects the variation in analysts' forecasts, based on their respective upper and lower predictions.

While aggregate forecasts are indicating a reduction, these price movements align with seasonal swings. Additionally, forecast prices remain well above the long-term averages.

- The National Heavy Lamb Indicator (NHLI) is forecast to trend sideways, declining by 14% to 1,011¢/kg cwt with an upper limit of 1,144¢/kg and a lower limit of 930¢/kg by 31 December 2025.
- The National Restocker Lamb Indicator (NRLI) is forecast to slightly ease 24% to 875¢/kg cwt with an upper limit of 945¢/kg and a lower limit of 825¢/kg by 31 December 2025.
- The National Trade Lamb Indicator (NTLI) is forecast to stabilise and ease by 14% to 997¢/kg cwt with an upper limit of 1,121¢/kg and a lower limit of 892¢/kg by 31 December 2025.

Figure 11: Aggregated industry average heavy lamb price forecast

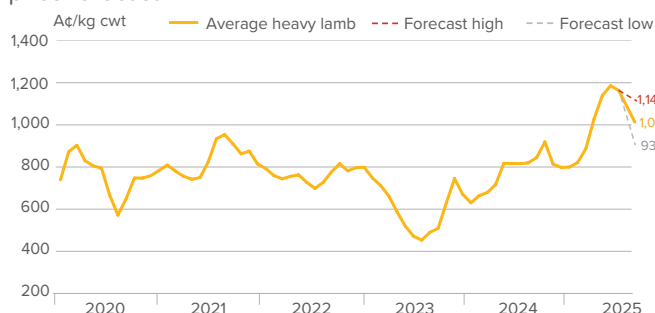


Figure 12: Aggregated industry average restocker lamb price forecast

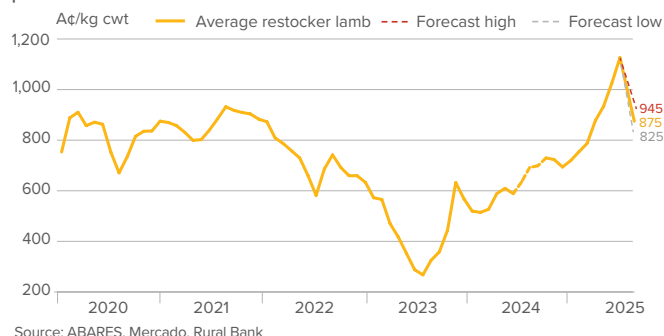
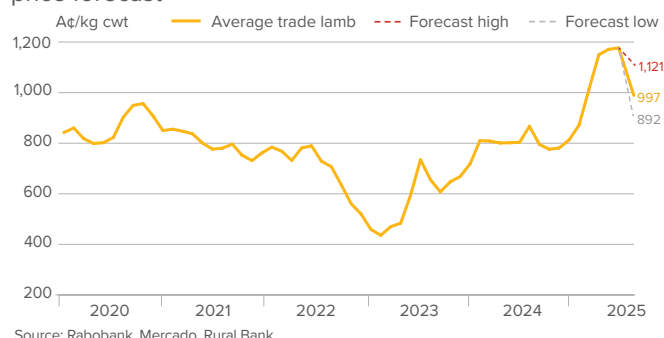


Figure 13: Aggregated industry average trade lamb price forecast




Looking ahead

Australian sheep and lamb supply is expected to remain tight in the years ahead, underpinning a strong and sustained market. As producers begin to retain breeding stock, the flock rebuild will place further short-term pressure on supply and is likely to progress more gradually than in previous cycles, reinforcing current market strength.

Grain feeding is playing an increasingly important role in lamb finishing, driven by limited pasture availability and a need to extend the supply cycle. This shift is contributing to heavier carcase weights, helping to offset the impact of reduced slaughter volumes on overall production.

On the demand side, Australia's position as a key global sheepmeat supplier continues to strengthen. Protein shortages in the US and emerging opportunities in the United Kingdom are supporting export growth. However, while international demand remains robust, elevated prices may place pressure on domestic consumption over time.

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