Monthly US Lamb Market Update

September 2021 Issue

Prepared Exclusively for Meat & Livestock Australia - Sydney

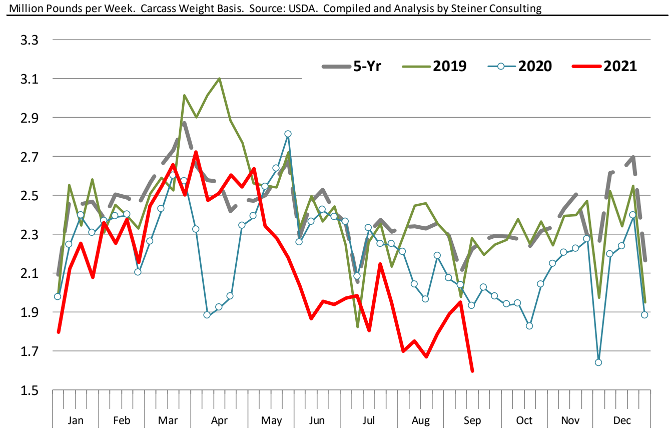
September 30, 2021

USA Domestic Lamb Market - Supply/Demand Situation

- US **lamb and mutton production** remains well below year ago levels on limited slaughter and lower weights. The reduction has resulted in sharply higher prices for domestic lamb, strong demand for imports and less product in cold storage compared to historical levels. With holiday demand around the corner, end users are extremely nervous about supply availability and pricing.
- Lamb production in the four weeks ending November 11 was estimated at 7.23 million pounds, down 12% from the same four week period a year ago and 20% lower than the five year average. **Official statistics for the month of August** show that total lamb/sheep production for the month was down 6% compared to a year ago. The biggest declines came in the top two producing states, Colorado and California. Production in both states was down 16% compared to last year. Production in Texas was up 38% compared to last year as some of the lambs previously processed in Colorado now are processed in Texas. Strong prices appear to have encouraged some growth in smaller states. Production in Indiana for instance was 921k pounds in August, 37% higher than a year ago. However, Ohio production was down 46%. Average live weights were down 5.7% while slaughter was down 1% compared to a year ago.
- While production in Colorado has been significantly below year ago levels in the first half of the year, we could see some improvement by Q4. The supply **of Colorado lambs on feed** averaged 14% below year ago levels during Mar-Jul period. However, as of September 1 the inventory was estimated at 132,347 head, up 87% compared to a year ago and 24% higher than the five year average.
- The supply of **lamb and mutton in cold storage** remains significantly below year ago levels. The latest USDA report estimates that at the end of August the total supply in cold storage was 22.05 million pounds, 44% lower than a year ago and 43% lower than the five year average. Normally freezer supplies decline in the fall as end users deplete inventories going into the holiday season. This year there was no summer build up of inventories and thus we will not see much of an inventory drawdown. Buyers are forced to fill needs in the spot market or raise prices in order to ration out demand.
- With limited supply, **wholesale lamb prices** have rocketed higher. USDA calculates the value of the domestic lamb cutout for August at $691.2/cwt, up 65.5% compared to a year ago and 76% higher than the five year average. **Retail lamb feature prices** are also sharply higher compared to a year ago. In the four weeks ending September 24, the average price of retail lamb racks was $15.85/lb., 38% higher than a year ago. Ground lamb feature price was up 16% and the price of boneless legs was up 6.2%

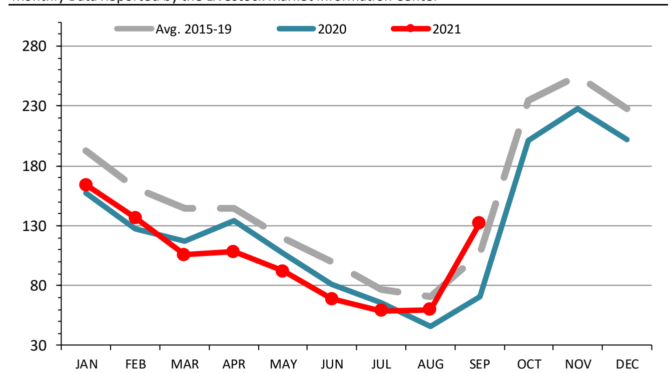
Weekly USA Lamb Production

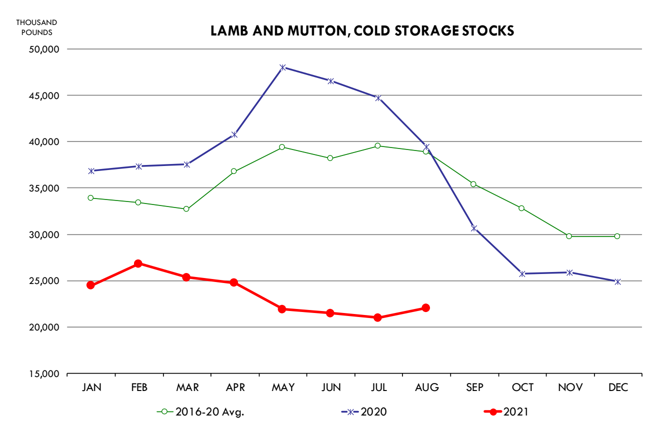
Million Pounds per Week. Carcass Weight Basis. Source: USDA. Compiled and Analysis by Steiner Consulting



COLORADO LAMBS ON FEED. '000 head

Monthly Data Reported by the Livestock Market Information Center





Imported Lamb Supply and Price Trends

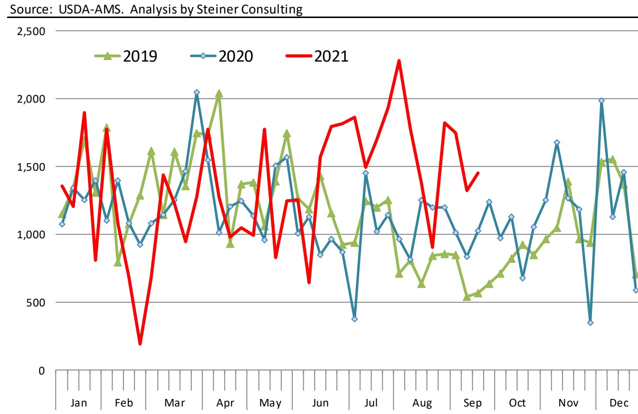
<u>US lamb imports were higher in August and September due to strong prices in the US and (maybe)a slowdown in China demand.</u> Some reports from Australia suggest that Chinese buyers have significantly scaled back purchases of Australian lamb due to the current political climate between the two countries. However, this was not apparent in August export figures as Australian lamb exports to China were 5,233 MT, 26% higher than the previous year. Exports to the US market were 7,219 MT, 62% higher than a year ago. We can see the impact of this increase in shipments in US weekly import figures. USDA reports that imports from Australia in the four weeks ending September 18 were 6,335 MT, 55% higher than the same four week period a year ago. Imports from New Zealand during this period were 1,784 MT, 23% higher than last year. Lamb imports from other markets remain inconsequential, with about 73 MT coming from Chile during this period and 14 MT coming from Uruguay.

US imports of goat meat from Australia showed strong growth in June and July but they have pulled back in recent weeks. In the four weeks ending September 18, US goat meat imports from Australia were 579 MT, down 21% from a year ago. Imports from Mexico remain limited at just 46 MT during this period while imports from New Zealand were only 13 MT.

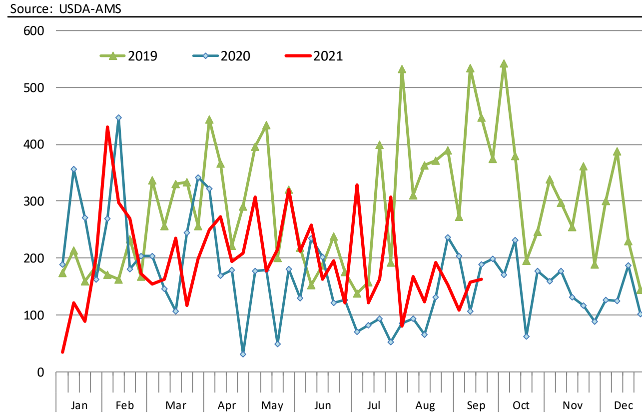
Imported lamb prices have been trending higher for much of this year and that continued during September. Below are a few highlights for key items:

- Australian 1-rib shortloins had the highest traded volume for fresh/chilled lamb in 2020. For the week ending September 27, this product traded at $6.81/lb., a 36% increase from a year ago as well as 39% higher than in 2019.
- Australian chilled cap off racks are now trading at high as $13.49 per pound. Depending on sizing, prices are as much as 55% higher than the comparable week in 2020 and 12% higher than 2019 levels. Improving restaurant demand and record high prices for steak cuts has bolstered prices for high quality lamb cuts.
- Semi boneless leg prices for the most current week were quoted at $5.15 per pound, 11% higher than a year ago and 37% higher than in 2019.
- Frozen Australian legs were last quoted at $5.34/lb., 44% higher than the previous year and 29% higher than in 2019.
- New Zealand frozen racks are trading at a round $10.16/lb, 26.5% higher than a year ago.

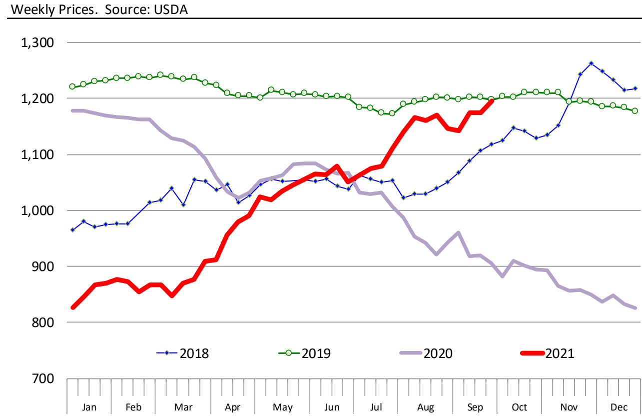
Weekly Lamb Imports from Australia. Data in Metric Ton, Product Wt. Basis.
Source: USDA-AMS. Analysis by Steiner Consulting



Weekly Australian Goat Meat Imports. Data in Metric Ton, Product Wt. Basis.
Source: USDA-AMS



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



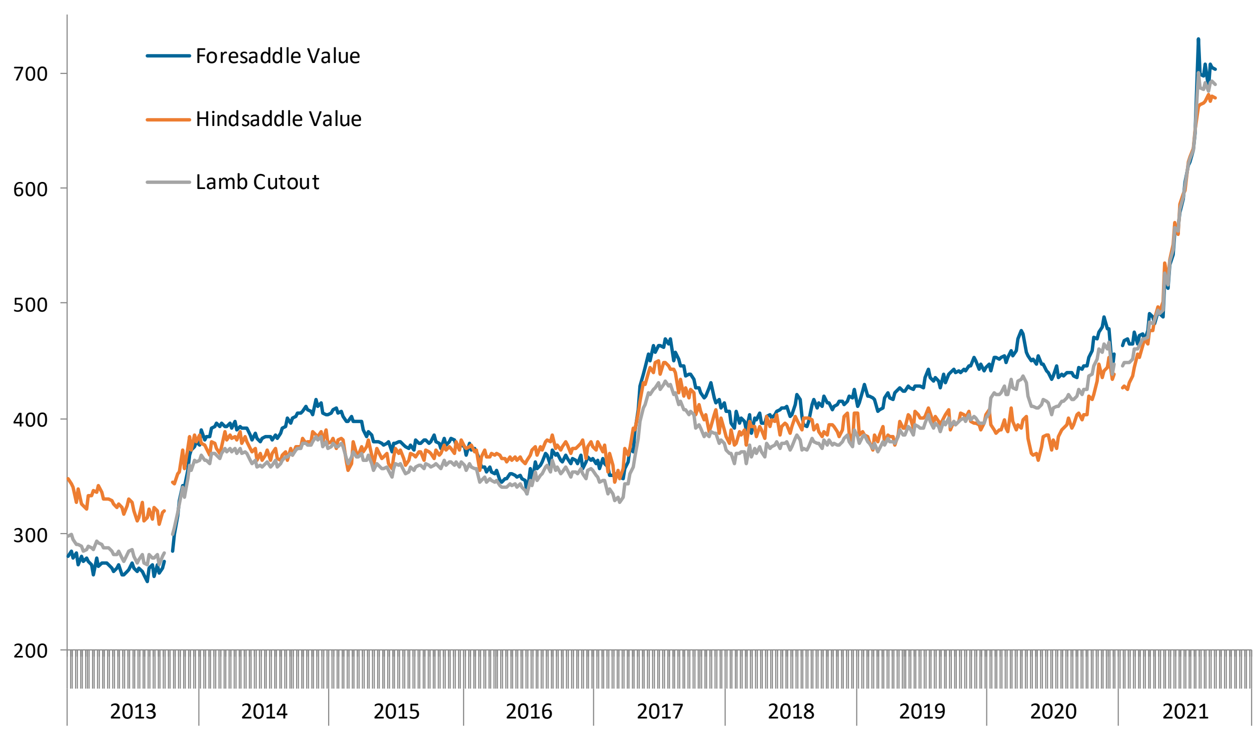
US Domestic Lamb Cut and Primal Values

Weekly Prices from USDA. Wt. Average

		9/24/2021 US$/cwt	9/17/2021 US$/cwt	w/w % ch.	9/25/2020 US$/cwt	y/y % ch.
Foresaddle	204 Rack, 8-Rib, Medium	1403.4	1431.0	-1.9%	803.5	74.7%
	209 Breast	383.7	386.9	-0.8%	291.1	31.8%
	207 Shoulders, Square Cut	548.4	544.5	0.7%	346.1	58.5%
	210 Foreshank	624.1	641.3	-2.7%	419.2	48.9%
	Neck	370.8	325.2	14.0%	220.7	68.0%
Foresaddle Value		702.7	704.7	-0.3%	446.3	57.5%
Hindsaddle	232 Loin, Trimmed, 4x4	1051.0	1047.6	0.3%	651.7	61.3%
	232E Flank, Untrimmed	244.7	357.3	-31.5%	173.0	41.4%
	233A Leg, Trotter Off	610.8	601.7	1.5%	369.9	65.1%
Hindsaddle Value		677.4	679.2	-0.3%	404.1	67.6%
Carcass Value		690.4	692.3	-0.3%	425.6	62.2%

Hindsaddle, Foresaddle and Total Lamb Cutout Value

Source: USDA Mandatory Price Reporting System



Domestic Lamb Cutout Value, USA

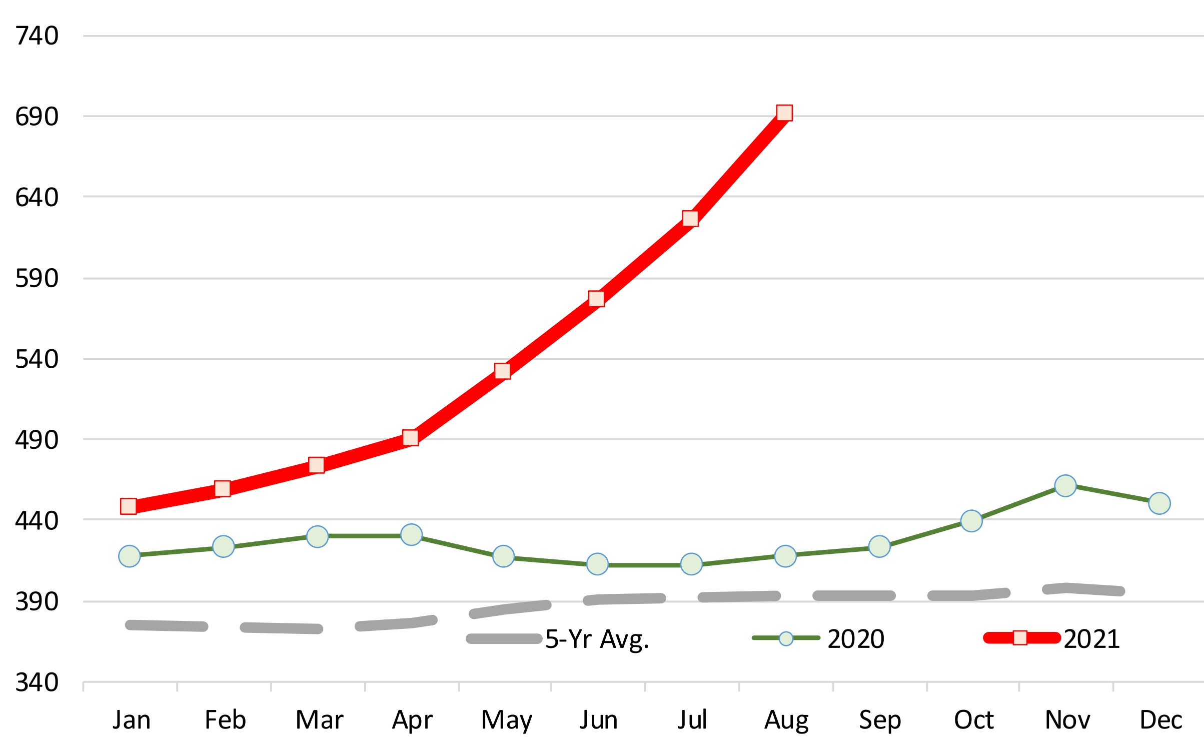
Source: Agricultural Marketin Service, USDA. $ per 100 lb. Dressed Carcass

	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	531.44	385.38	27.4%	37.9%
Jun	341.06	425.44	382.01	391.81	412.29	575.84	390.52	39.7%	47.5%
Jul	343.29	428.96	381.66	397.03	412.33	625.93	392.65	51.8%	59.4%
Aug	355.42	421.48	375.87	393.39	417.76	691.20	392.78	65.5%	76.0%
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

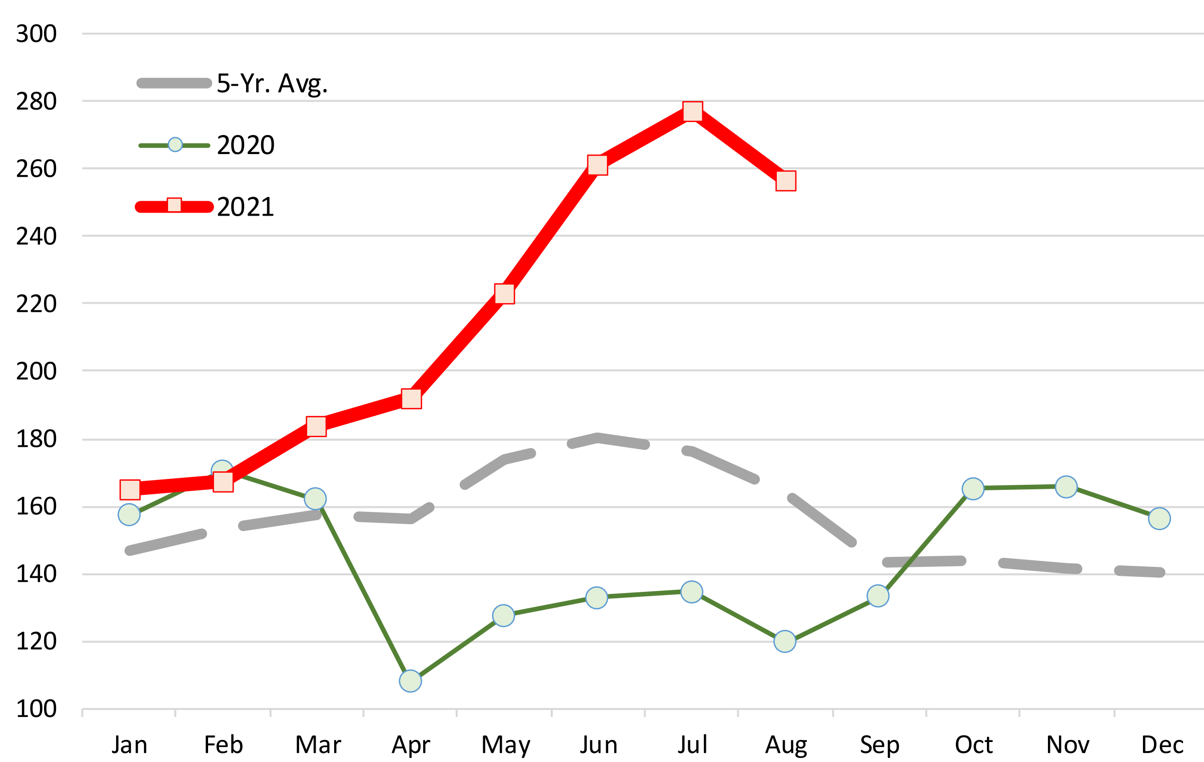
Monthly Average Prices, 100-150 lb. Wooled and Shorn, Choice & Prime 2-3 . $ per 100 lb.

	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	223.3	174.1	75.1%	28.3%
Jun	164.0	200.6	166.6	157.4	133.0	261.5	180.5	96.5%	44.8%
Jul	168.7	177.7	146.3	152.0	134.7	277.2	176.1	105.8%	57.4%
Aug	166.0	156.3	132.4	151.5	119.8	256.9	163.8	114.4%	56.8%
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. Wooled 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	Sep 28, 2020	Jun 28, 2021	Sep 27, 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	$ 5.02	$ 6.64	$ 6.81	2.4%	35.6%
AUS Shoulder, Square-cut	8,994,775	$ 3.22	$ 28,989,584	$ 3.35	$ 3.80	$ 3.94	3.7%	17.5%
AUS Leg, bnls	6,268,292	$ 4.36	$ 27,355,892	$ 4.33	$ 5.36	$ 5.52	2.9%	27.4%
AUS Leg, semi bnls	1,985,283	$ 4.08	$ 8,100,010	$ 4.65	$ 4.92	$ 5.15	4.7%	10.7%
AUS Rack, FR, Cap-off, 20-24 oz	1,870,146	$ 9.52	$ 17,796,182	$ 9.87	$ 10.40	$ 12.15	16.8%	23.1%
AUS Rack, FR, Cap-off, 24-28 oz	1,405,292	$ 9.84	$ 13,832,964	$ 8.68	$ 11.39	$ 13.49	18.5%	55.5%
AUS Rack, FR, Cap-off, 28 oz/up	1,241,798	$ 9.95	$ 12,360,440	$ 8.92	$ 10.04	$ 11.88	18.4%	33.2%
AUS Shortloin, 1-Rib, 1x1	896,958	$ 4.33	$ 3,885,234	$ 4.36	$ 6.56	$ 6.99	6.6%	60.3%
AUS Foreshank, VP	605,016	$ 3.36	$ 2,031,645	$ 3.70	$ 3.75	$ 4.05	8.0%	9.5%
AUS Shoulder, Square-cut, bnls	1,471	$ 6.00	$ 8,826	$ -	$ -	$ -		
Subtotal	**37,886,567**	**$ 4.88**	**$ 184,920,813**	**$ 4.90**	**$ 6.03**	**$ 6.40**	**6.1%**	**30.7%**
Frozen								
AUS Leg, Long	7,153,328	$ 3.69	$ 26,425,668	$ 3.70	$ 4.77	$ 5.34	11.8%	44.3%
AUS Foreshank, LP	4,083,880	$ 2.76	$ 11,269,505	$ 2.76	$ 3.33	$ 3.40	2.2%	23.3%
NZ Rack, FR, Cap-off, 16-20 oz	2,386,029	$ 10.04	$ 23,946,315	$ 8.03	$ 8.62	$ 10.16	17.9%	26.5%
AUS Shoulder, Square-cut	1,679,483	$ 2.84	$ 4,765,242	$ 2.62	$ 2.95	$ 3.11	5.2%	18.5%
AUS Leg, bnls	1,644,850	$ 3.91	$ 6,423,177	$ 3.80	$ 5.00	$ 5.38	7.6%	41.4%
AUS Shoulder, Square-cut, bnls	1,591,611	$ 3.93	$ 6,247,621	$ 3.84	$ 5.13	$ 5.43	5.8%	41.5%
AUS Hindshank, LP	1,377,995	$ 2.76	$ 3,806,928	$ 3.00	$ 3.27	$ 3.79	15.8%	26.2%
AUS Leg, bnls, shank-off	1,234,157	$ 3.90	$ 4,816,990	$ 3.94	$ 5.86	$ 5.46	-6.8%	38.6%
NZ Rack, FR, Cap-off, 12-16 oz	1,004,423	$ 10.05	$ 10,096,657	$ 9.17	$ 9.15	$ 11.01	20.4%	20.1%
NZ Rack, FR, Cap-off, 20 oz/up	932,757	$ 8.60	$ 8,022,179	$ 6.19	$ 8.22	$ 9.45	14.9%	52.6%
AUS Rack, FR, Cap-off, 20-24 oz	637,951	$ 8.42	$ 5,368,366	$ 6.76	$ -	$ 12.66	n/a	87.2%
AUS Rack, FR, Cap-off, 24-28 oz	619,344	$ 8.03	$ 4,975,165	$ 5.54	$ -	$ 12.68	n/a	128.8%
AUS Rack, FR, Cap-off, 28 oz/up	611,734	$ 8.07	$ 4,936,693	$ 6.82	$ -	$ 13.08	n/a	91.7%
AUS Hindshank, VP	17,648	$ 3.53	$ 62,334	$ -	$ 3.90	$ 4.04	3.5%	
AUS Rack, FR, Cap-off, 20 oz/dn	11,430	$ 5.61	$ 64,142	$ -	$ -	$ -		
NZ Rack, FR, Cap-off, 12 oz/dn	10,418	$ 10.24	$ 106,702	$ 9.07	$ 7.36	$ 7.36	0.0%	-18.9%
Subtotal	**24,997,038**	**$ 4.85**	**$ 121,333,682**	**$ 4.38**	**$ 4.73**	**$ 6.19**	**30.9%**	**41.3%**

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.

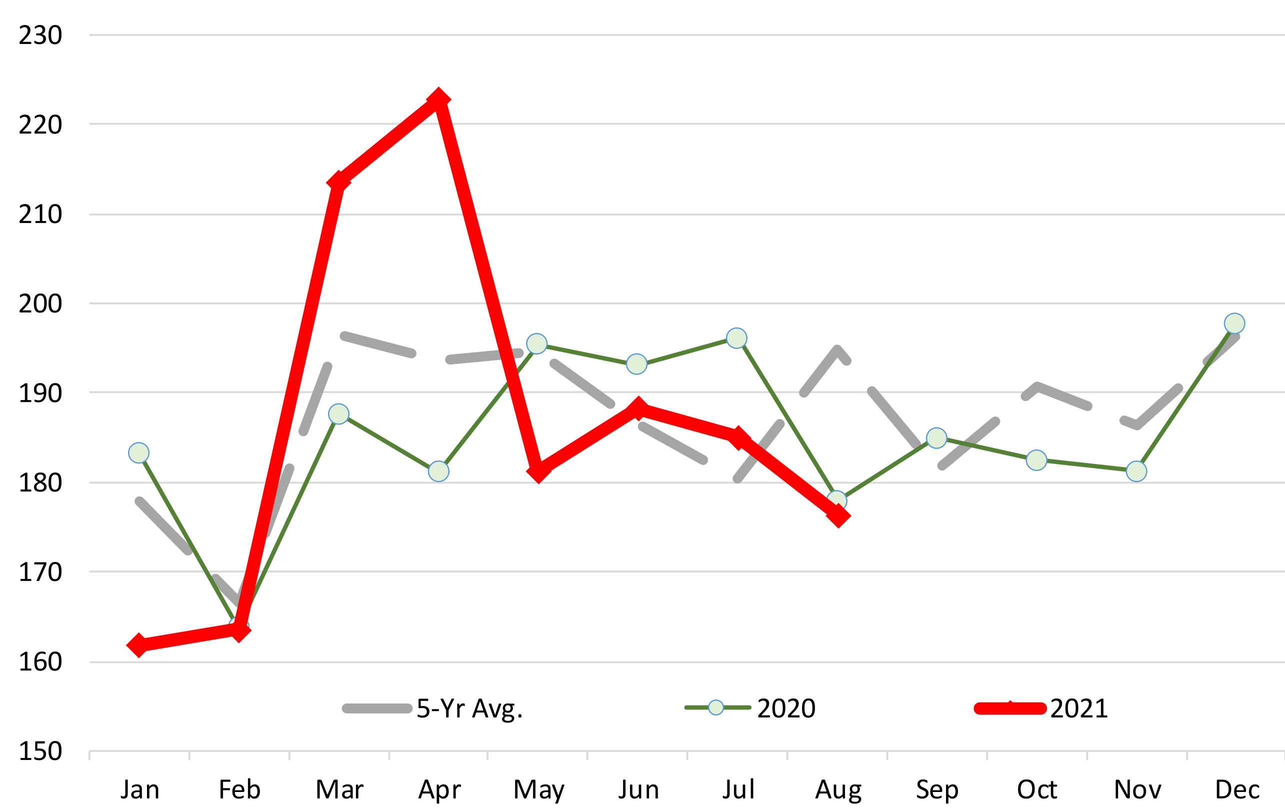
Lamb & Sheep Slaughter. Monthly. '000 Head

	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	213.6	196.5	13.8%	8.7%
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	181.3	194.7	-7.2%	-6.9%
Jun	195.9	187.7	180.6	175.4	193.2	188.3	186.6	-2.5%	0.9%
Jul	170.2	166.9	180.0	188.6	196.2	185.1	180.4	-5.7%	2.6%
Aug	193.4	194.6	205.4	202.9	178.0	176.4	194.9	-0.9%	-9.5%
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



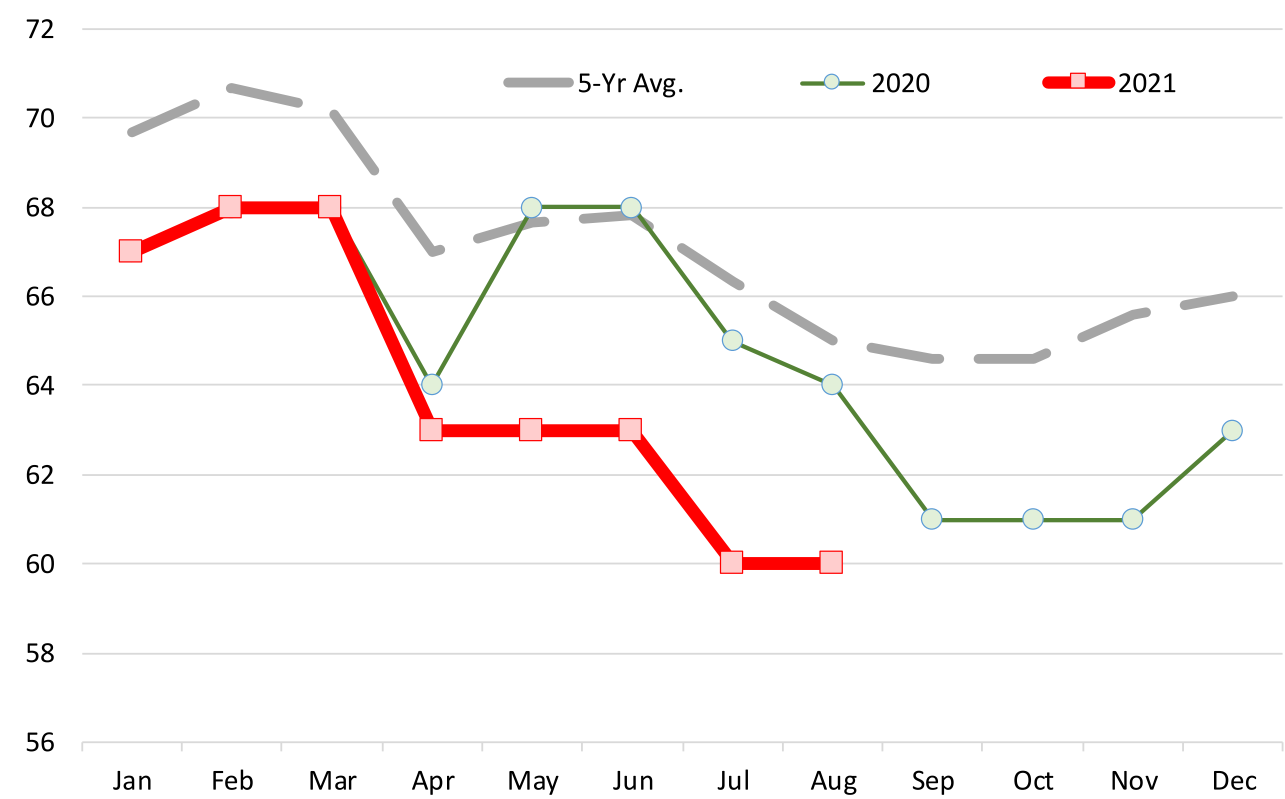
Lamb and Yearling Dressed Weights. Monthly. Avg. Pounds per Carcass

	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	63.00	67.67	-7.4%	-6.9%
Jun	69.00	68.00	71.00	68.00	68.00	63.00	67.83	-7.4%	-7.1%
Jul	69.00	68.00	70.00	66.00	65.00	60.00	66.33	-7.7%	-9.5%
Aug	66.00	67.00	68.00	65.00	64.00	60.00	65.00	-6.3%	-7.7%
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



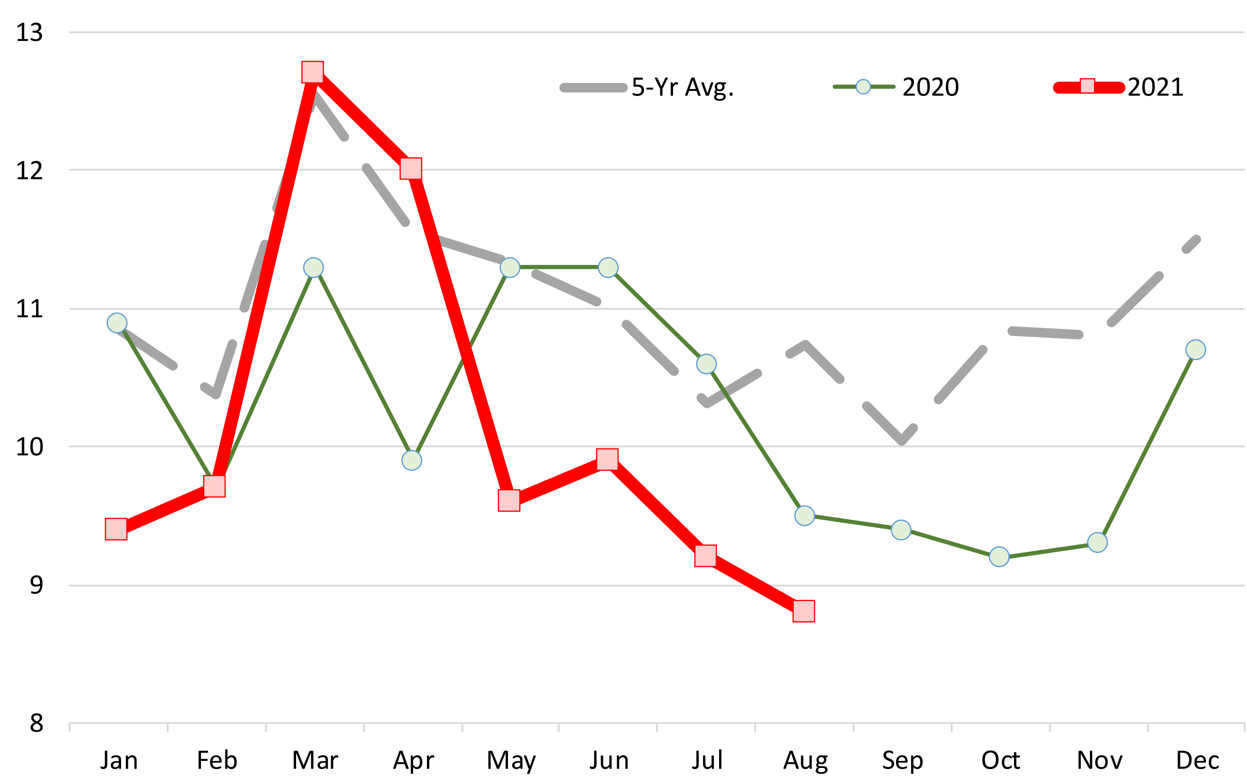
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

	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	9.6	11.3	-15.0%	-15.3%
Jun	12.1	11.3	11.2	10.3	11.3	9.9	11.0	-12.4%	-10.1%
Jul	10.5	9.9	11.0	10.7	10.6	9.2	10.3	-13.2%	-10.8%
Aug	11.5	11.6	11.9	11.1	9.5	8.8	10.7	-7.4%	-18.0%
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

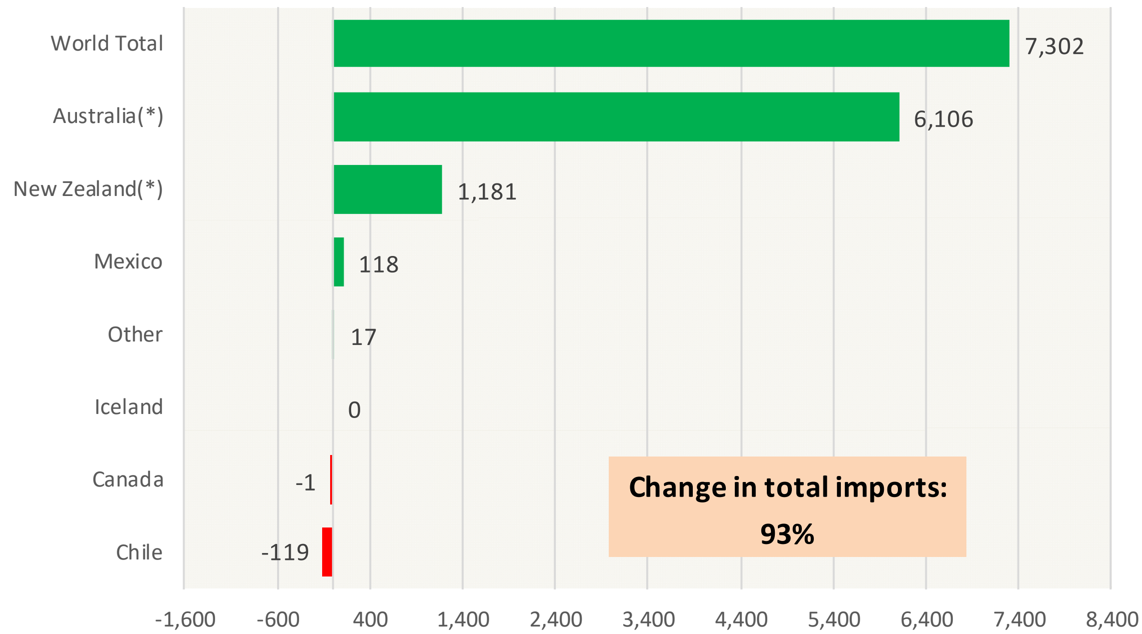
Lamb Yearling Production. Monthly. Carcass Wt. Basis. Million Lb.

Monthly Data. Source: USDA



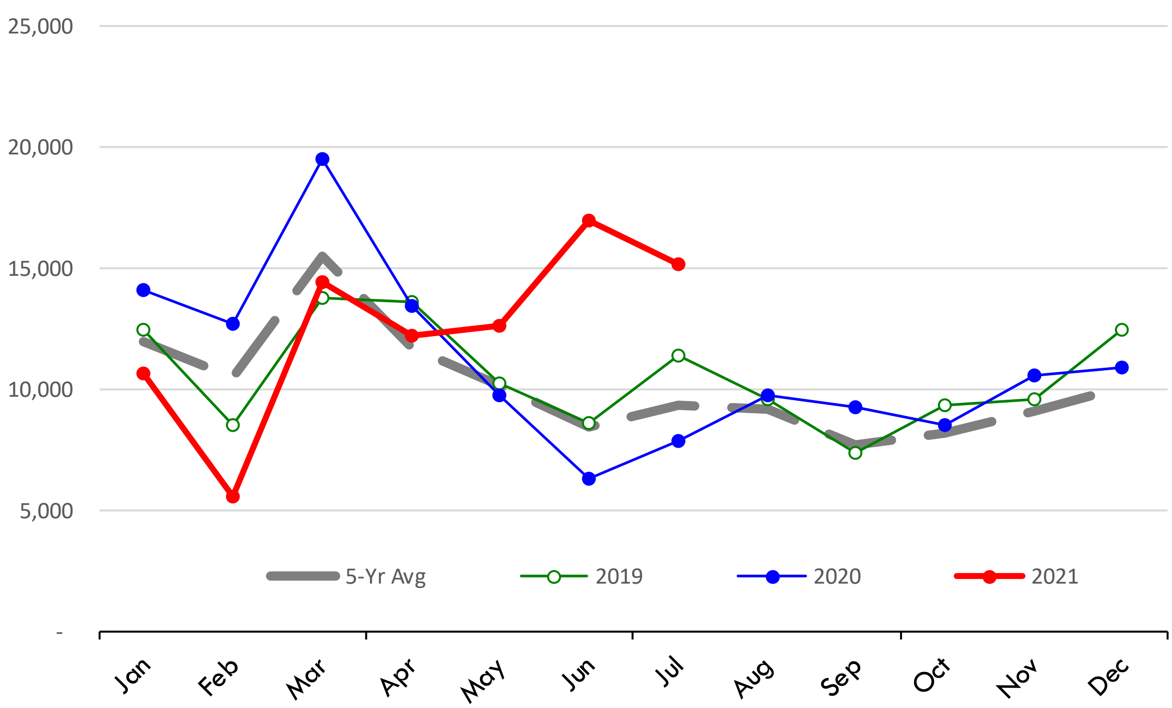
Y/Y Ch. in Jul. 21 vs. Jul. 20 US Mutton, Goat, Lamb Imports

Source: USDA/FAS Units: Metric Tons



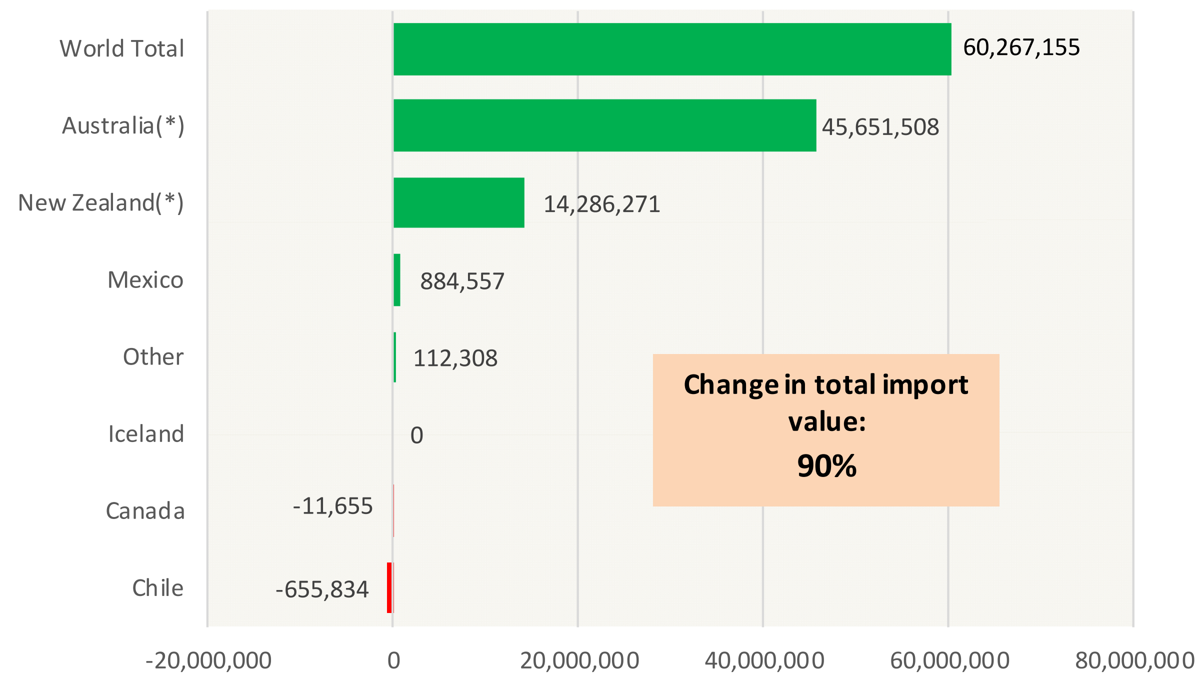
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: World Total

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



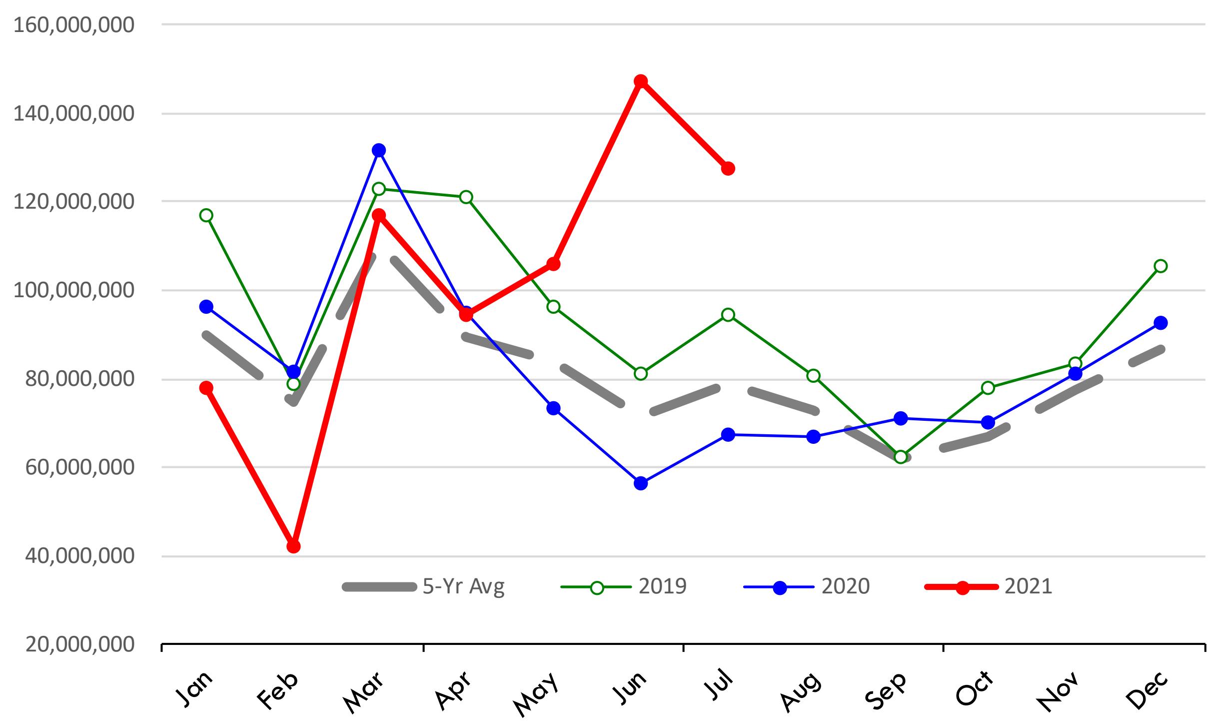
Y/Y Ch. in Jul. 21 vs. Jul 20 US Mutton, Goat, Lamb Import Value ($)

Source: USDA/FAS Units: US Dollars



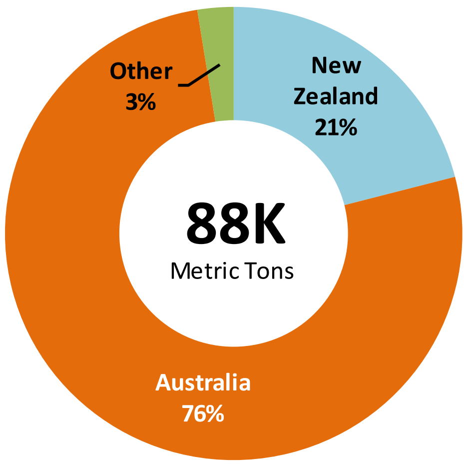
$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: World Total

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



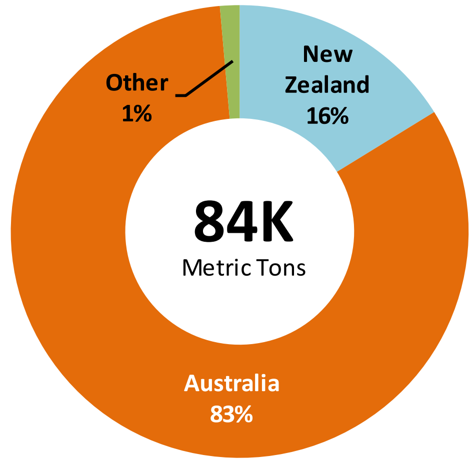
TOP US LAMB IMPORT MARKETS IN 2021

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



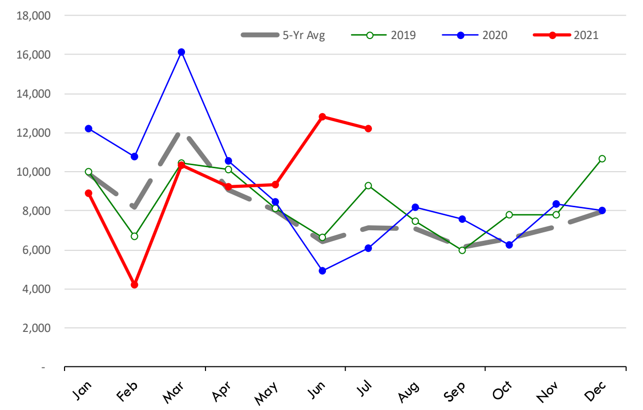
TOP US LAMB IMPORT MARKETS IN 2020

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



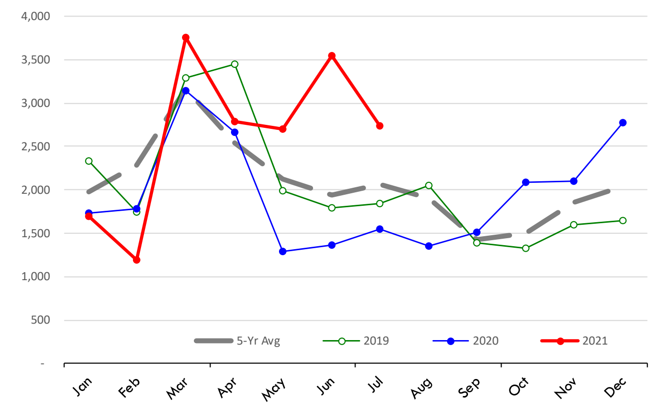
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

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



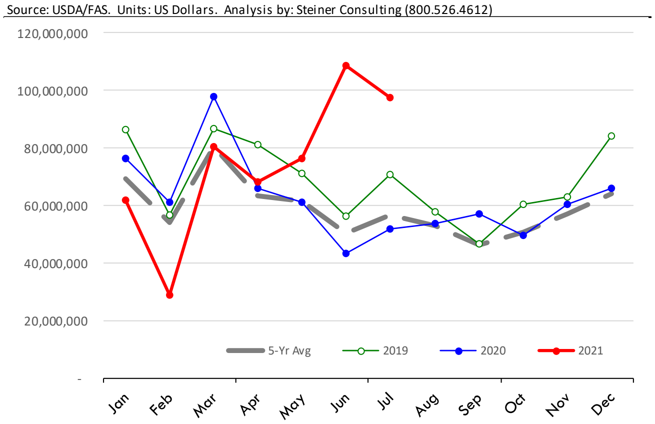
Quantity of US Imports of Fr/Frz Mutton, Goat, Lamb: New Zealand(*)

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



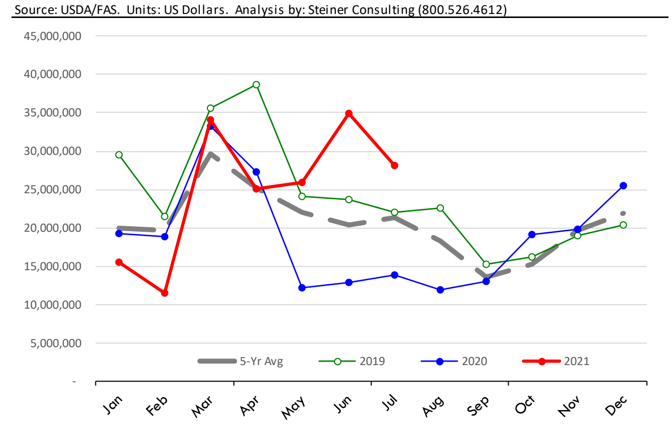
$ Value of US Imports of Fr/Frz Mutton, Goat, Lamb: Australia(*)

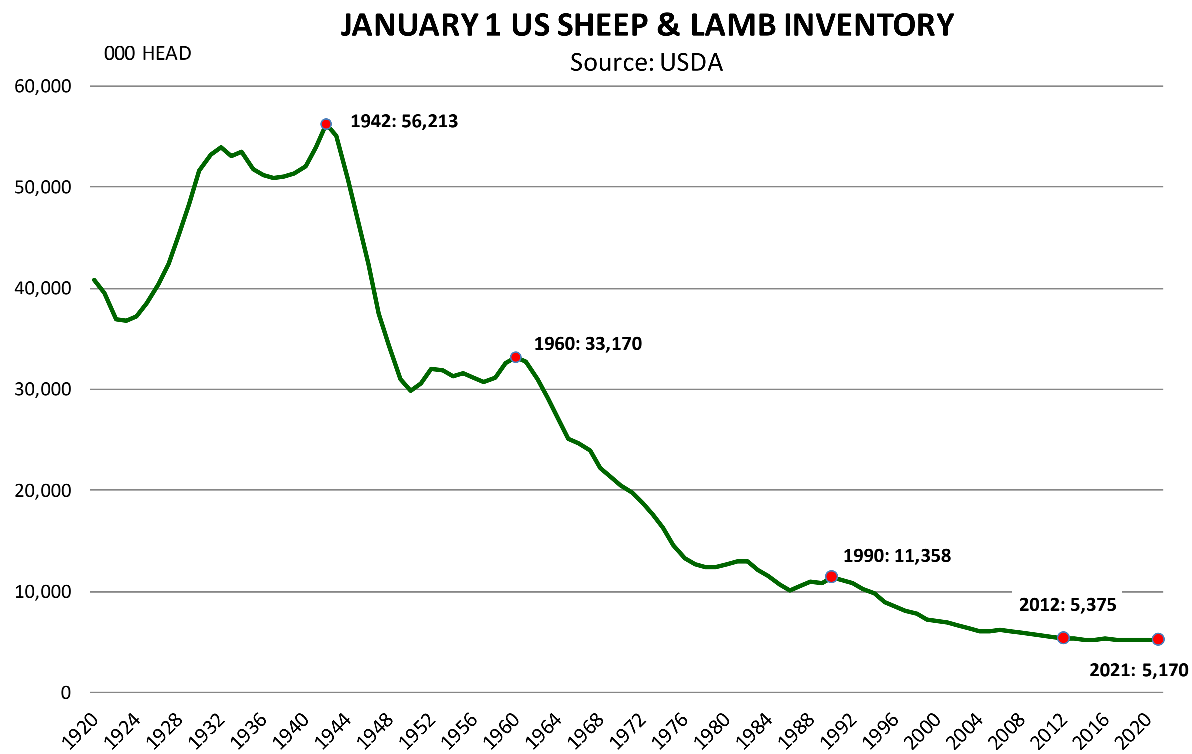
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



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

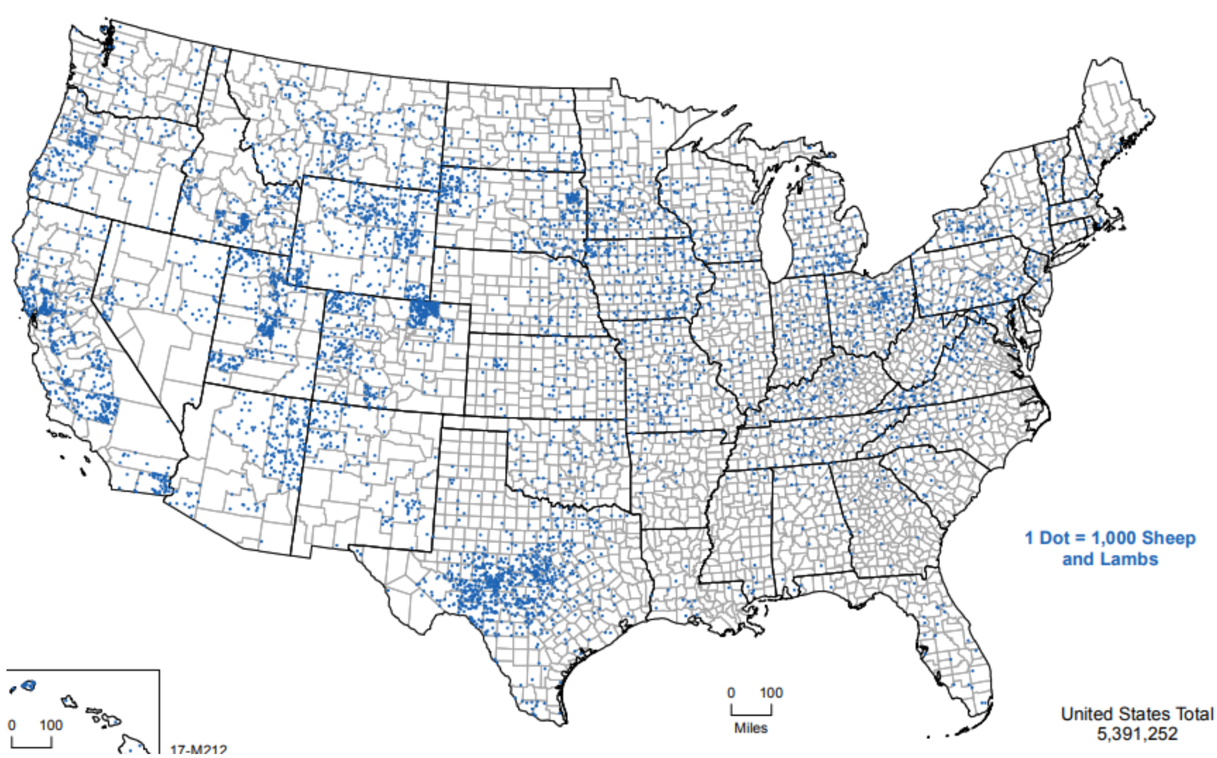
Source: USDA/FAS. Units: US Dollars. Analysis by: Steiner Consulting (800.526.4612)



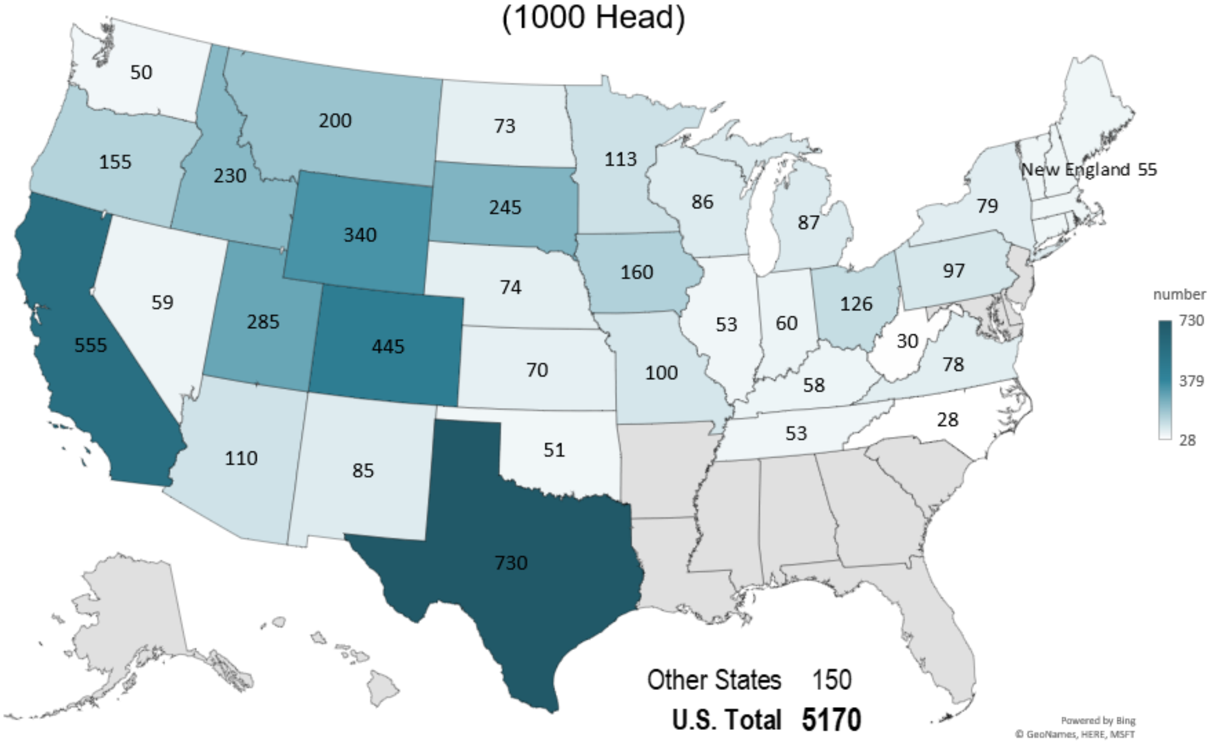


Lamb and Sheep Inventory According to the 2017 Census of Agriculture

Source: USDA-NASS



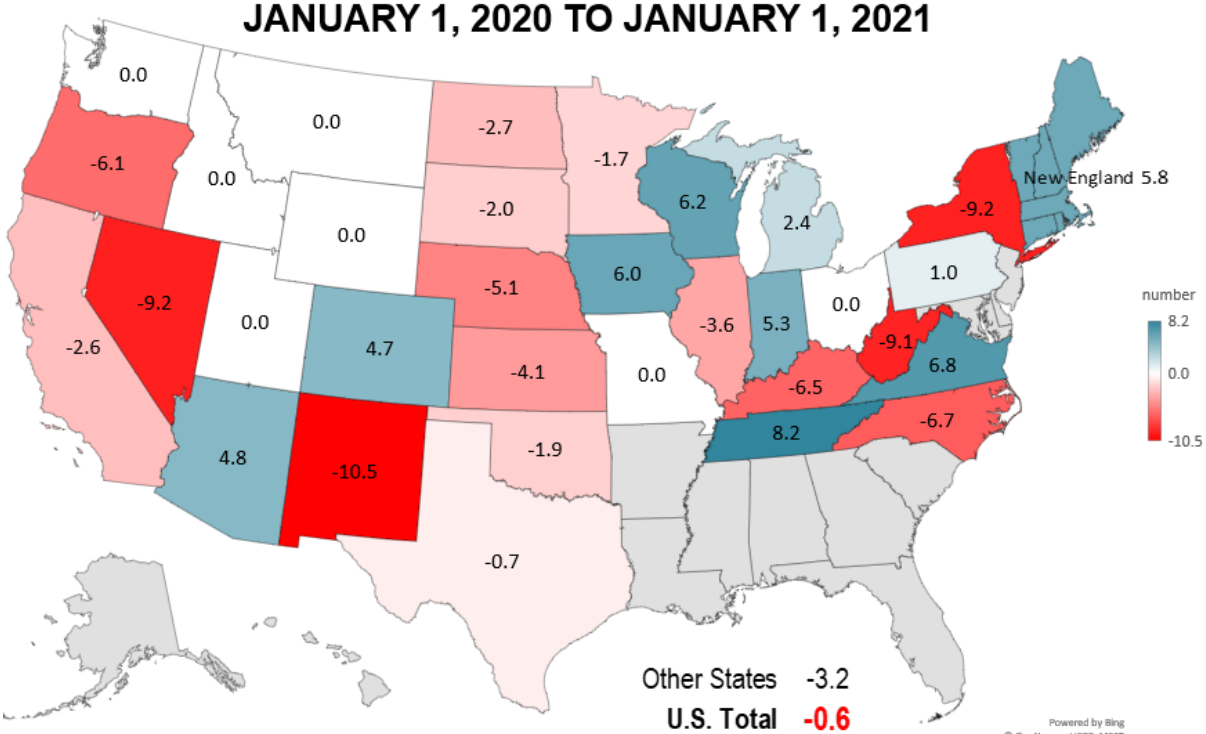
SHEEP AND LAMB NUMBERS JANUARY 1, 2021
(1000 Head)



Livestock Marketing Information Center
Data Source: USDA-NASS

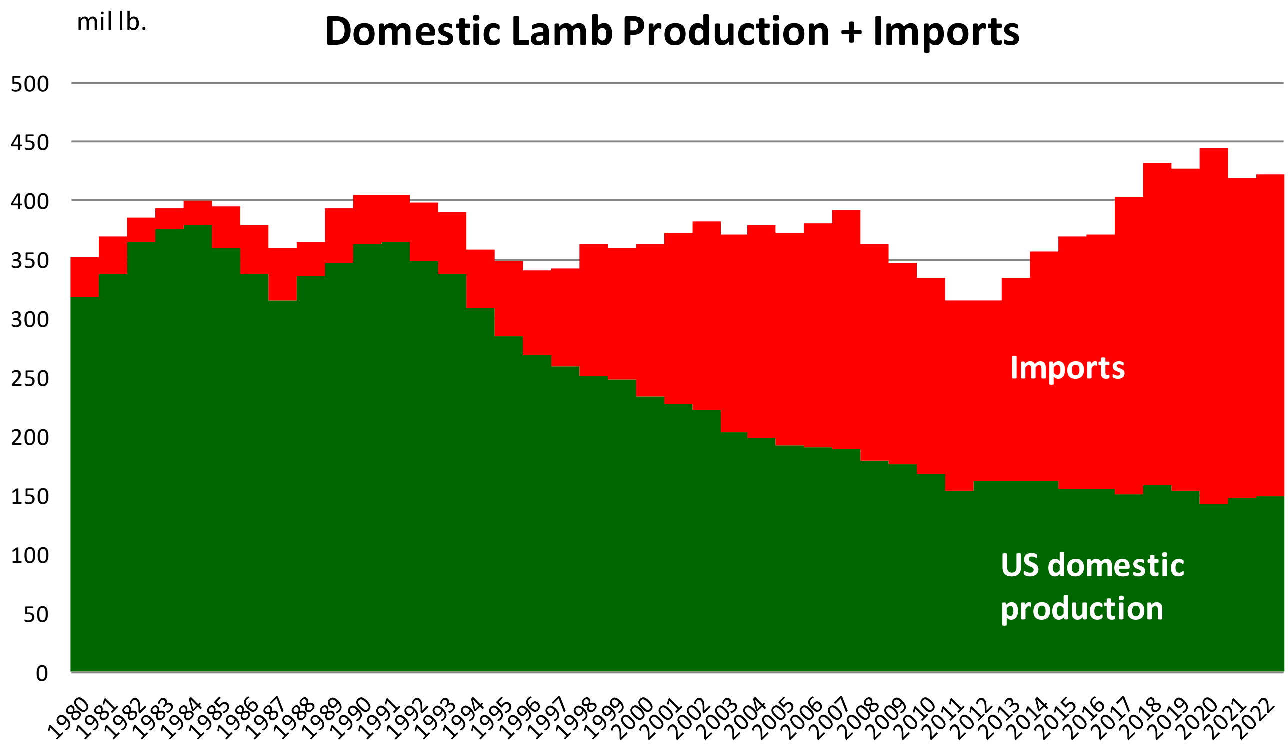
S-N-05
01/29/21

% CHANGE SHEEP AND LAMB INVENTORY JANUARY 1, 2020 TO JANUARY 1, 2021



Livestock Marketing Information Center
Data Source: USDA-NASS

S-N-13
01/29/21



mil lb.
Domestic Lamb Production + Imports
500
450
400
350
300
250
200
150
100
50
0
Imports
US domestic production
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022