Lamb Markets Overview

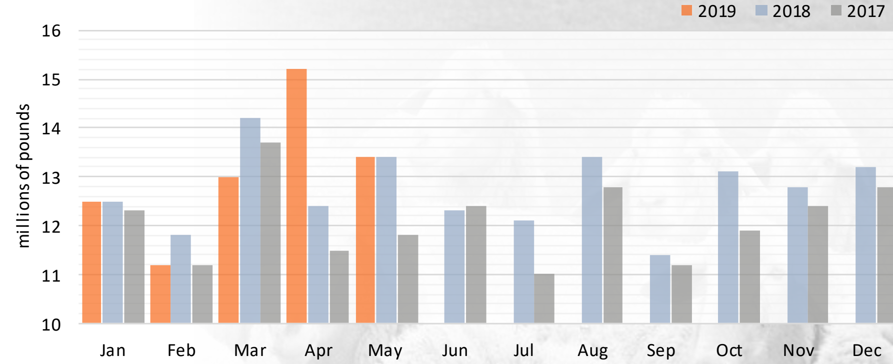
A monthly publication of the USDA AMS Livestock and Poultry Program, Agricultural Analytics Division

July 2019

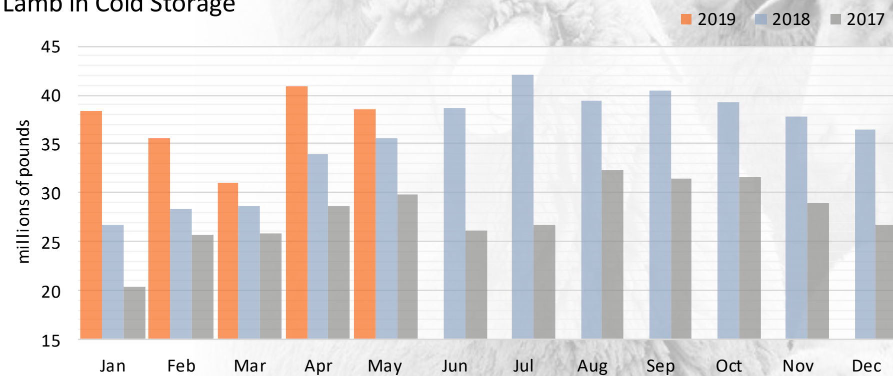
PRODUCTION: Commercial lamb and mutton production decreased 12% in May to 13.4 million pounds, on par with May 2018. Commercial sheep and lamb slaughter in May was down 11% to 209,200 head, 6% above the May 2018 level. The average sheep and lamb live weight declined one pound to a 128 pound average, 9 pounds lighter than a year ago. The average dressed lamb carcass weight, at 67 pounds, was unchanged from April but 4 pounds lighter than May of 2018. Mature sheep slaughter decreased 4% in May to 10,900 head, 15% over May 2018. Stocks of lamb and mutton in cold storage in May decreased 6% to 38.5 million pounds as product moved to support Easter/Passover demand. This was 8% above the May 2018 level.

GRADING: The volume of lambs graded Choice and Prime by the USDA during the month of June decreased 10%, 7% under the June 2018 level. All regions saw a decline in volume graded in June as spring demand passed. Nationally, the number of lambs qualifying for the Choice grade decreased 10% and the Choice share of all lambs graded increased was unchanged at 94%. The Ohio Valley saw the largest percentage decline in lambs grading Choice in June, down 32% from May while the Upper Midwest and the Mountain State regions experienced the least decline, down 5% and 6% respectively. Nationally, the share of more finished lambs increased with a 5% rise in YG 4 and a 3% increase in YG 5 while YG 3 lambs declined 4%. Lambs in the Mountain States had the largest increase in YG 4-5 lambs, 11% over their May levels while lambs in the Northwest saw a slight shift to leaner yields.

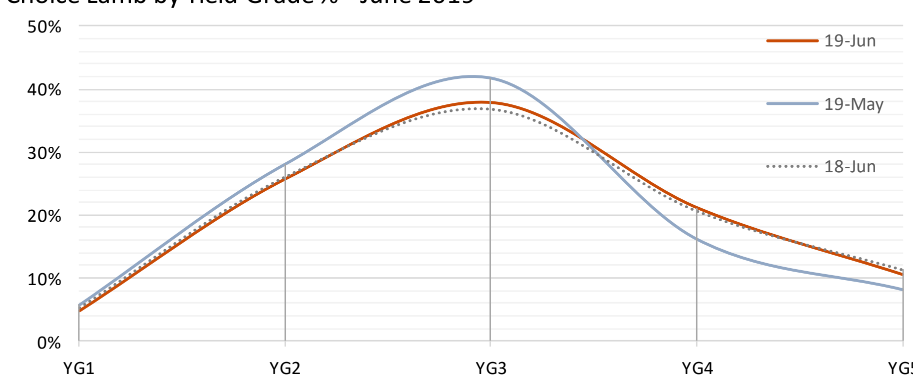
Commercial Lamb/Mutton Production



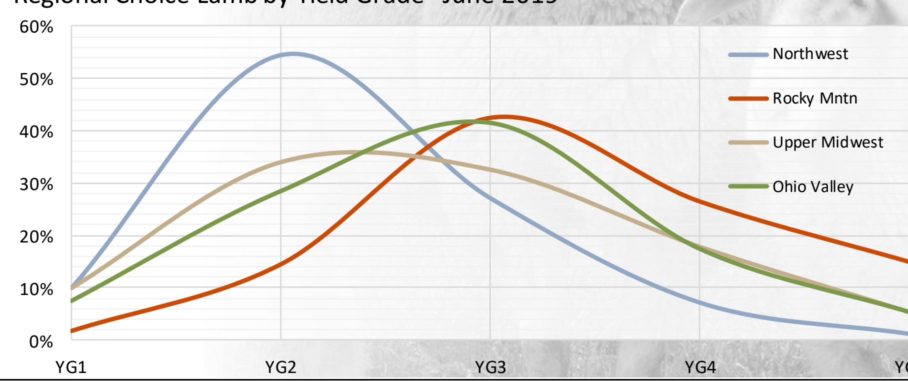
Lamb in Cold Storage



Choice Lamb by Yield Grade % - June 2019



Regional Choice Lamb by Yield Grade - June 2019



Source: USDA AMS Agricultural Analytics Division (www.ams.usda.gov/services/market-research/aad)

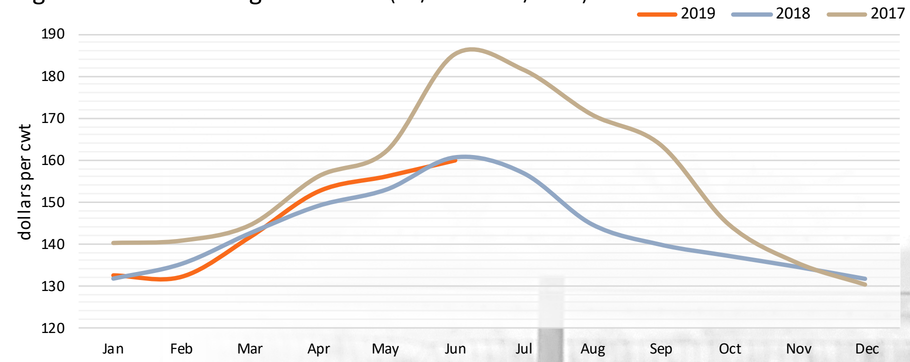
LIVE MARKETS: The volume of slaughter lambs trading on a direct negotiated basis in June, at 18,600 head, decreased 34% from May, 34% above June 2018. Prices were up 2% during the month but one percent below the June 2018 monthly average. In auction trading, the average monthly price in June for traditional Choice & Prime 2-3, slaughter lambs in Sioux Falls, SD, was $155.79 per cwt, down 9% from May on monthly receipts of 3,464 head, 24% over the prior month. In San Angelo, TX, the monthly average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs was $150.10 per cwt, a decline of 16% with receipts of 12,102, down 27% from May's level. At the New Holland, PA, sale in June, the monthly average price for Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs was $193.09 per cwt., down 16% for the month total monthly receipts of 11,643, 2% under May. *(note: the basis for reporting slaughter lambs changed in May 2019 leaving no adequate comparison to prior years.)*

LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts, at 17.2 million pounds, declined 22% in May, 6% over the May 2018 level. Fresh imports declined 29% in volume with a one percent reduction in share to 41% while frozen lamb import volume was down 20% for the month. Australia sent 75% of total imports in May including 78% of fresh and 74% of frozen imports. New Zealand accounted for 24% of total lamb imports. Chile, Mexico, and Canada rounded out May imports by volume in that order with Chile sending carcasses while Mexico sent non-specified bone-in cuts.

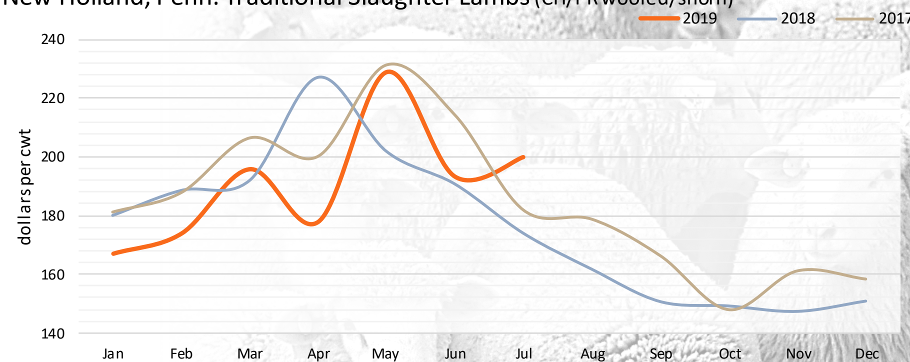
Imports of whole and half lamb carcasses, all in frozen form, declined sharply from April, down 42%, and made up 4% of import share. This volume was 6% above the level of imports in May 2018. Overall imports of lamb legs declined 27% and accounted for 6% of imports with fresh leg imports down 67% while frozen volume increased 14%. Imports of loin cuts decreased 15% with a 19% decrease in frozen and 14% decrease in fresh loin cuts. Loin cuts made up 11% of imports. Shoulder imports, 11% of imported volume in May, saw an overall 37% decline in volume, mostly for frozen shoulder cuts down 53%.

The volume of imported bone-in lamb meat decreased 16% and increased import share by 2% to 36%. This decline was evenly shared by both fresh and frozen cuts. Imports of other boneless lamb cuts, not identified, decreased 19% in May but increased import share to 32%. Most of the decline was in the volume of fresh imports, down 32% for the month while frozen imports saw only a 10% decrease in volume.

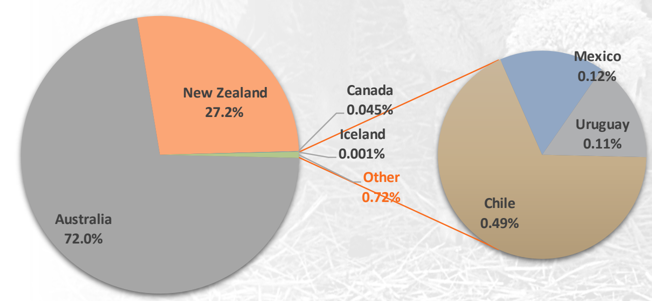
Negotiated Direct Slaughter Lambs (CH/PR wooled/shorn)



New Holland, Penn. Traditional Slaughter Lambs (CH/PR wooled/shorn)



Fresh/Frozen Lamb Imports by Origin *(totals to date)*



DOMESTIC MEAT TRADE: The volume of trading of Choice and Prime, 1-4 lamb carcasses in June declined 21% from May with trading volume 17% below the level of June 2018. The gross lamb carcass cutout rose 1% in June to $3.92 per pound, 4% above June 2018. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in June decreased 23% for the month, 5% under last year's level. Negotiated trading of fresh cuts declined 25% in volume and accounted for 84% of total sales. The volume of frozen cut trading decreased 14% for the month.

Traded volume of most lamb cuts declined in June as the Spring demand season passed. Fresh leg cuts experienced the most decline in trading with trotter-off legs down 31% while price increased 1% (from $3.81 to $3.86 per pound), representing a 23% decline in sales volume from last year but at a price 5% over the average price in 2018. The volume of sales of boneless legs declined 27% and the average monthly price was up 1% (from $5.37 to $5.43 per pound). Sales of medium 8-rib racks decreased 14% and the average price was down 1% (from $8.91 to $8.79 per pound). Frenched racks sales declined 22% in June and prices declined 3% (from $16.75 to $16.27 per pound). The volume of trimmed 4x4 loins trading was down 23% for the month with a 1% increase in the average sale price (from $5.22 to $5.28 per pound). Foreshank trading volume declined 15% and the average price was unchanged at $4.22 per pound. Trading of square-cut shoulder cuts decreased 26% in June while prices rose 4% (from $2.93 to $3.06 per pound). Trading of ground lamb decreased 7% for the month and prices dropped 1% (from $5.75 to $5.70 per pound).

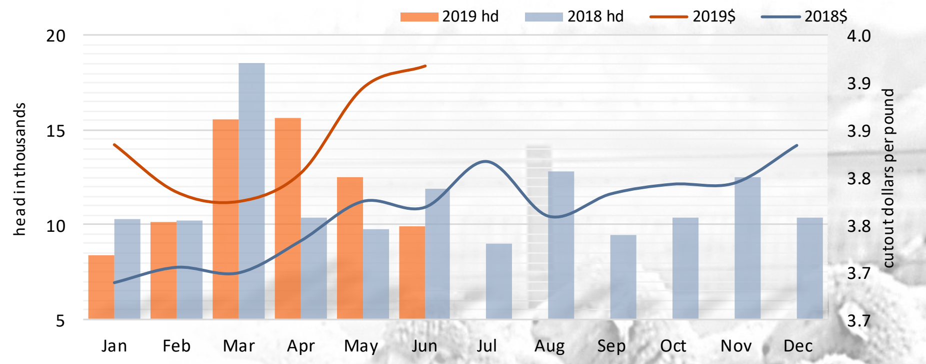
IMPORTED MEAT TRADE: The overall volume of negotiated sales of imported boxed lamb cuts decreased 6% in June, 12% below the June 2018 level. Sales of fresh product declined 7% for the month while frozen cut sales were down 6% as demand settled in for the summer marketing period. Imports accounted for 67% of all boxed lamb cut sales in June, about unchanged from May.

Negotiated Sales of Imported Lamb - June
(change in primal price and sales volume)

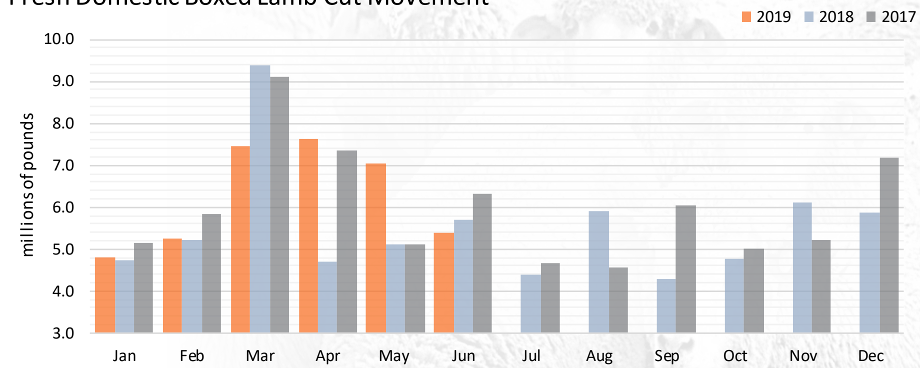
	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	99	89	--	--
loins	98	101	--	--
legs	101	145	--	--
shoulders	100	103	--	--
foreshanks	100	157	--	--
Frozen				
racks	102	103	99	104
legs	102	103	--	--
shoulders	100	161	--	--
foreshanks	98	132	--	--

The overall volume of sales of fresh and frozen Australian boxed lamb cuts rose 10% in June, led by an 18% rise in frozen cut sales with a 1% rise in fresh cuts. Except for racks, the volume of sales of fresh Australian imports was up, most for legs with a 45% increase, reversing some of the decline from last month's sharp post-Easter drop. Leg prices rose 1%. Sales of frozen Australian cuts was also up but led by a 61% increase in shoulder cut sales at unchanged prices.

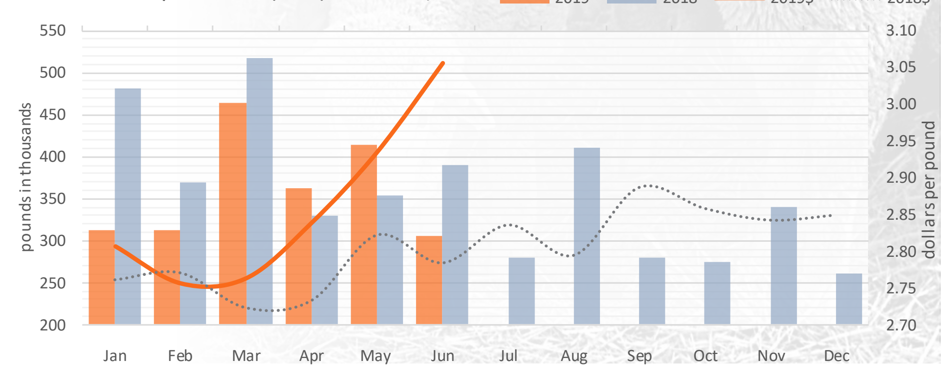
Lamb Carcass Sales vs. Lamb Cutout (CH & PR, 1-4)



Fresh Domestic Boxed Lamb Cut Movement



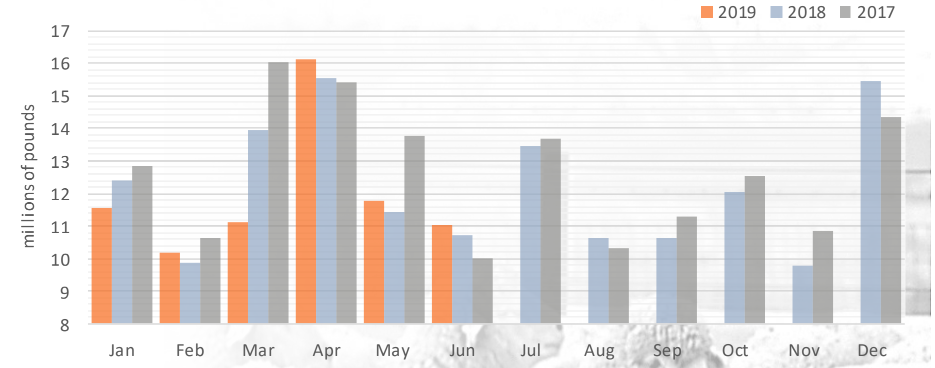
Shoulders, Square-Cut (207) volume v. price



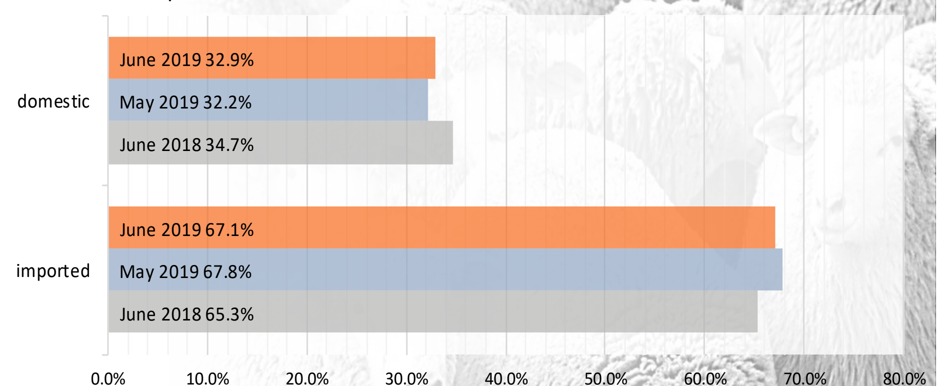
Sales of fresh racks were down 11% in June while frozen racks saw a 3% rise in sales. Fresh rack prices were down 1% while frozen rack prices increased 2%. Sales of fresh Australian shoulder cuts rose 3% while prices were unchanged. Sales of frozen shoulder cuts increased 61% but the average sale price was unchanged. Sales of fresh Australian foreshanks rebounded from May levels, up 57% with no change in the average price while sales of frozen Aussie foreshanks rose 32% with a 2% drop in price. Australian boxed loin cut sales were up 1% in June while prices were down 2%. Sales of imported frozen New Zealand rack cuts recovered all of the 4% decline from last month but prices softened 1%.

RETAIL MARKETING: Supermarket feature activity for lamb cuts, both domestic and imported, fresh and frozen, in June was down 22%, 9% under the June 2018 level. Featuring of leg cuts increased sharply from their sharp retreat in May, easily tripling offerings led by a surge in featuring for butterflied leg cuts, a popular grill item in some parts of the country. The share of retail featuring of leg cuts rose to 28% of all lamb cut features in June. The average ad price for leg cuts declined 16%, led by an 8% reduction in the average ad price for butterflied legs. Featuring of rack cuts stabilized following last month's adjustment from Easter and were about unchanged in offering and price for the month. Racks increased ad share to 5%. Marketing of loin chops retreated sharply from their May pace, down 49% in offering and 8% in average ad price with a 9% decline in ad share to 35%. Featuring of shoulder cuts during the month also declined with blade chop offerings down 46% with a 20% rise in ad price while their round-bone counterparts saw a 31% decline in offerings with a 9% rise in price. The share of monthly featuring for shoulder chops declined 8%. Ground lamb got little attention from retailers in June as promotional activity declined 85% with a 2% rise in ad price. Share fell by half to 3% of all lamb cut features.

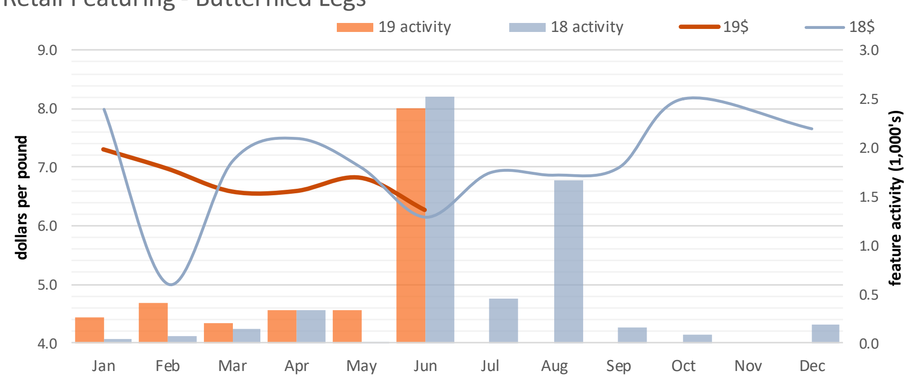
Negotiated Sales of Imported Lamb (fresh and frozen)



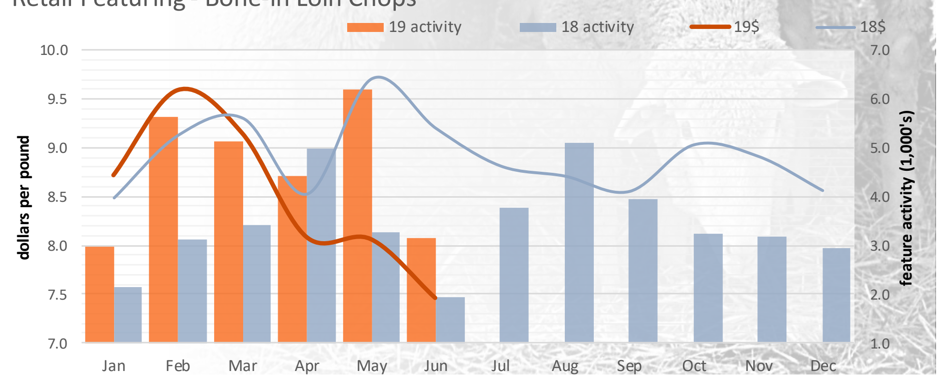
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold)



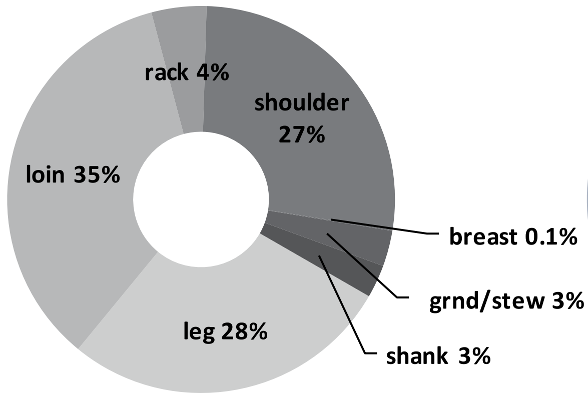
Retail Featuring - Butterflied Legs



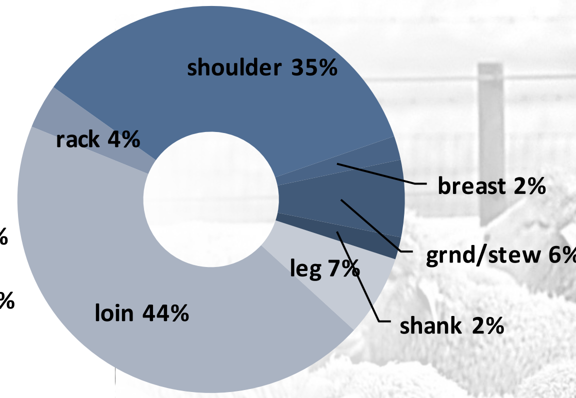
Retail Featuring - Bone-in Loin Chops



June Retail Feature Share



May Retail Feature Share



Quick Overview

PRODUCTION: [1/]	Jun 19	May 19	change
Sheep Meat Production (lbs.)...................	11,400,000	13,400,000	85
Commercial Sheep Slaughter *(head)*........	175,300	209,200	84
Fed. Insp. Lamb Slaughter *(head)*.............	142,700	171,200	83
Live Sheep Weight (lbs.).............................	130	128	102
Dressed Carcass Lamb Weight (lbs.).......	71	67	106
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.).................	40,007,000	38,484,000	104
IMPORTS:			
Total Fresh/Chilled (lbs.)..............................	6,982,693	9,186,652	76
Total Frozen (lbs.)...	10,207,391	12,791,867	80
Total (lbs.)..	17,190,084	21,978,518	78

LAMB GRADED:	Jun 19	May 19	change
Choice (head)...	72,796	81,311	90
Prime (head)...	4,948	5,473	90

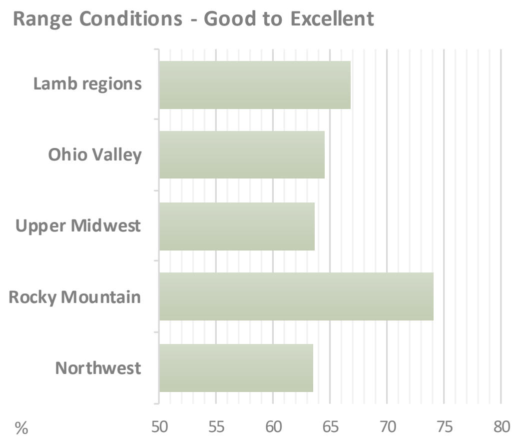
(current month grading numbers are preliminary and subject to change)

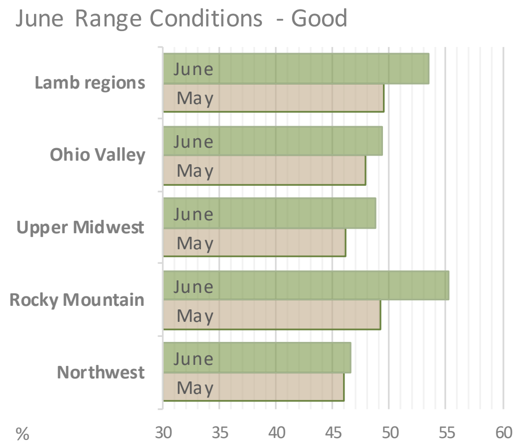
DIRECT SLAUGHTER LAMB:	Jun 19	May 19	change
CH/PR, wooled/shorn *(head)*	18,600	28,200	66
price *($/cwt)*	159.81	156.04	102
***AUCTION SLAUGHTER LAMB (shorn/wooled):**			
Sioux Falls, CH/PR, 2/3 *(head)*	3,464	2,783	124
price *($/cwt)*	155.79	171.00	91
New Holland, CH/PR, 2/3 *(head)*	11,643	11,919	98
price *($/cwt)*	193.09	228.70	84
San Angelo, CH/PR, 2/3 *(head)*	12,102	16,643	73
price *($/cwt)*	150.10	179.48	84
LAMB CARCASS:			
National Lamb Carcass Sales *(head)*..............	9,909	12,542	79
Lamb Carcass Gross Cutout *($ per pound)*.....	3.92	3.89	101
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	4,555,567	6,044,887	75
Imported Fresh Boxed Lamb Sales *(lbs.)*	4,853,688	5,197,437	93
Imported Frozen Boxed Lamb Sales *(lbs.)*	6,176,089	6,565,003	94

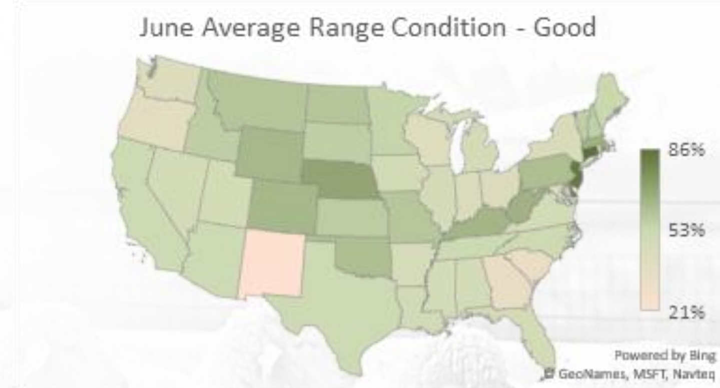
[1/] - *meat production, commercial slaughter, and live weight includes sheep and lamb; Fed. Insp' lamb slaughter and dressed weight are young lambs only.*

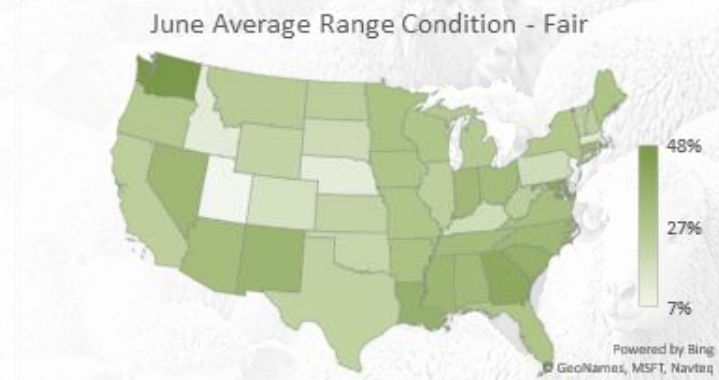
Pasture and Range Condition: In June 2019**,** just over half of the nation's pastures and ranges were rated to be in good condition as moisture levels have been positive for forage crops in the major lamb production regions. Most of the improvement was in pastures rated last month in fair condition which declined from about a third of pastures to about a quarter with most of the shift moving to good rated pastures. Only 8% of pastures were rated as poor (6%) or very poor (2%). Of the major lamb production regions, Rocky Mountain pastures continue to have the combined good and excellent rating with 74%, a 9% increase over May, led by Utah where 93% of pastures received a combined good and excellent rating. Conditions in the Upper Midwest improved markedly with an 8% rise in the combined good-excellent rating in June. Much of the rise was attributable to improved conditions in Wisconsin which saw a 15% rise in the combined good-excellent rating in June over May.

(derived from the Weekly NASS Crop Progress reports issued May to November); Regional Consists - Ohio Valley (MI, NY, OH, PA); Upper Midwest (IA, MN, WI); Rocky Mountain (CO, ID, MT, SD, UT, WY); Northwest (CA, OR, WA). Ratings based on percentages described as excellent, good, fair, poor, and very poor.









LAMB PELTS/WOOL: In June, the average estimated per pelt credits returned to producers for unshorn pelts decreased for all types with Premium grades seeing the least decline in credit. The share of unshorn pelts decreased 7% from May to 19% of all pelts as shearing season hits its peak. Credits for shorn pelts declined for the higher quality categories and were unchanged for fair to damaged pelts.

Trading of domestic wool was untested in June.

Jun Avg Lamb Pelt Credit Prices				
	Unshorn		Shorn	
	credit	change	credit	change
Supreme	1.63	-0.43	0.88	-0.23
Premium	-0.63	-0.20	-0.38	-0.30
Standard	-2.00	-0.55	-1.38	-0.13
Fair	-2.00	-0.65	-1.75	0.00
Mixed	-1.38	-0.38	-2.38	0.00
Damaged	-1.88	0.00	-2.38	0.00
Consist %	19%		81%	