Lamb Markets Overview

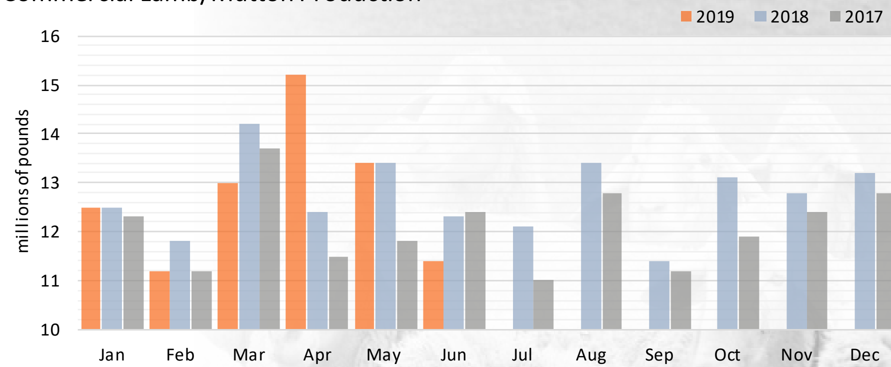
A monthly publication of the USDA AMS Livestock and Poultry Program, Agricultural Analytics Division

August 2019

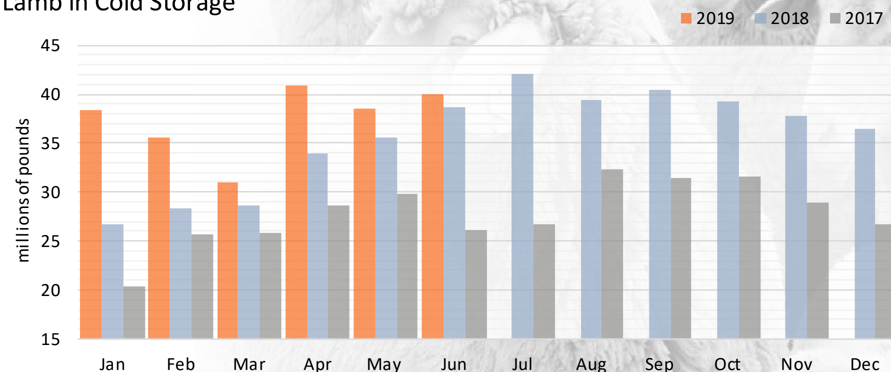
PRODUCTION: Commercial lamb and mutton production decreased 15% in June to 11.4 million pounds, 7% below the June 2018 level. Commercial sheep and lamb slaughter in June was down 16% to 175,300 head, 2% under last year. The average sheep and lamb live weight gained two pounds to a 130 pound average, 8 pounds lighter than a year ago. The average dressed lamb carcass weight, at 68 pounds, was up a pound from may but 3 pounds lighter than 2018. Mature sheep slaughter decreased 19% in June to 8,800 head, 3% under June 2018. Stocks of lamb and mutton in cold storage in June increased 4% to 40.0 million pounds, 3% over the level in June 2018.

GRADING: The volume of lambs graded Choice and Prime by the USDA during the month of July increased 2% over June and over July 2018. Most regions saw an increase in overall lambs graded with the Midwest being the exception, down 1% overall from June. Nationally, the number of lambs qualifying for the Choice grade was unchanged from last month but was 6% over July 2018 but the Choice share of all lambs graded was down 2% to 92%. The Ohio Valley reversed course from June and had a 31% rise in the number of lambs grading Choice in July while the Upper Midwest and the Mountain State regions experienced a 6% and 2% decline, respectively. Nationally, the share of lambs qualifying for YG 3 gained 2% as lamb yields shifted to the less finished as both lambs eligible for YG 4 and 5 lambs saw a slight decrease. Lambs in the Mountain States had the largest shift (8%) from YG 4-5 lambs to YG 3 while lambs in the Northwest saw a 10% rise in lambs qualifying for YG 1.

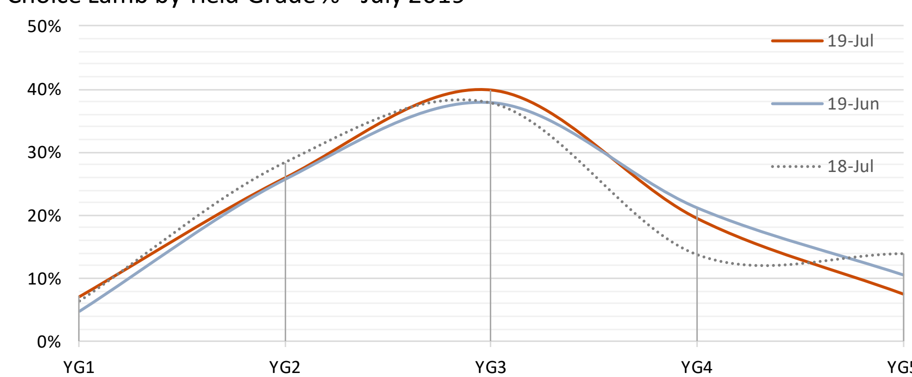
Commercial Lamb/Mutton Production



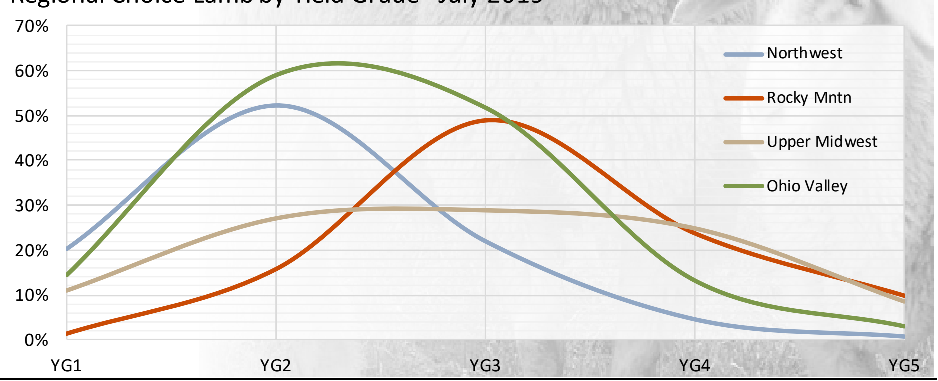
Lamb in Cold Storage



Choice Lamb by Yield Grade % - July 2019



Regional Choice Lamb by Yield Grade - July 2019



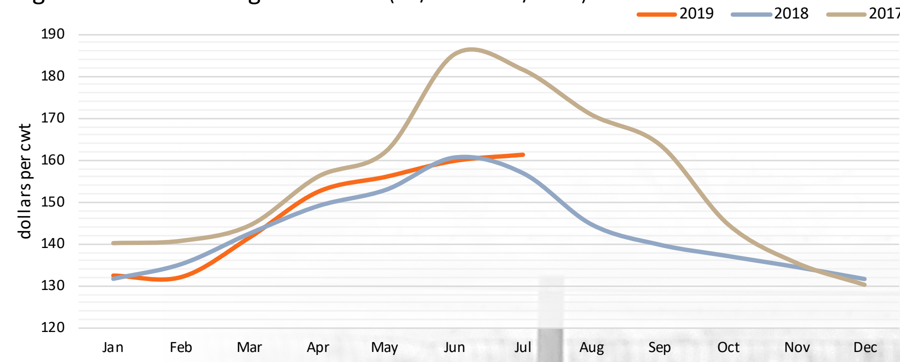
LIVE MARKETS: The volume of slaughter lambs trading on a direct negotiated basis in July, at 20,100 head, increased 8% from June, 105% above July 2018. Prices gained a percentage point (from $159.81 to $161.26 per cwt.) in July, 3% over 2018. In auction trading, the average monthly price in June for traditional Choice & Prime 2-3, slaughter lambs in Sioux Falls, SD, was $154.99 per cwt, down one percent from June on monthly receipts of 5,711 head, 65% more than in June. In San Angelo, TX, the monthly average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs was $167.08 per cwt, an 11% gain for the month with receipts of 14,123, up 17% from June. At the New Holland, PA, sale in July, the monthly average price for Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs was $199.72 per cwt., up 3% for the month on total monthly receipts of 12,305, 6% over June.

LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts in June, at 13.9 million pounds, declined 19%, 15% under June 2018. Fresh imports declined 16% in volume with a 2% gain in share to 43% while frozen lamb import volume was down 22% for the month. Australia sent 71% of total imports in June including 82% of fresh and 63% of frozen imports. New Zealand accounted for 27% of total lamb imports. Chile, Uruguay, Mexico, Iceland, and Canada accounted for the remaining 2%. Chile continued to send primarily lamb carcasses which made up the bulk of imports from Uruguay. Mexican imports were largely unspecified bone-in cuts.

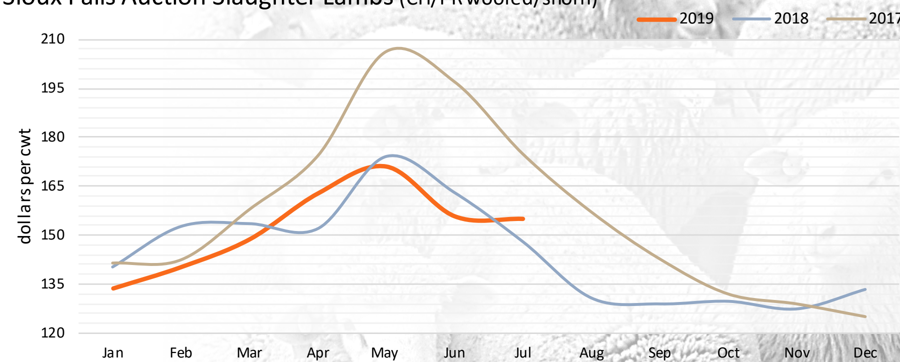
Imports of whole and half lamb carcasses, nearly all in frozen form, declined 13% from May, and made up 4% of import share. The overall volume of lamb leg imports declined 24% and accounted for 6% of imports with fresh leg imports down 22% while frozen volume decreased 25%. Imports of loin cuts decreased 6% with an 11% decrease in frozen and a 6% decrease in fresh loin cuts. Loin cuts made up 12% of imports in June. Shoulder imports, 9% of imported volume in June, saw an overall 31% decline in volume, as in May, mostly for frozen shoulder cuts, down 51% in volume.

The volume of imported bone-in lamb meat decreased 15% and increased import share by 2% to 38%. This decline was evenly shared by both fresh and frozen cuts. Imports of other boneless lamb cuts, not identified, decreased 25% in June and lost 2$ of import share to 30%. Fresh and frozen imports were down equally.

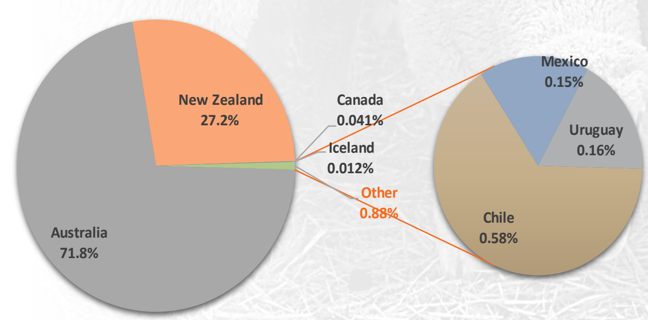
Negotiated Direct Slaughter Lambs (CH/PR wooled/shorn)



Sioux Falls Auction 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 July declined 27% from June with trading volume 29% under July 2018. The gross lamb carcass cutout rose 1% in July to $3.97 per pound, 4% above July 2018. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in July decreased 18% for the month, unchanged from last year's level. Negotiated trading of fresh cuts declined 16% in volume and accounted for 87% of total sales – a 3% increase. The volume of frozen cut trading decreased 32% during the month.

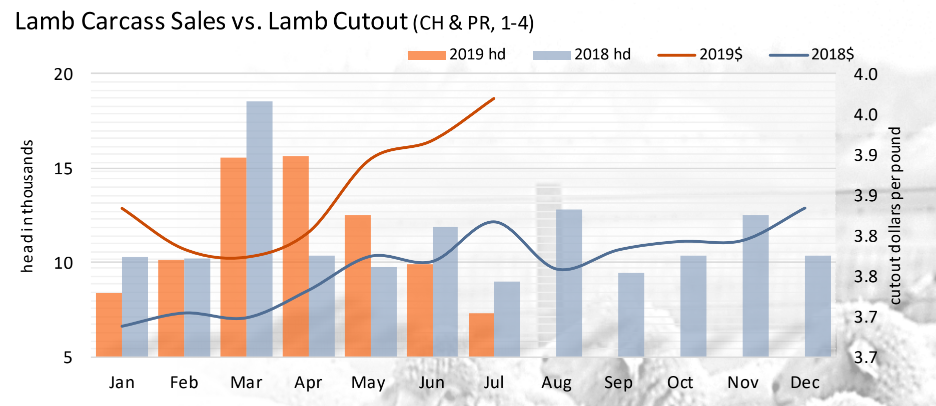
Traded volume of all lamb cuts declined in July with fresh trotter-off legs down 15% while prices were unchanged at $3.88 per pound, representing a 13% decline in sales volume from last year but at a price 5% over the average price in July 2018. The volume of sales of boneless legs declined 6% and the average monthly price was down 1% (from $5.34 to $5.40 per pound). Sales of medium 8-rib racks decreased 6% and the average price was up 1% (from $8.79 to $8.84 per pound). Frenched racks sales declined 9% in July and prices rose a percent (from $16.27 to $16.38 per pound). The volume of trimmed 4x4 loins trading was down 9% for the month while prices were unchanged at $5.28 per pound. Foreshank trading volume declined 33% and with a 3% uptick in the average price (from $4.22 to $4.33 per pound). Trading of square-cut shoulder cuts decreased 14% while prices rose 1% (from $3.06 to $3.10 per pound). Trading of ground lamb decreased 27% for the month and prices gained 1% (from $5.70 to $5.75 per pound).

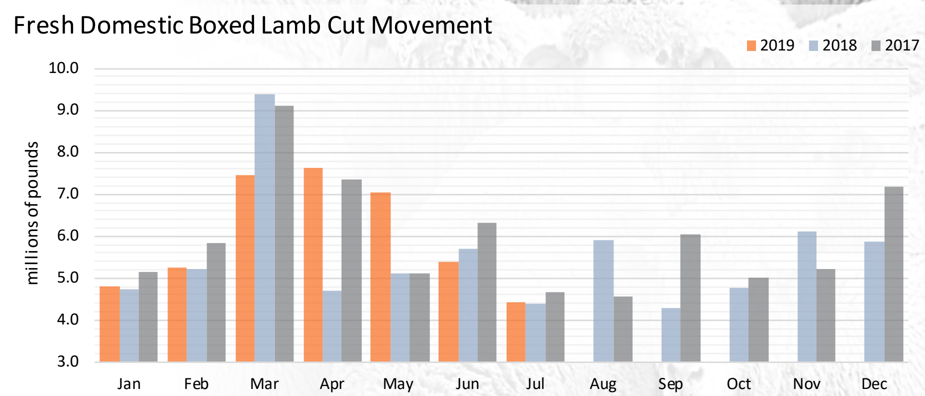
IMPORTED MEAT TRADE: The overall volume of negotiated sales of imported boxed lamb cuts decreased 29% in July, 6% above the July 2018 level. Sales of fresh product was up 37% for the month while frozen cut sales gained 23% for the month. Imports accounted for 76% of all boxed lamb cut sales in July, a 9% increase in share.

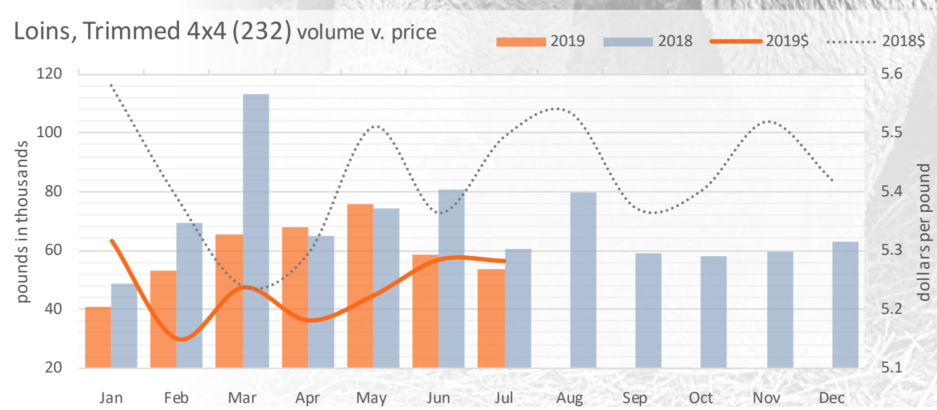
The overall volume of sales of fresh and frozen Australian boxed lamb cuts rose 37% in July, led by a 66% rise in fresh cut sales with a 17% rise in frozen cuts. Except for racks, the volume of sales of fresh Australian imports was up, most for shoulder cuts with a 93% increase followed closely by loin cuts up 62% in sales volume. Sale prices for shoulder cuts were down 4% during the month while loin prices declined 3%. Sales volume of frozen Australian cuts was up during the month led by a 107% rise in frozen rack sales followed by a 10% increase in sales of leg and shoulder cuts.

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

	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	98	128	--	--
loins	97	162	--	--
legs	101	108	--	--
shoulders	96	193	--	--
foreshanks	100	77	--	--
Frozen				
racks	95	207	100	130
legs	99	110	--	--
shoulders	101	110	--	--
foreshanks	101	101	--	--



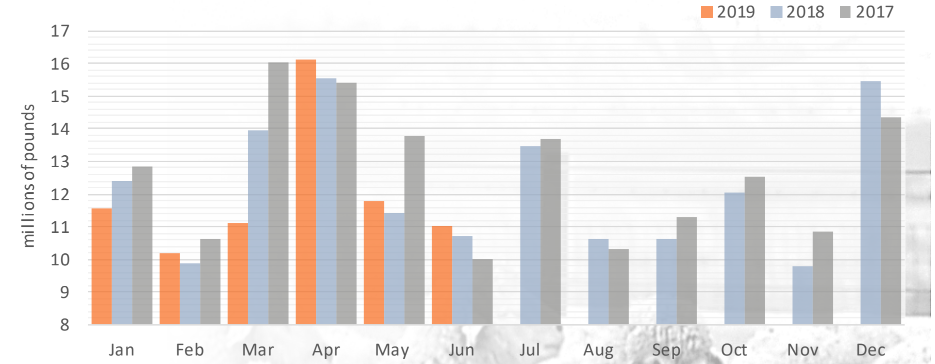




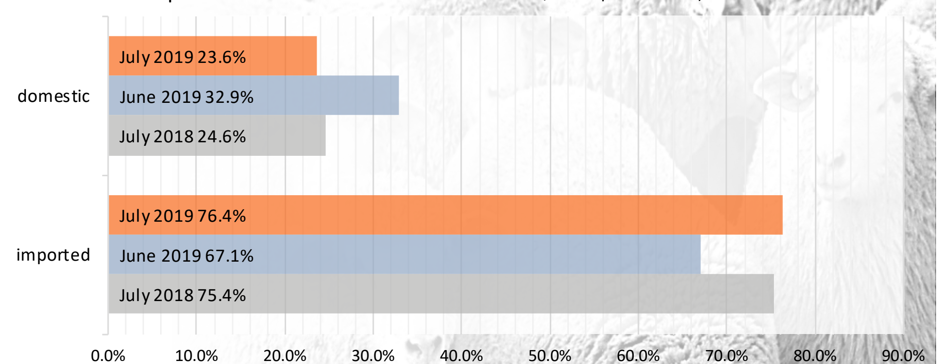
Sales of fresh Australian racks were up 28% in July with a 2% drop in the average sale price. Frozen racks saw a 107% rise in sales while prices declined 5%. Sales of fresh Australian shoulder cuts rose 93% and prices slumped 4% while frozen shoulder cuts posted a 10% gain in sales volume with a one percent gain in price. Fresh Australian leg cut sales rose 8% with a one percent gain in price while frozen legs posted a 10% sales volume increase and a one percent decline in price. Sales of fresh Australian foreshanks dropped sharply, down 23% from June levels with no change in sale price while frozen foreshanks saw a one percent gain in sales volume and price. Australian boxed loin cut sales were up 62% in July while prices were down 3%. Sales of imported frozen New Zealand rack rose 30% while the average sales price for the month was unchanged.

RETAIL MARKETING: Supermarket feature activity for lamb cuts, both domestic and imported, fresh and frozen, in July increased 62%, 38% over the July 2018 level. Featuring of leg cuts decreased following their sharp rise last month as promotions of butterflied leg cuts evaporated in July as quickly as they increased in June. The share of retail featuring of leg cuts declined to 10% of all lamb cut features in July. The average ad price for leg cuts rose 35%. Featuring of rack cuts doubled in July but prices were only one percent over the average from the prior month. Racks increased ad share to 9%. Marketing of loin chops was significantly more active in July, up 126% over the pace in June with a 9% increase in the average ad price. Loin features increased ad share to 40% and led all other lamb cuts in promotional activity. Featuring of shoulder cuts during the month also became more active with the pace of offerings rising 125% with a drop in the average ad price and a 6% increase in ad share to 33%. Blade chop offerings rose 110% with a 10% drop in ad price while their round-bone counterparts saw a 196% rise in offerings with a 7% drop in price. Ground lamb increased sharply in features from June but retailers toed the line on ad price – unchanged for the month.

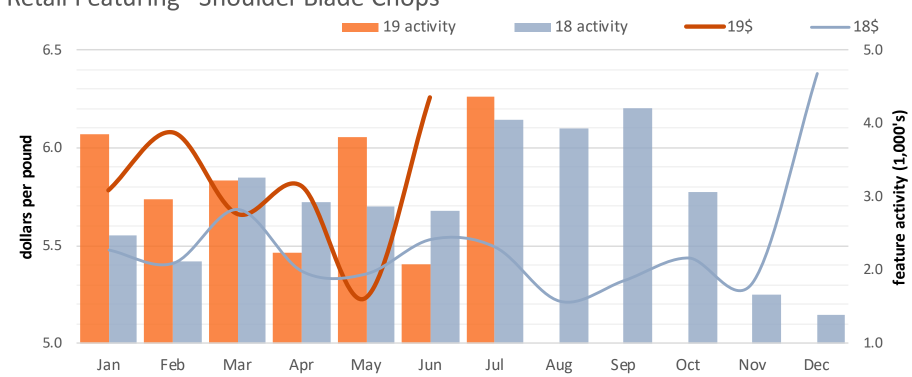
Negotiated Sales of Imported Lamb (fresh and frozen)



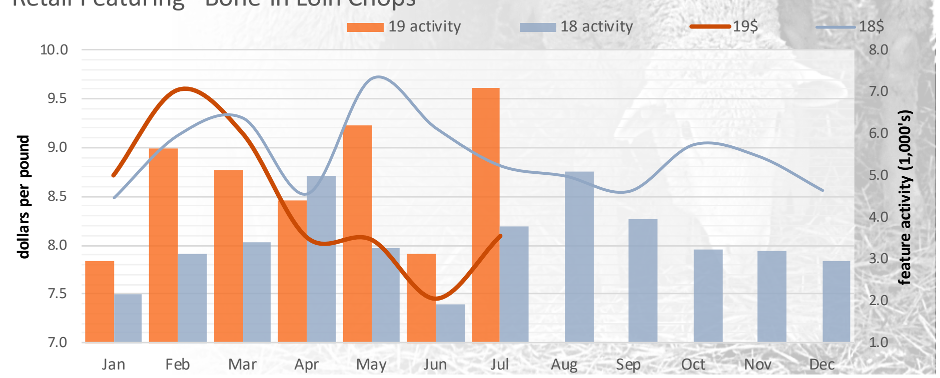
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold)



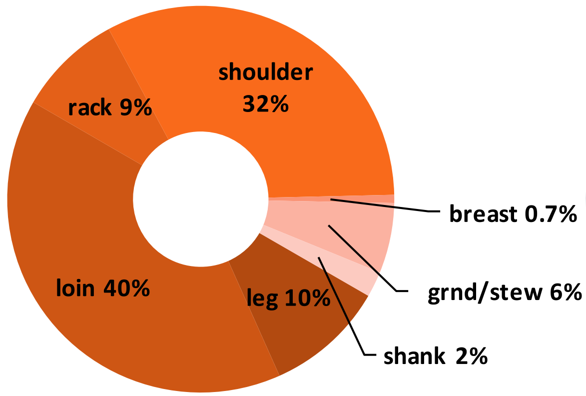
Retail Featuring - Shoulder Blade Chops



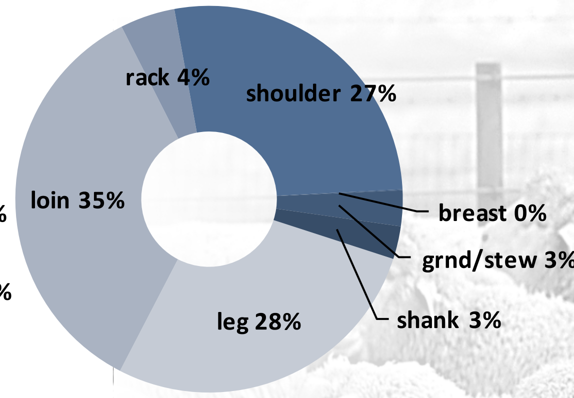
Retail Featuring - Bone-in Loin Chops



July Retail Feature Share



June 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.).......	68	67	101
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.)................	40,025,000	38,484,000	104
IMPORTS:			
Total Fresh/Chilled (lbs.)...........................	5,891,626	6,982,693	84
Total Frozen (lbs.)..	7,969,701	10,207,391	78
Total (lbs.)..	13,861,328	17,190,084	81
LAMB GRADED:	**Jul 19**	**Jun 19**	**change**
Choice (head)...	73,055	72,796	100
Prime (head)...	6,491	4,948	131

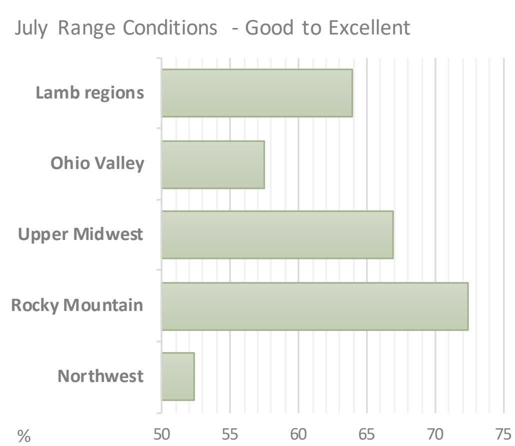
(current month grading numbers are preliminary and subject to change)

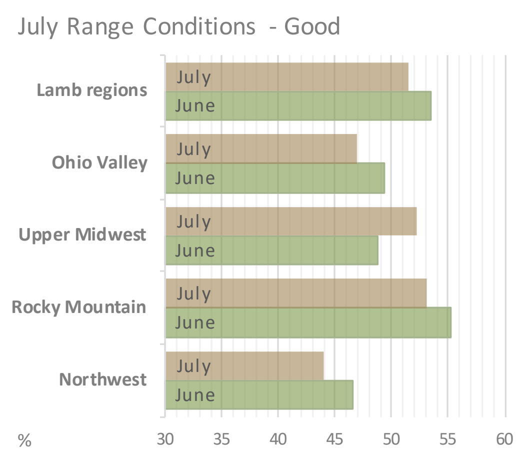
DIRECT SLAUGHTER LAMB:	Jul 19	Jun 19	change
CH/PR, wooled/shorn *(head)*	20,100	18,600	108
price *($/cwt)*	161.26	159.81	101
***AUCTION SLAUGHTER LAMB (shorn/wooled):**			
Sioux Falls, CH/PR, 2/3 *(head)*	5,711	3,464	165
price *($/cwt)*	154.99	155.79	99
New Holland, CH/PR, 2/3 *(head)*	12,305	11,643	106
price *($/cwt)*	199.72	193.09	103
San Angelo, CH/PR, 2/3 *(head)*	14,123	12,102	117
price *($/cwt)*	167.08	150.10	111
LAMB CARCASS:			
National Lamb Carcass Sales *(head)*..............	7,283	9,909	73
Lamb Carcass Gross Cutout *($ per pound)*.....	3.97	3.92	101
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	3,837,374	4,555,567	84
Imported Fresh Boxed Lamb Sales *(lbs.)*	6,671,245	4,853,688	137
Imported Frozen Boxed Lamb Sales *(lbs.)*	7,588,078	6,176,089	123

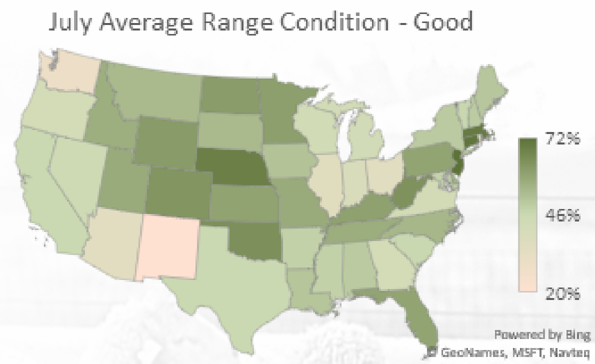
[1/] - *meat production, commercial slaughter, and live weight includes sheep and lamb; Fed. Insp' lamb slaughter and dressed weight are young lambs only.*

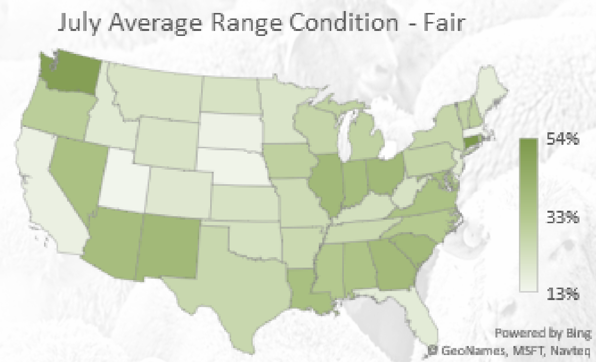
Pasture and Range Condition: In July 2019**,** just over half of the nation's pastures and ranges were rated to be in good condition as moisture levels continued positive for forage crops in the major lamb production regions. While there was a slight shift from excellent to fair and lesser ratings, pastures remained in sufficient condition. Of the major lamb production regions, Rocky Mountain pastures continue to have the best combined good and excellent rating with 72%, a 2% decrease from June. Conditions in the Upper Midwest continued to improve with an 3% rise in the combined good-excellent rating in July. Minnesota saw the best conditions for the month with 75% of pastures rated as good-excellent. The Northwest had the weakest conditions with just half rated good or better and 22% as poor or lower.

(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 July, the average estimated per pelt credits returned to producers for unshorn pelts decreased for the Supreme and Premium grades with all other types unchanged. The share of unshorn pelts increased 27% from June to 46% of all pelts as shearing season peaked. 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 July.

Jul Avg Lamb Pelt Credit Prices

	Unshorn		Shorn	
	credit	change	credit	change
Supreme	0.22	-1.41	-0.16	-1.03
Premium	-1.00	-0.38	-0.75	-0.38
Standard	-2.00	0.00	-1.59	-0.22
Fair	-2.00	0.00	-1.75	0.00
Mixed	-1.38	0.00	-2.38	0.00
Damaged	-1.88	0.00	-2.38	0.00
Consist %	46%		54%	