Lamb Markets Overview

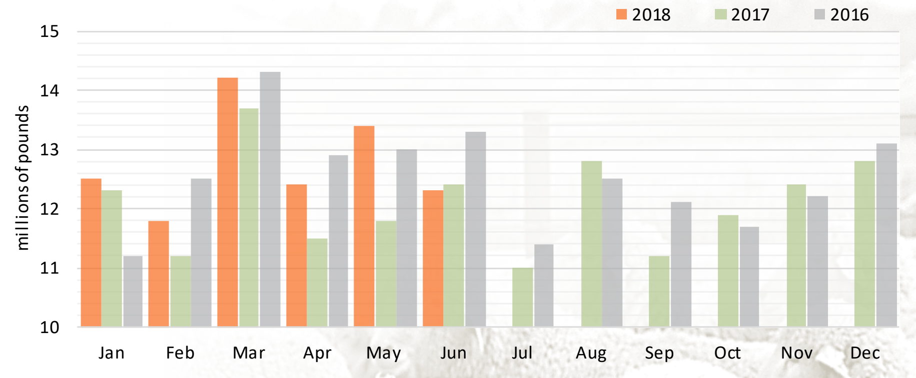
A monthly publication of the USDA AMS Livestock and Poultry Program, Agricultural Analytics Division

July 2018

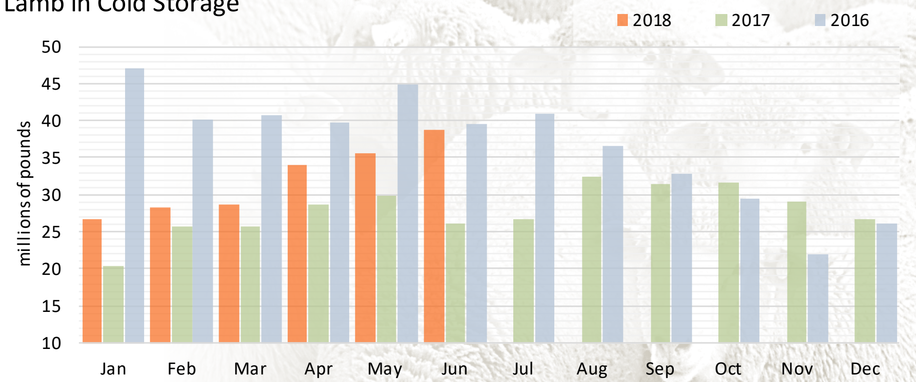
PRODUCTION: Commercial lamb and mutton production in June, at 12.3 million pounds, was the lowest recorded lamb and mutton production for June, down 8 percent from May and one percent from June of last year. Commercial sheep and lamb slaughter in June totaled 178,500 head, down 9 percent for the month and 5 percent lower than June 2017. The average sheep and lamb live weight increased one pound to 138 pounds, 6 pounds more than June 2017. The average dressed lamb carcass weight, at 71 pounds, was up one pound, 3 pounds more than last year. Stocks of lamb and mutton in cold storage rose 9 percent in June but were 48 percent over June 2017.

The volume of lambs graded Choice and Prime by the USDA in July declined 15 percent from June and 11 percent from last July. The percentage of lambs qualifying for the Choice grade, at 89 percent, was down 2 percent for the month. Overall, lamb yields in July were leaner than in June with a 3 percent drop in YG 4's evenly distributed among YG 1-3. The Northwest continued to have the highest percentage of leaner lambs in July while the Northern Appalachian region saw a shift from YG 1's to YG 2-3's from June. Lambs in the Rockies saw a 10 percent drop in YG'4 s from June with the bulk shifting to YG 2-3's as lambs carried less finish into the summer months. Lambs in the Midwest were largely consistent with June with a slight shift towards more finished lambs. The Midwest had the highest percentage of Prime lambs with 20 percent of graded lambs qualifying.

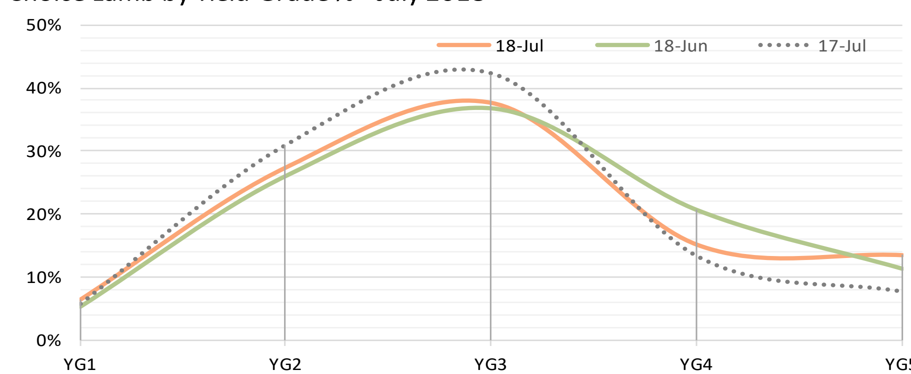
Commercial Lamb/Mutton Production



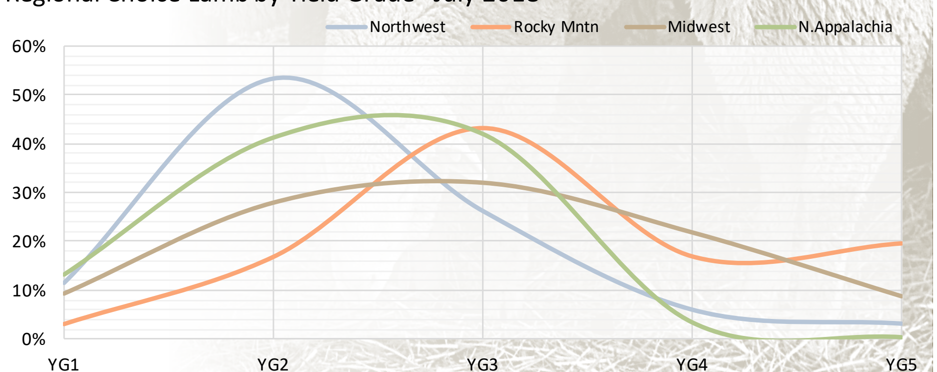
Lamb in Cold Storage



Choice Lamb by Yield Grade % - July 2018



Regional Choice Lamb by Yield Grade - July 2018

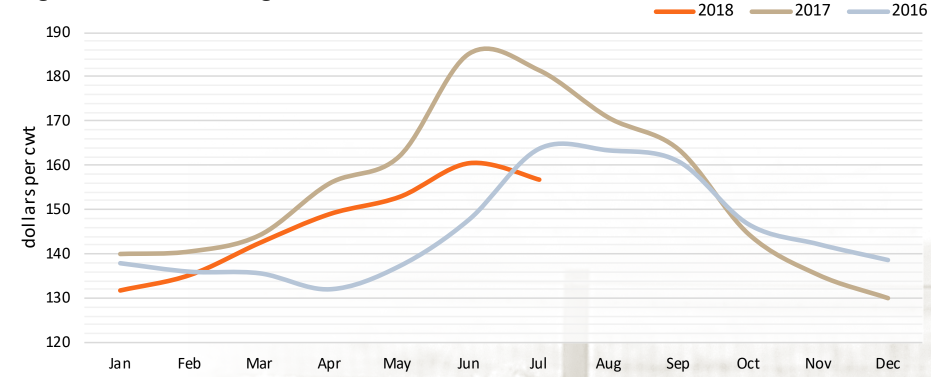


LIVE MARKETS: In July, the volume of slaughter lambs trading on a direct negotiated basis dropped sharply from June, down 59 percent. Prices declined through the month, limiting the number of head sold, with the monthly average price ending down 2 percent (from $160.66 to $156.90 per cwt.); down 14 percent from July 2017. In auction trading, the average price for traditional Choice & Prime 2-3, 90-150 lbs. slaughter lambs at Sioux Falls, SD, decreased 9 percent from June (from $163.08 to $147.96 per cwt), 15 percent below July 2017. In San Angelo, TX, the average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs decreased one percent (from $124.91 to $124.14 per cwt.) for the month, 15 percent below last year. At the New Holland, PA, sale, the average price for Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs in July declined 9 percent (from $190.85 to $174.08 per cwt.), 4 percent below the July 2017 monthly average.

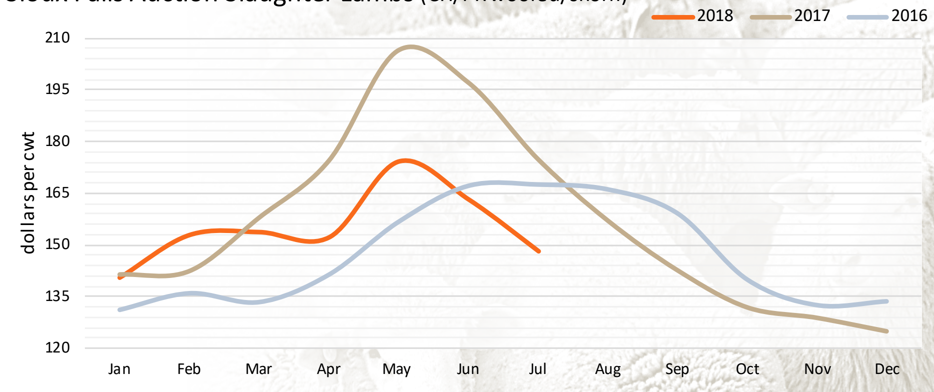
LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts in June was unchanged from May but was 26 percent over the level imported in June 2017. Imports of fresh lamb declined 7 percent while that for frozen products increased 6 percent. The share of fresh imports dropped 3 percent with frozen products comprising 59 percent. Australia remained the primary source of total July lamb imports with a 67 percent share. New Zealand imports accounted for 32 percent of July volume. Imports from Mozambique, Uruguay, China, and Canada made up the remaining percent.

Imports of whole and half lamb carcasses, 4 percent of total lamb imports in June, declined 18 percent from May and 19 percent from June 2017. Imports of fresh and frozen lamb legs, 5.5 percent of imports, declined 16 percent for the month but were 27 percent above June 2017. Loin imports, 10 percent of total imports, were unchanged from May but were 6 percent above June 2017. Shoulder cuts, 13 percent of imports in June, increased 13 percent in import volume, 7 percent below last year. The volume of imports of other bone-in lamb cuts, not elsewhere identified, 35 percent of total imports, rose 7 percent in June but were 44 percent above the levels imported in June 2017. The split between fresh and frozen other bone-in lamb cuts was 36/64. Imports of boneless lamb meat accounted for 33 percent of June import volume with a 5 percent decline in volume for the month, 47 percent more than June 2017. Mozambique was the source of one percent of boneless lamb imports, all frozen. Frozen boneless lamb accounted for 67 percent of imports.

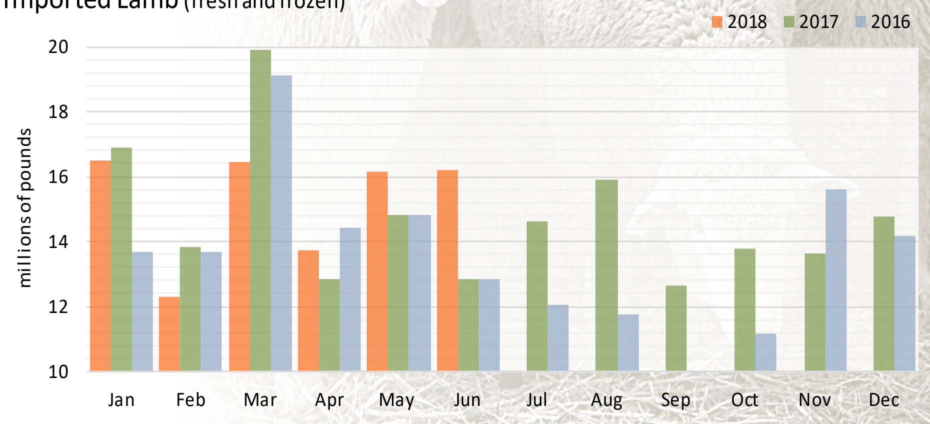
Negotiated Direct Slaughter Lambs (CH/PR wooled/shorn)



Sioux Falls Auction Slaughter Lambs (CH/PR wooled/shorn)



Imported Lamb (fresh and frozen)

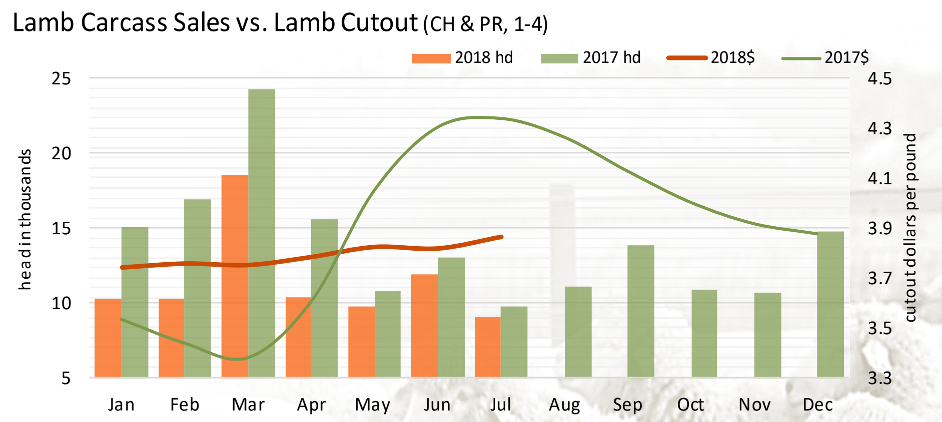


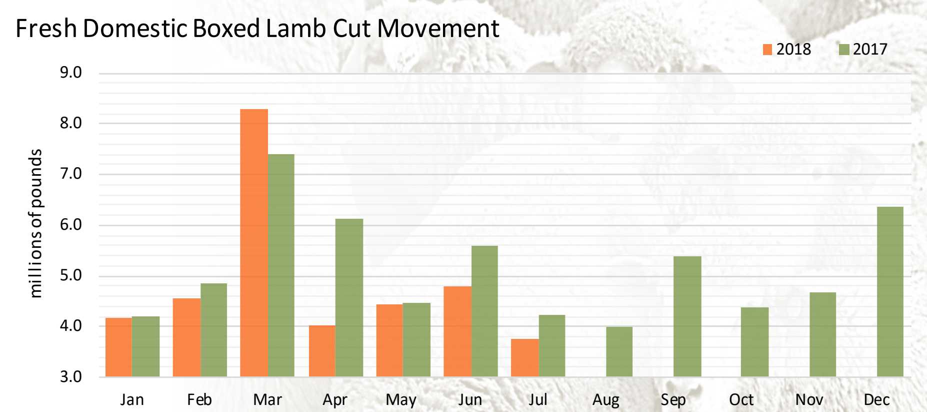
DOMESTIC MEAT TRADE: The volume of trading of Choice and Prime, 1-4 lamb carcasses in July declined rapidly, down 24 percent for the month and down 8 percent from July 2017. The gross lamb carcass cutout increased one percent (from $3.77 to $3.82 per pound), 11 percent below July 2017. The volume of negotiated wholesale trading of fresh domestic boxed lamb cuts in July declined 22 percent from June and 11 percent below the prior year. Trading of fresh lamb typically is at its lowest point during the summer months and 2018 is following true to form. Negotiated trading of fresh cuts decreased one percent and accounted for 15 percent of total sales.

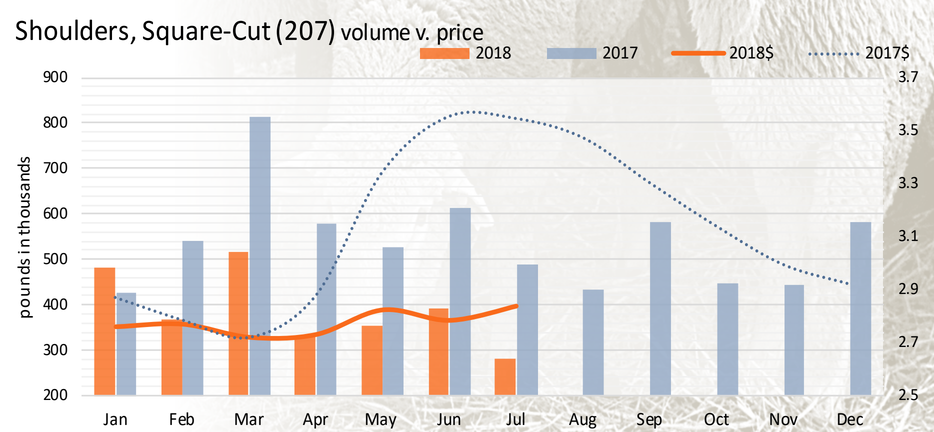
The volume of wholesale sales of fresh trotter-off legs declined 24 percent in July while the average price remained unchanged at $3.68 per pound. This volume was only 2 percent below last year's July level but the price was 12 percent lower. Leg sales are typically quiet during the summer months and rise in the fourth quarter. Sales of medium 8-rib fresh racks declined sharply in July, down 35 percent, following two months of increasing sales. Prices rose one percent for the month (from $8.63 to $8.75 per pound) but were 5 percent below July 2017 levels. Like racks, the volume of trimmed 4x4 loins declined 25 percent in a typical summer trend. The monthly average price rose 2 percent (from $5.36 to $5.49 per pound), down 11 percent from last year. Foreshank prices declined one percent (from $4.13 to $4.08 per pound), down 5 percent from last year. Trade volume declined sharply, down 29 percent to its lowest point of the year and 7 percent below July 2017 levels. Square-cut shoulder prices gained 2 percent (from $2.78 to $2.84 per pound) but sales volume dropped 28 percent. The price level is down 20 percent from 2017 and sales are down 43 percent. Trading of ground lamb (80/20) declined 24 percent, down 26 percent from July 2017, while prices remained unchanged at $5.66 per pound, 3 percent below July 2017.

IMPORTED MEAT TRADE: The volume of negotiated sales imported boxed lamb cuts rose 25 percent in July but was one percent below July 2017. Sales of fresh product posted an impressive 19 percent gain for the month but this was overshadowed by the 29 percent increase in sales of frozen imported lamb cuts. These gains were similar, but not to the same magnitude, to month-to-month gains seen from June to July 2017. Imports accounted for 75 percent of all boxed lamb cut sales in July, a 10 percent increase over June.

In July, the overall volume of sales of fresh Australian lamb cuts increased 16 percent, led by a 20 percent increase in loin cuts and closely followed by an 18







percent rise in shoulder cuts. Only foreshanks realized a net decline in sales, down 23 percent for the month. The monthly average price for leg and shoulder cuts increased 2 percent while loins were unchanged. Prices for shoulders declined 2 percent while racks saw a one percent decline in price.

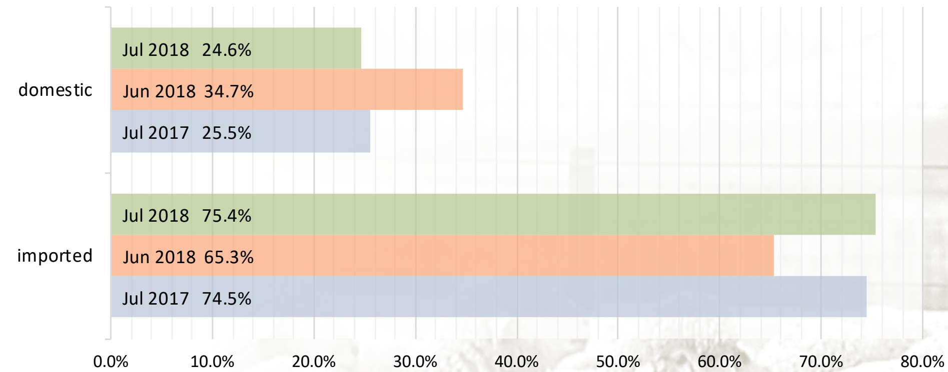
July Negotiated Sales of Imported Lamb
(change in primal price and sales volume)

	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	99	113	--	--
loins	100	120	--	--
legs	102	111	--	--
shoulders	98	118	--	--
foreshanks	102	77	--	--
Frozen				
racks	99	246	101	115
legs	100	130	--	--
shoulders	99	211	--	--
foreshanks	99	79	--	--

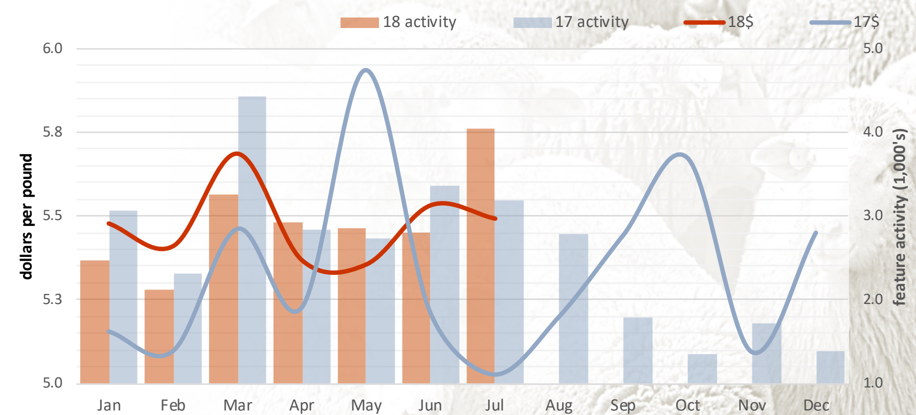
Sales of frozen Australian cuts nearly doubled from June led by a 146 percent increase in the volume of frozen rack cuts and a 111 percent rise in shoulder sales. Leg sales rose 30 percent while, like their fresh counterparts, frozen foreshanks posted the only decline in sales for the month, down 21 percent. Average monthly prices for frozen imported lamb cuts were weak to lower with leg prices unchanged and prices for other cuts each down one percent. The volume of sales of frozen rack cuts from New Zealand in July increased 15 percent while the average price rose one percent for the month.

RETAIL MARKETING: Supermarket feature activity for lamb cuts in July, both domestic and imported, fresh and frozen, increased 7 percent from June and 31 percent from July 2017. As in June, shoulder cuts were the most actively featured lamb cuts at retail in July with 36 percent of ad share. Average advertised prices for blade chops declined one percent while those for round bone chops rose 5 percent. Offerings of loin chops on feature comprised 29 percent of advertising of lamb cuts in July on increased activity and a 4 percent decline in the average ad price. Retail feature activity for bone-in leg cuts dropped 17 percent to an 11 percent ad share in July. Leg cuts typically get limited attention during the summer months as consumers look more to lower-profile cuts like chops and grinds for grilling. Average ad price for bone-in legs were down 8 percent while those for boneless legs rose 2 percent. Ads for ground lamb and stew meat accounted for 11 percent of lamb advertising. The average ad price for ground lamb declined 7 percent. Lamb breasts saw some level of activity, particularly in the South Central U.S. as a lamb alternative to barbecue beef briskets.

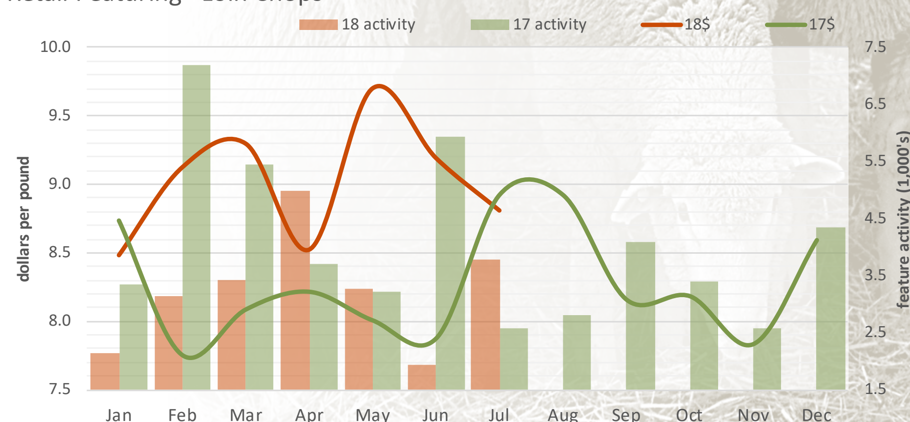
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold)



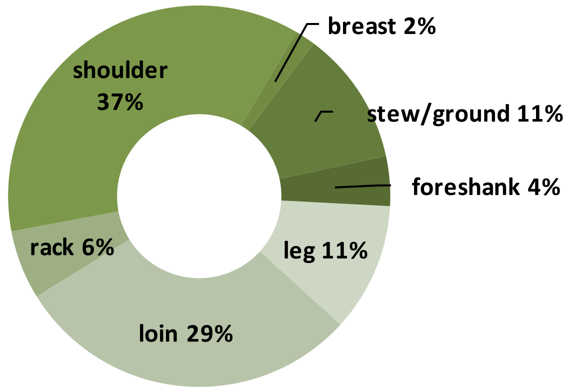
Retail Featuring - Shoulder Blade Chops



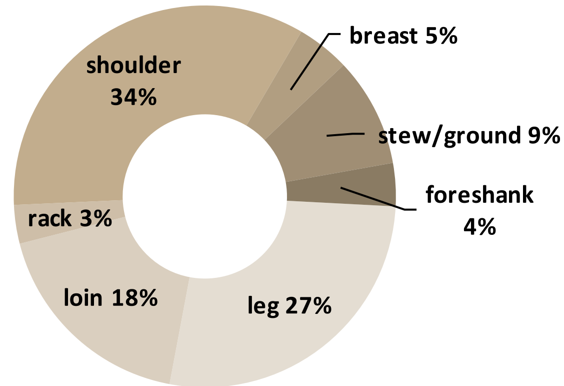
Retail Featuring - Loin Chops



July Retail Feature Share



June Retail Feature Share



Quick Overview

PRODUCTION: [1/]	Jun 18	May 18	change
Sheep Meat Production (lbs.).................	12,300,000	13,400,000	92
Commercial Sheep Slaughter *(head)*........	178,500	196,800	91
Fed. Insp. Lamb Slaughter *(head)*............	149,600	168,300	89
Live Sheep Weight (lbs.)...........................	138	137	101
Dressed Carcass Lamb Weight (lbs.).......	71	70	101
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.)................	38,678,000	35,591,000	109
IMPORTS:			
Total Fresh/Chilled (lbs.).........................	6,642,961	7,164,354	93
Total Frozen (lbs.).......................................	9,578,853	9,006,314	106
Total (lbs.)..	16,221,814	16,170,667	100

LAMB GRADED:	Jul 18	Jun 18	change
Choice (head)..	62,794	75,283	83
Prime (head)...	8,060	7,891	102

DIRECT SLAUGHTER LAMB:	Jul 18	Jun 18	change
CH/PR, wooled/shorn *(head)*	9,800	13,900	71
price *($/cwt)*	156.90	160.66	98
AUCTION SLAUGHTER LAMB:			
Sioux Falls, CH/PR, 2/3, 90-150 lb. *(head)*	2,010	1,061	189
price *($/cwt)*	147.96	163.08	91
New Holland, CH/PR, 2/3, 90-150 lb. *($/cwt)*	174.08	190.85	91
San Angelo, CH/PR, 2/3, 90-150 lb.			
Shorn price *($/cwt)*	124.14	125.18	99
Wooled price *($/cwt)*	124.14	124.64	100
LAMB CARCASS:			
National Lamb Carcass Sales *(head)*.............	9,026	11,901	76
Lamb Carcass Gross Cutout *($ per pound)*.....	3.82	3.77	101
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	3,744,875	4,806,988	78
Imported Fresh Boxed Lamb Sales *(lbs.)*	4,460,676	3,741,634	119
Imported Frozen Boxed Lamb Sales *(lbs.)*	9,004,488	6,990,290	129

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