Lamb Markets Overview

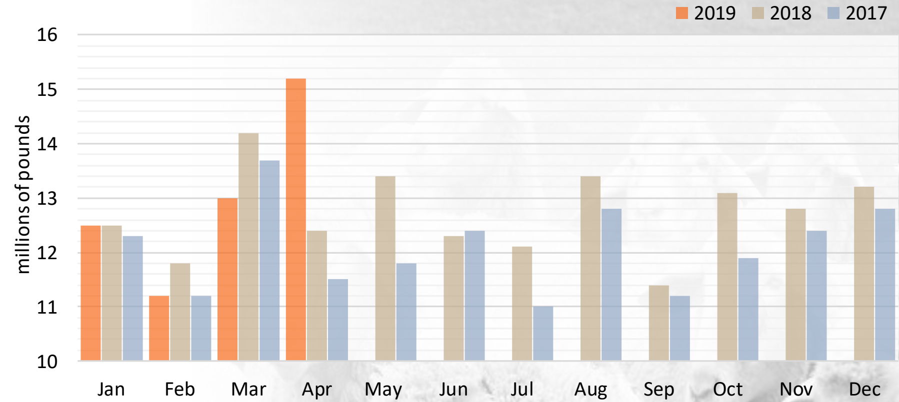
A monthly publication of the USDA AMS Livestock and Poultry Program, Agricultural Analytics Division

June 2019

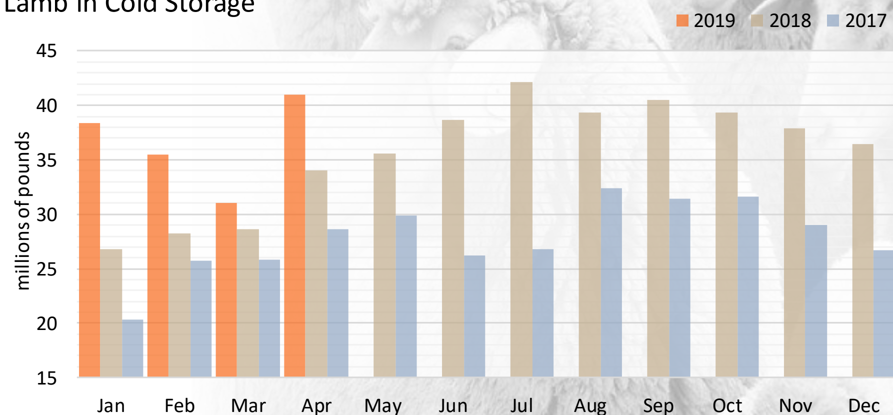
PRODUCTION: Commercial lamb and mutton production increased 17% in April to 15.2 million pounds, 23% above April 2018, as production rose to meet anticipated Easter/Passover demand in the second half of April. Commercial sheep and lamb slaughter in April increased 24% to 235,900 head, 30% above the April 2018 level. The average sheep and lamb live weight lost 8 pounds to a 129 pound average, 8 pounds lighter than a year ago. The average dressed lamb carcass weight, at 67 pounds, was down 4 pounds for the month and from last year. Mature sheep slaughter increased 36% in April to 11,300 head, 18% over the April 2018 level. Stocks of lamb and mutton in cold storage in April increased 32% to 40.9 million pounds to supply Easter/Passover demand. This was 20% above the April 2018 level.

GRADING: The volume of lambs graded Choice and Prime by the USDA during the month of May decreased 14%, 3% under the May 2018 level. All regions saw a volume decrease in May as demand for the spring holiday season passed. Nationally, the number of lambs qualifying for the Choice grade decreased 12% and the Choice share of all lambs graded increased 3% to 94% as lambs qualifying for the Prime grade declined. Only the Upper Midwest had an increase in lambs grading Choice, up 2% over April while the Ohio Valley saw the largest decline in lambs grading Choice with a 41% drop. Nationally, lamb yields shifted back to the YG 3 grade with a 4% decline in YG 4-5 lambs. Lambs in the Northwest saw the biggest shift to the leaner yields with an 11% drop in YG 3-5 shifting to YG 1-2.

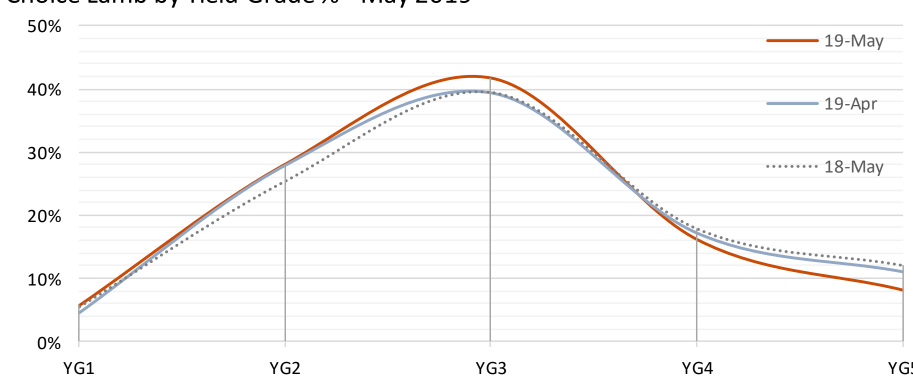
Commercial Lamb/Mutton Production



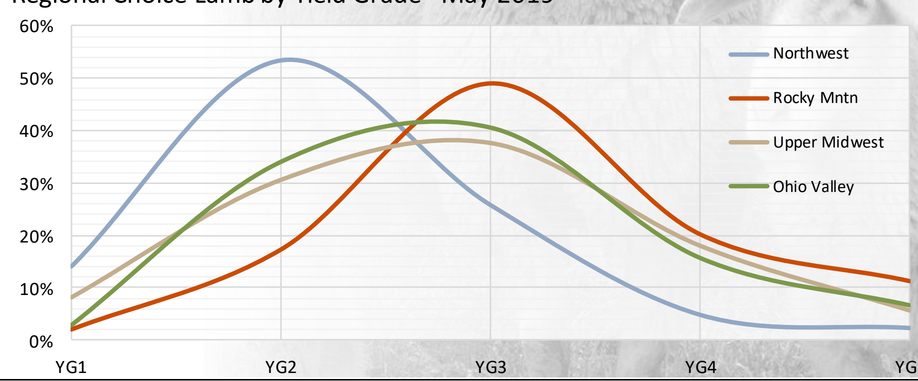
Lamb in Cold Storage



Choice Lamb by Yield Grade % - May 2019



Regional Choice Lamb by Yield Grade - May 2019

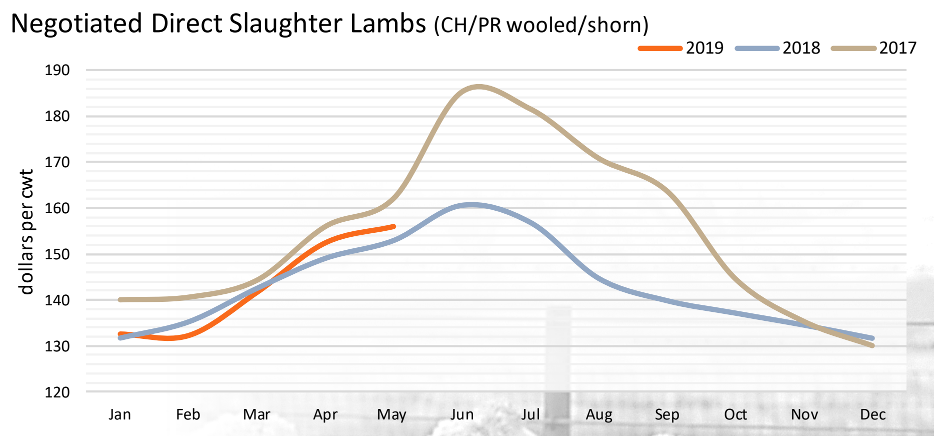


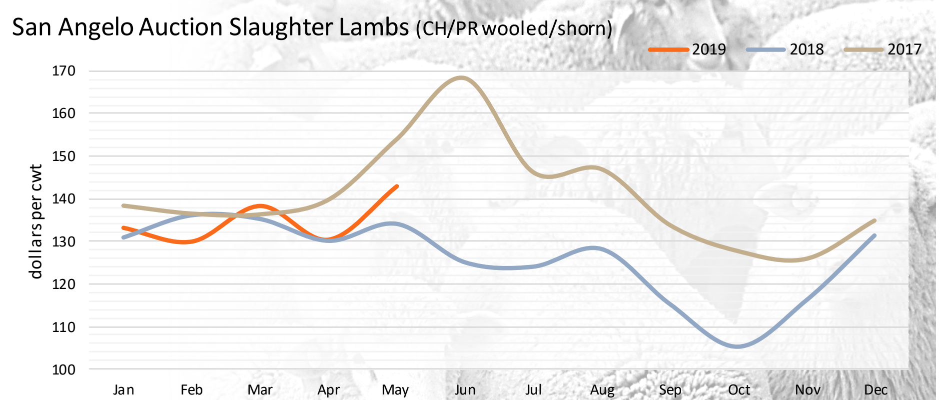
LIVE MARKETS: The volume of slaughter lambs trading on a direct negotiated basis in May, at 28,200 head, decreased 4% from April, 137% above May 2018. Prices were up 2% during the month and 2% over May 2018. In auction trading, the average price for traditional Choice & Prime 2-3, slaughter lambs at Sioux Falls, SD, is currently not available on monthly receipts of 2,783 head. In San Angelo, TX, the average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs was $143.00 per cwt. on receipts of 21,213 head for the month. At the New Holland, PA, sale in May, the average price for Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs is currently not available with total monthly receipts at 12,470 head. *(note: Since auction lamb reports were converted to the new reporting system in May, comparisons will be available next month.)*

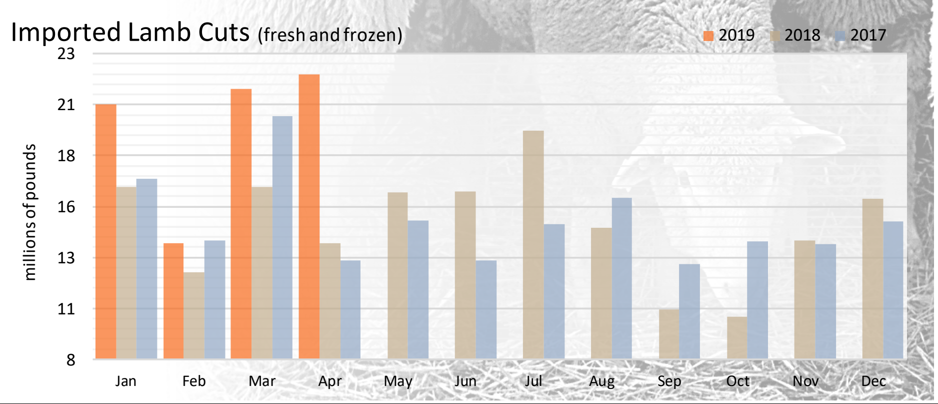
LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts increased 3% in April, 60% over the April 2018 level (Easter/Passover was in March 2018). At nearly 22 million pounds, April imports of lamb cuts marks the highest monthly level dating back to 1989 when records were first kept. Fresh imports, at 42% share, were up 5% for the month and 72% over 2018. Frozen imports were up 2% in April and 53% over April 2018. The share of frozen cuts, at 58%, was down 1% in share for the month. Australia sent 67% of total imports in April with 79% of fresh cuts and 59% of frozen cuts. New Zealand accounted for 32% of total lamb imports with other bone-in cuts, including racks, making up 41% of total New Zealand imports. Chile, Canada, and Iceland rounded out April imports in that order.

Imports of whole and half lamb carcasses, all in frozen form, increased 16% in April and made up 5% of import share. Imports of lamb legs retreated 8% from March levels and accounted for 6% of imports. Imports of loin cuts increased 14% with a 39% increase in frozen and 13% increase in fresh form. Loin cuts made up 10% of imports. Shoulder imports rose 11% overall in April with a 25% rise in frozen volume and a 7% decline in fresh forms. Shoulders gained 1% in import share in April to 13%.

The volume of imported bone-in lamb meat increased 9% and increased import share by 2% to 34%. Most of this increase was in frozen form with a 13% increase with fresh only up a percent. Imports of other boneless lamb cuts, not identified, decreased 7% in April and dropped 3.5% in import share to 31.5%. Most of the decline was in the volume in frozen form, down 17%, enough to offset a 12% rise in fresh form.







DOMESTIC MEAT TRADE: The volume of trading of Choice and Prime, 1-4 lamb carcasses in May declined 20% from April as Spring holiday demand passed. May trading volume was 28% above the level of May 2018. The gross lamb carcass cutout rose 2% in May at $3.89 per pound, 3% above May 2018. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in May decreased 8% for the month but was 37% above May 2018. Negotiated trading of fresh cuts was down 9% in volume and accounted for 86% of total sales. The volume of frozen cut trading decreased 1% for the month and accounted for 14% of total domestic volume sold.

Traded volume of most lamb cuts declined in May from the Easter/Passover demand season highpoint in April. Most of the decline was for fresh legs and racks. The volume of wholesale sales of trotter-off legs declined 69% while prices increased 5% to $3.81 per pound. This volume was 1% above May 2018 and the average price was 3% more. The volume of sales of boneless legs declined 47% and the average monthly price was down 2% (from $5.50 to $5.37 per pound). Sales of medium 8-rib racks decreased 21% and the average price was up 1% (from $8.83 to $8.91 per pound). Frenched racks sales declined 9% in May and prices rose 1% (from $16.57 to $16.75 per pound). The volume of trimmed 4x4 loins trading was up 12% for the month with a 1% increase in the average sale price (from $5.18 to $5.22 per pound). Foreshank trading volume declined 22% and the average price was down 6% (from $4.50 to $4.23 per pound). Trading of square-cut shoulder cuts increased 14% in May and prices rose 3% (from $2.84 to $2.93 per pound). Trading of ground lamb increased 7% for the month and prices were unchanged at $5.75 per pound.

IMPORTED MEAT TRADE: The overall volume of negotiated sales imported boxed lamb cuts decreased 27% in May but was 3% over the May 2018 level. Sales of fresh product declined 36% for the month while frozen cut sales were down 17% as demand for the Spring holiday season passed. Imports accounted for 63% of all boxed lamb cut sales in May, down 5% in share from April.

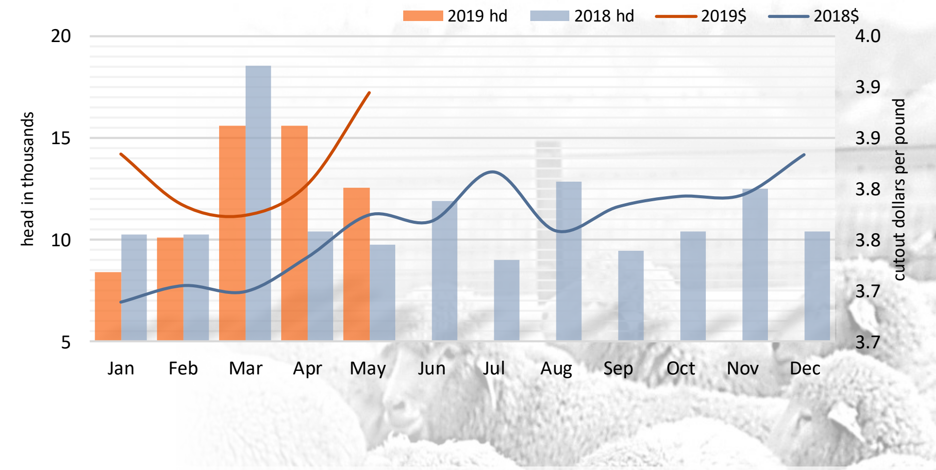
The overall volume of sales of fresh and frozen Australian boxed lamb cuts declined 34% in May with fresh product sales down 28% and frozen down 38% as the holiday season passed. Australian imports of leg cuts declined in May as quickly as they rose in April (down 98%) in a typical post-Easter pattern. As volume dropped, leg prices rose 3%. Sales of frozen Australian legs retreated 49% in May and the average sale price declined 8%.

Negotiated Sales of Imported Lamb - May

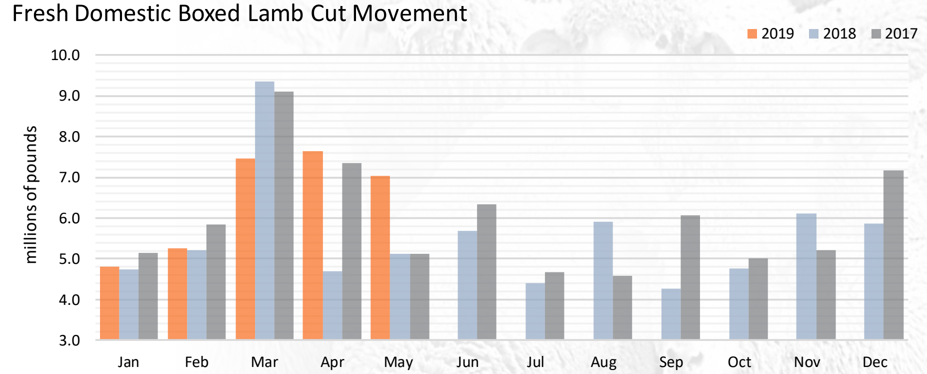
(change in primal price and sales volume)

	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	101	72	--	--
loins	95	87	--	--
legs	103	2	--	--
shoulders	101	86	--	--
foreshanks	98	33	--	--
Frozen				
racks	96	87	99	96
legs	92	51	--	--
shoulders	112	74	--	--
foreshanks	100	83	--	--

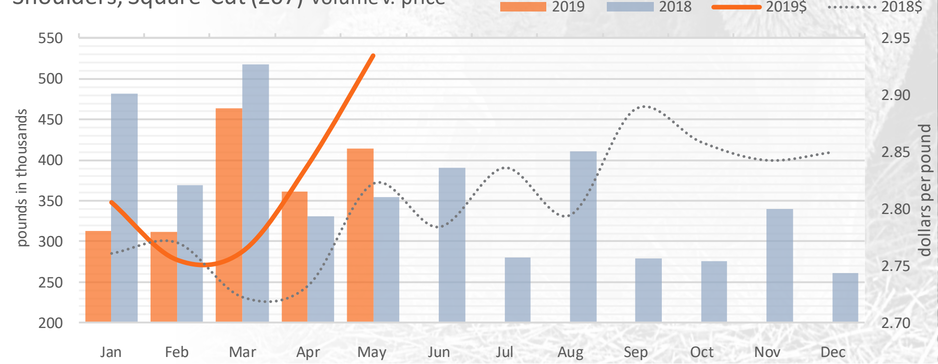
Lamb Carcass Sales vs. Lamb Cutout (CH & PR, 1-4)



Fresh Domestic Boxed Lamb Cut Movement



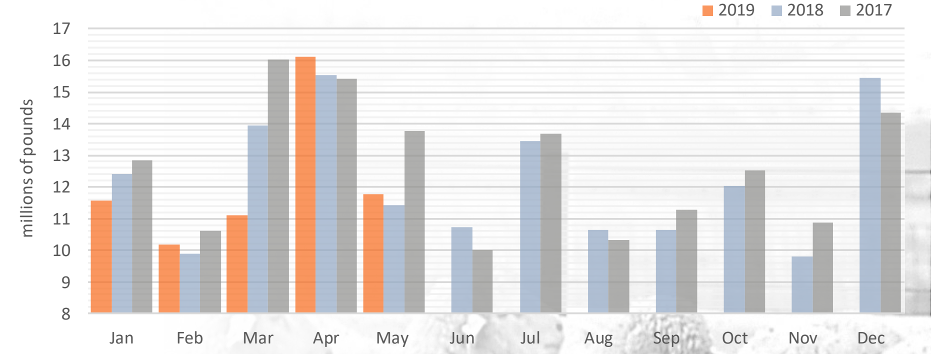
Shoulders, Square-Cut (207) volume v. price



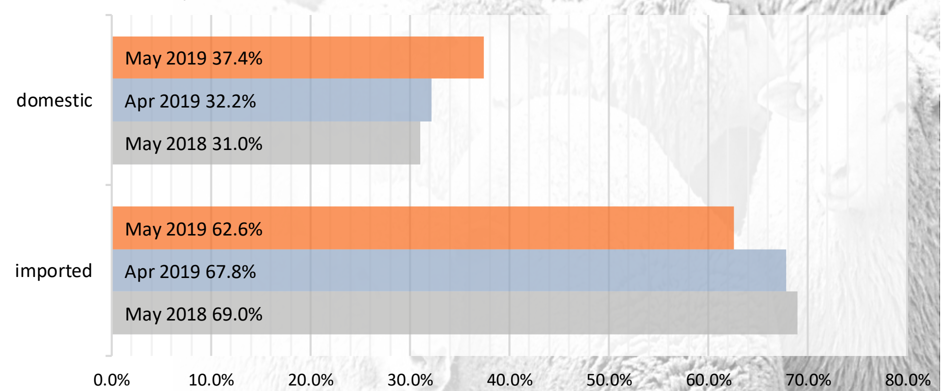
Sales of fresh racks were down 28% in May while frozen racks saw a 13% drop in sales. Fresh rack prices rose 1% while frozen offerings had a 4% decline in price. Australian fresh shoulder sales declined 14% with a 1% rise in price while frozen product had a 26% drop in volume and a 12% increase in the average sale price. Sales of fresh Australian foreshanks declined 67% for the month and prices declined 2%. Frozen Aussie foreshanks had a 17% decline in volume while prices were unchanged. Australian boxed loin cut sales were down 13% in May and prices were down 5%. Sales of imported frozen New Zealand rack cuts declined 4% in May but prices only declined 1%.

RETAIL MARKETING: Supermarket feature activity for lamb cuts, both domestic and imported, fresh and frozen, decreased 53% in May, 48% above the May 2018 level. Featuring of leg cuts decreased sharply in May (down 95%) as the Spring holiday demand season ended. The share of retail featuring declined 54% to 7% of all lamb cut features in May. The average ad price for leg cuts rose 26% on the reduced feature activity as holiday promotions passed. As with legs, featuring of rack cuts, another holiday favorite, declined in May, down 71% with a 5% decline in the average ad price. Racks held a 4% share of all lamb cuts featured in May, down 2% for the month. Marketing of loin chops dominated all features of lamb cuts in May with a 44%. Featuring increased 41% but the average ad price was unchanged. Shoulder chops saw a 46% rise in retail activity in May and increased ad share by 25% to 35%. Offerings were led by blade chops with a 71% increase and a 10% decline in ad price. Round bone chops declined 19% in activity and sale prices rose 9%. Retail promotional activity in May was made up primarily of loin and shoulder chop ads which combined for 79% of all lamb features. Featuring of ground lamb declined 57% and the average ad price for the month was down 12%. Average ad prices for shanks rose 1% but featuring in store ads declined 21% during the month.

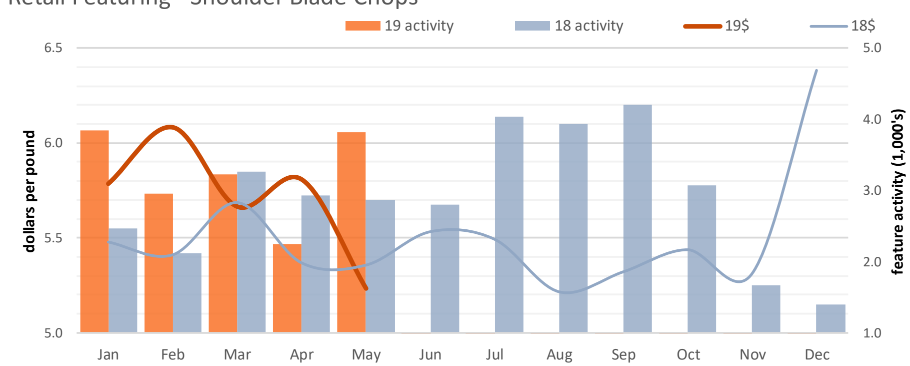
Negotiated Sales of Imported Lamb (fresh and frozen)



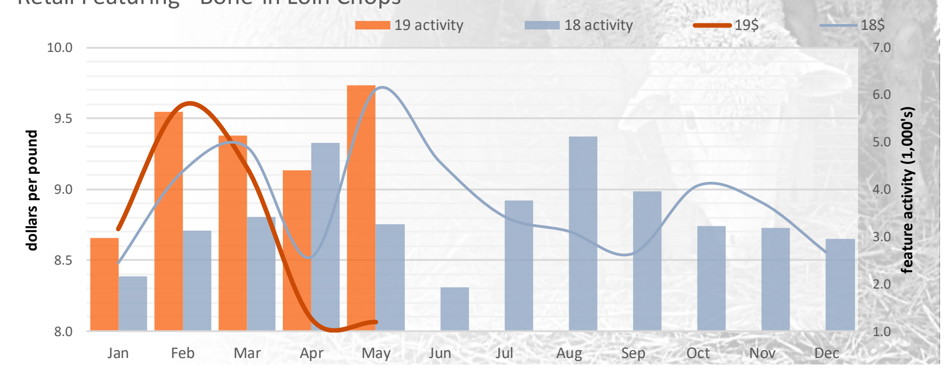
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold)

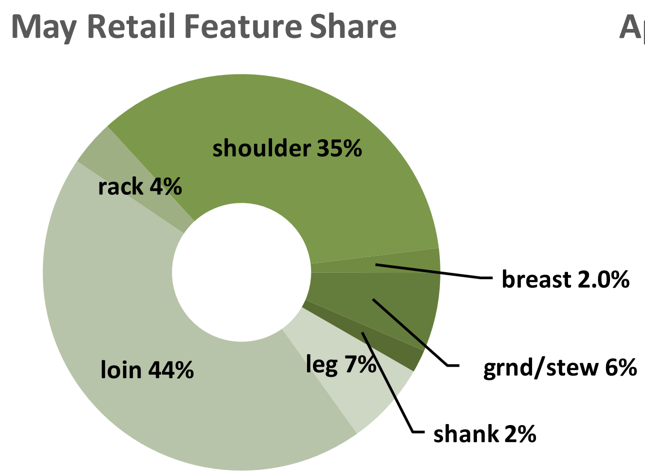


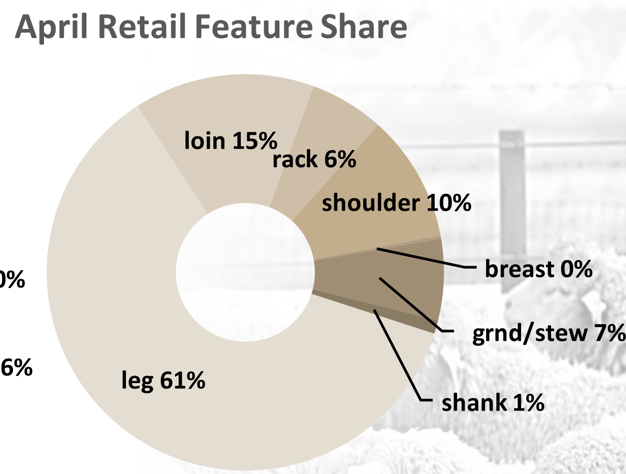
Retail Featuring - Shoulder Blade Chops



Retail Featuring - Bone-in Loin Chops







Quick Overview

PRODUCTION: 1/	Apr 19	Mar 19	change
Sheep Meat Production (lbs.)...................	15,200,000	13,000,000	117
Commercial Sheep Slaughter *(head)........*	235,900	190,700	124
Fed. Insp. Lamb Slaughter *(head).............*	193,200	162,000	119
Live Sheep Weight (lbs.).............................	129	137	94
Dressed Carcass Lamb Weight (lbs.).......	67	71	94
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.).................	40,949,000	31,026,000	132
IMPORTS:			
Total Fresh/Chilled (lbs.).............................	9,186,652	8,713,099	105
Total Frozen (lbs.)...	12,791,867	12,566,334	102
Total (lbs.)..	21,978,518	21,279,433	103
LAMB GRADED:	**May 19**	**Apr 19**	**change**
Choice (head)...	81,311	91,928	88
Prime (head)...	5,473	9,365	58

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

DIRECT SLAUGHTER LAMB:	May 19	Apr 19	change
CH/PR, wooled/shorn *(head)*	28,200	29,300	96
price *($/cwt)*	156.04	152.46	102
***AUCTION SLAUGHTER LAMB (shorn/wooled):**			
Sioux Falls, CH/PR, 2/3 *(head)*	2,783	n/a	
price *($/cwt)*	169.57	n/a	
New Holland, CH/PR, 2/3 *(head)*	12,470	n/a	
price *($/cwt)*	226.77	n/a	
San Angelo, CH/PR, 2/3 *(head)*	21,213	n/a	
price *($/cwt)*	178.48	n/a	

** - updated to reflect shift to My MarketNews (click here)*

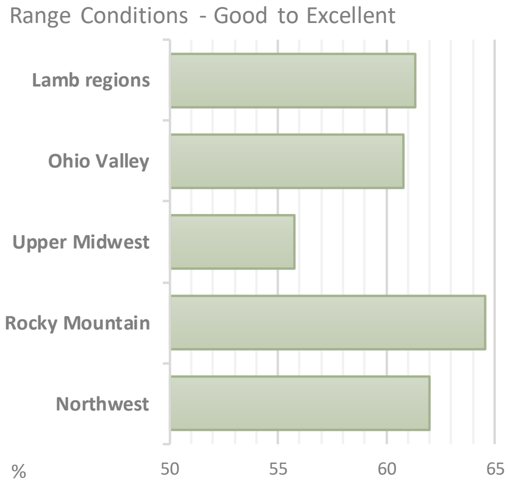
LAMB CARCASS:			
National Lamb Carcass Sales *(head)..............*	12,542	15,608	80
Lamb Carcass Gross Cutout *($ per pound).....*	3.89	3.80	102
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	6,044,887	6,635,029	91
Imported Fresh Boxed Lamb Sales *(lbs.)*	5,197,437	8,170,096	64
Imported Frozen Boxed Lamb Sales *(lbs.)*	6,565,003	7,942,042	83

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

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

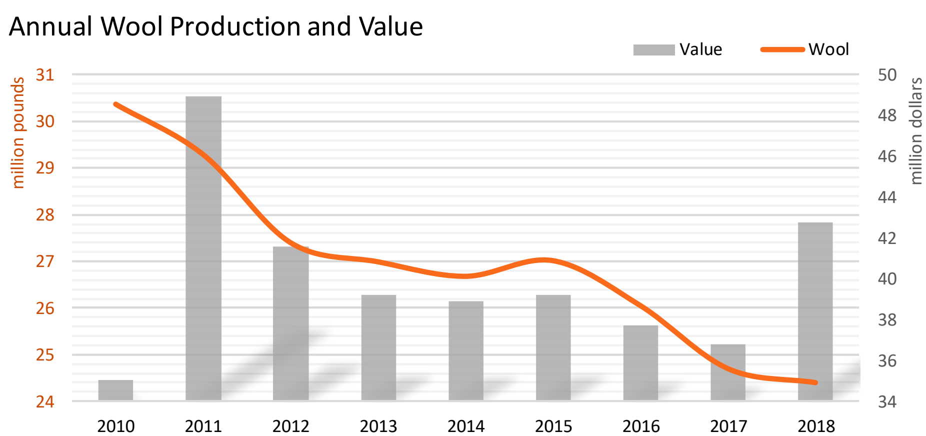
Pasture and Range Condition: In May 2019**,** nearly half of the nation's pastures and ranges were rated to be in good condition as moisture levels have been positive for forage crops in the major lamb production regions. A third of pastures and ranges were rated in fair condition in May, just below good. Only 11% of pastures were rated as poor (9%) or very poor (2%). New Mexico pastures in May saw the lowest rating with 35% of their pastures rated poor to very poor but conditions have been improving as the month advanced. Of the major lamb production regions, Rocky Mountain pastures had the highest combined good and excellent rating in May, led by Idaho where 78% of pastures received a combined good and excellent rating. The Upper Midwest saw the lowest combined good to excellent rating at 61% combined rating where conditions in Wisconsin were 70% and only 44% good to excellent.

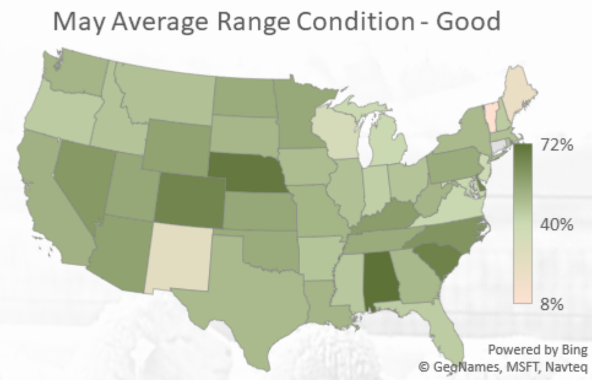
(derived from the Weekly NASS Crop Progress reports issued May to November); Regional Consists - Ohio Valley (MI, NY, OH, PA); Upper Midwest (IA, MN, WI); Rocky Mountain (CO, ID, MT, SD, UT, WY); Northwest (CA, OR, WA). Ratings based on percentages described as excellent, good, fair, poor, and very poor.

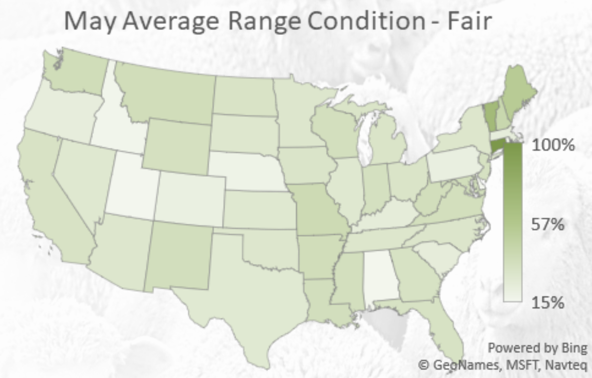


LAMB PELTS/WOOL: In May, the average estimated per pelt credits returned to producers for unshorn pelts decreased for most types with lower quality pelts seeing the most decline in credit. The share of unshorn pelts decreased 20% from April to just over a quarter of all pelts. Credits for shorn pelts largely held with some weakness in Supreme and Premium credits. May is the start of the shearing season.

Domestic wool saw active trading in May with traded volumes of clean wool up 18% from May 2018 while trading of greasy wool was down 7% from May 2018. Annual wool production in 2018 declined 1% to 24.4 million pounds while the value of wool production rose 16% to nearly $43 million.







May Avg Lamb Pelt Credit Prices				
	Unshorn		**Shorn**	
	credit	**change**	**credit**	**change**
Supreme	2.05	-0.08	1.10	-0.02
Premium	-0.43	-0.30	-0.08	-0.08
Standard	-1.45	-0.45	-1.25	0.00
Fair	-1.35	-0.60	-1.75	0.00
Mixed	-1.00	0.00	-2.38	0.00
Damaged	-1.88	0.00	-2.38	0.00
Consist %	26%		74%	