Lamb Markets Overview

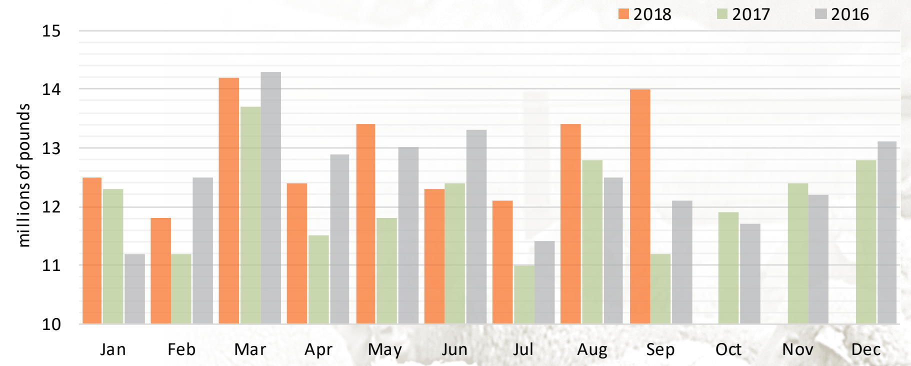
A monthly publication of the USDA AMS Livestock and Poultry Program, Agricultural Analytics Division

November 2018

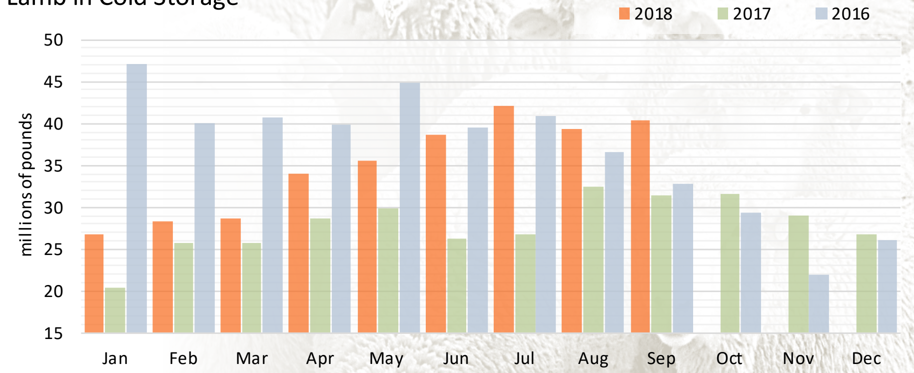
PRODUCTION: Commercial lamb and mutton production increased 4 percent in September, to 14 million pounds, 25 percent over the September 2017 level. Commercial sheep and lamb slaughter in September totaled 172,700 head, a 16 percent decline for the month and 2 percent under 2017. The average sheep and lamb live weight was up a percent to 132, 3 pounds over September 2017. The average dressed lamb carcass weight, at 69 pounds, was up one pound from August and 3 pounds over last year. Stocks of lamb and mutton in cold storage in September, at 40.5 million pounds, was 3 percent above the August level and 29 percent over stocks in September 2017.

GRADING: The preliminary volume of lambs graded Choice and Prime by the USDA in October increased 5 percent from September but was down 12 percent from 2017. The share of lambs qualifying for the Choice grade increased 4 percent to 94 percent. Overall, lamb yields in October reversed trend and shifted towards leaner lambs with a 5 percent rise in YG 2. This trend was most pronounced in the Upper Midwest with a 19 percent rise in YG 2 lambs as YG 4-5 lambs dropped sharply in number. Despite this trend, lamb yield grading in October was running slightly towards more finished lambs than October 2017. Northwest lambs saw a similar trend. The Rocky Mountain region continues to outpace all other lamb regions for the number of lambs graded. The number of lambs offered for grading in the Ohio Valley nearly doubled following monthly declines from July.

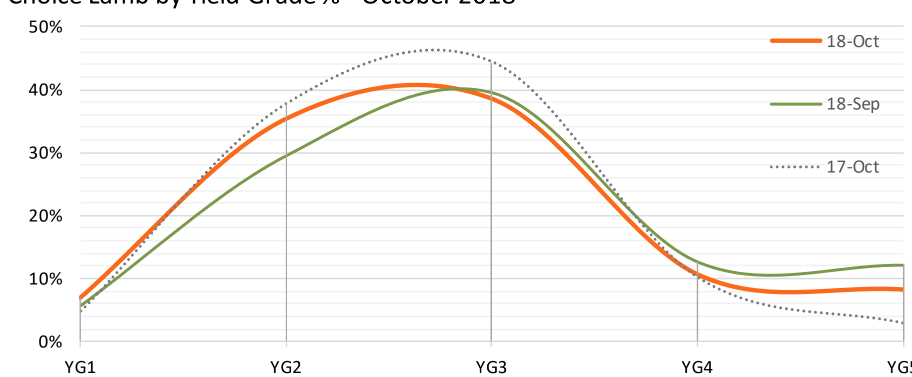
Commercial Lamb/Mutton Production



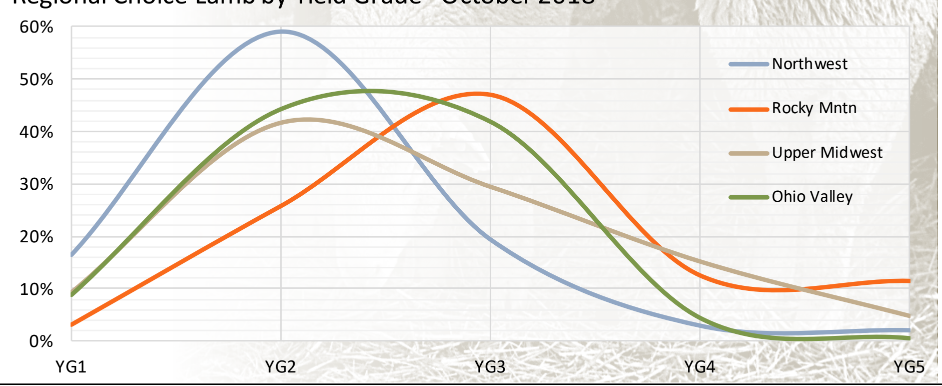
Lamb in Cold Storage



Choice Lamb by Yield Grade % - October 2018



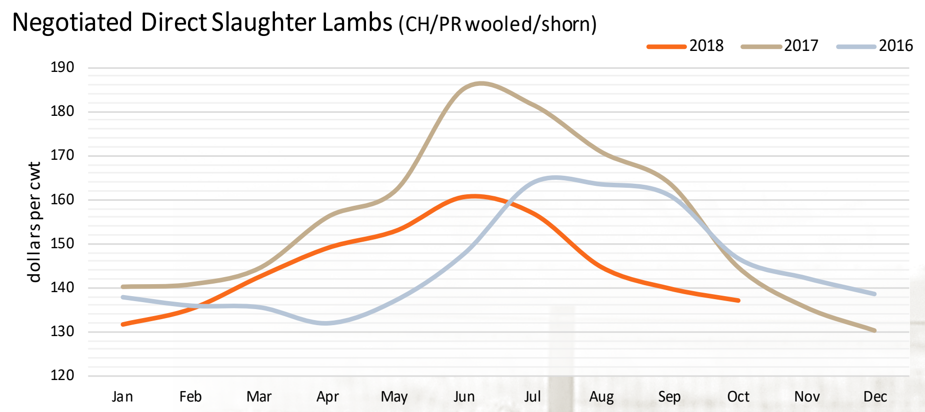
Regional Choice Lamb by Yield Grade - October 2018

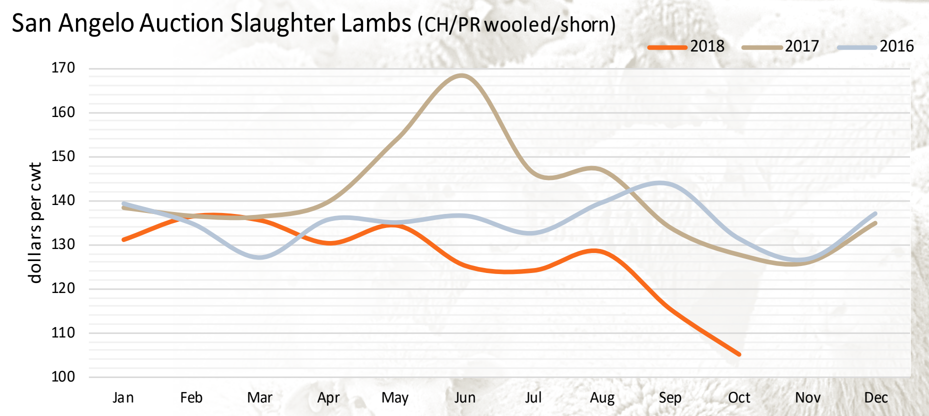


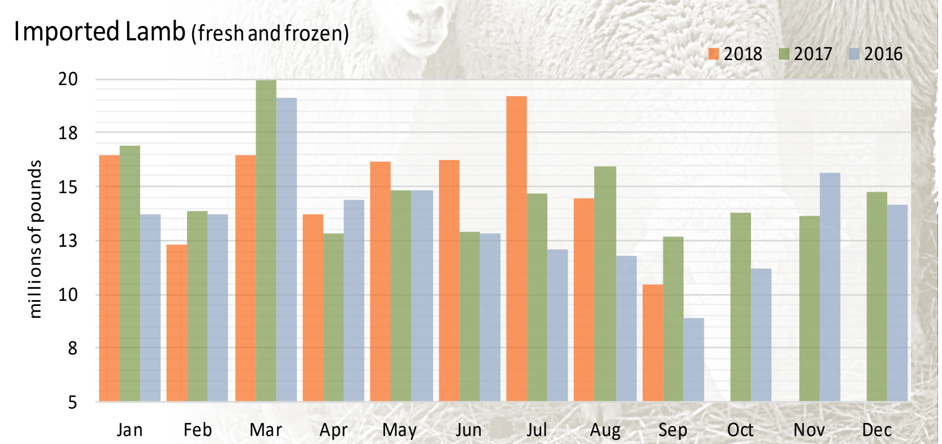
LIVE MARKETS: The volume of slaughter lambs trading on a direct negotiated basis in October increased 15 percent from September, only 7 percent below October 2017. Prices were up and down through the month and finished down 2 percent (from $139.83 to $137.12 per cwt.), 5 percent below the level producers realized in October 2017. In auction trading, the average price for traditional Choice & Prime 2-3, 90-150 lbs. slaughter lambs at Sioux Falls, SD, rose one percent (from $128.90 to $129.60 per cwt), 2 percent below 2017. In San Angelo, TX, the average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs decreased 9 percent (from $115.36 to $105.25 per cwt.) for the month, down 18 percent from 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 October was down one percent (from $150.79 to $149.31 per cwt.), one percent over the October 2017 monthly average.

LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts continued to decline through September, down 28 percent on the month and 17 percent under September 2017. Imports of both fresh and of frozen lamb were down with fresh down 13 percent and frozen down 39 percent for the month. The balance between fresh and frozen shifted sharply with fresh gaining 9 percentage points to gain a 52/48 percent advantage. Australia led all source nations with 74 percent of lamb imports but down 22 percent from the volume shipped in August. Imports from Iceland tripled for the month and continued to be primarily in the form of fresh legs. Imports from Uruguay returned in September with all categories represented.

Imports of whole and half lamb carcasses, virtually all in frozen form, dropped 28 percent in September, and representing a 17 percent decrease from imported volume in 2017. Leg of lamb imports rose sharply from August, rising 26 percent for the month and increasing share of lamb imports by 3 percent, accounting for 7 percent of all lamb imports. Shoulder cuts, fresh and frozen, imported during the month dropped 39 percent, down 30 percent from 2017, and lost a 2 percent share of imports, down to 12.5 percent. Import volume of loin cuts declined 10 percent for the month, 7 percent under 2017. Loins gained 3 percent of import volume share, accounting for 14 percent of all lamb imports. The volume of imported boneless lamb meat declined 36 percent, led by a 46 percent decline in frozen product and accounting for 28 percent of imports, down 4 percent in share. Imports of other bone-in lamb cuts, not identified, the largest category of imported lamb at 33 percent of all imported lamb, suffered a 20 percent decline for the month, 12 percent below the level of September 2017.







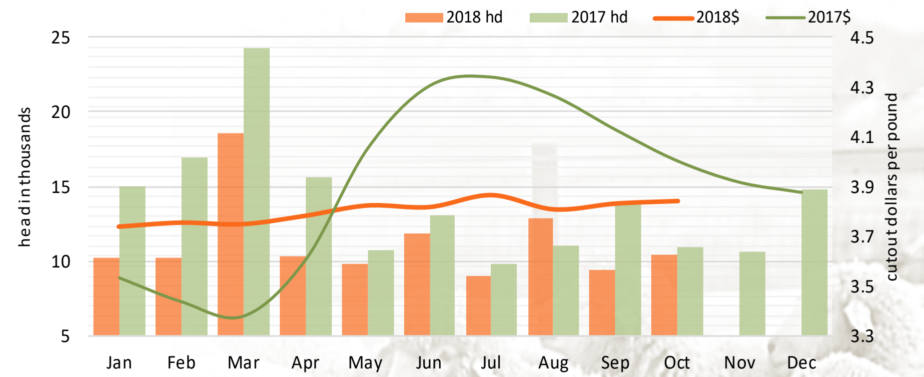
DOMESTIC MEAT TRADE: The volume of trading of Choice and Prime, 1-4 lamb carcasses in October increased 10 percent from September, 5 percent below last year's level. The gross lamb carcass cutout was about unchanged but firm (from $3.78 to $3.79 per pound), 4 percent below October 2017. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in October increased 9 percent for the month, down 10 percent from last year. Negotiated trading of fresh cuts increased 9 percent in volume and accounted for 83 percent of total sales. The volume of frozen cut trading increased 26 percent for the month and accounted for 17 percent.

In October, traded volume for most lamb cuts increased from September lows with only shoulders and loins posting slight declines. The volume of wholesale sales of fresh trotter-off legs rose 25 percent with a one percent rise in price (from $3.64 to $3.63 per pound). This volume was one percent above last year's level and the average price was down 2 percent. Sales of medium 8-rib fresh racks rose in preparation for the coming holiday season, up 13 percent for the month and 9 percent from last year. The average price rose one percent (from $8.60 to $8.64 per pound), same as last year. The volume of trimmed 4x4 loins trading decreased 2 percent and the average price rose one percent (from $5.37 to $5.40 per pound), 10 percent under last year. Foreshank prices were up 4 percent (from $4.00 to $4.16 per pound), down one percent from last year. Trade volume was up sharply, rising 29 percent for the month but down 5 percent from last year's trading. Square-cut shoulder prices decreased one percent (from $2.89 to $2.86 per pound) and sales volume declined one percent from the prior month's movement, 38 percent behind 2017. Trading of ground lamb (80/20) gained 5 percent, down 23 percent from 2017, while the average price was unchanged at $5.70 per pound from last month and last year.

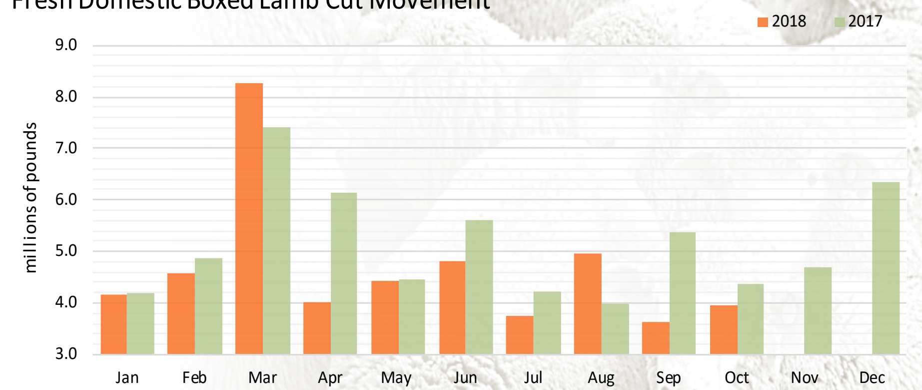
IMPORTED MEAT TRADE: The overall volume of negotiated sales imported boxed lamb cuts increased 13 in October, 4 percent below 2017. Sales of fresh product rose 13 percent for the month as did frozen cut sales as staging for the coming holiday demand season continues. Imports accounted for 72 percent of all boxed lamb cut sales in October, up one percent in share from September.

In October, the overall volume of sales of fresh Australian boxed lamb cuts decreased 3 percent. Fresh loins were the only lamb cut to post a gain in sales volume for the month, up 9 percent. All other fresh lamb cuts posted declines

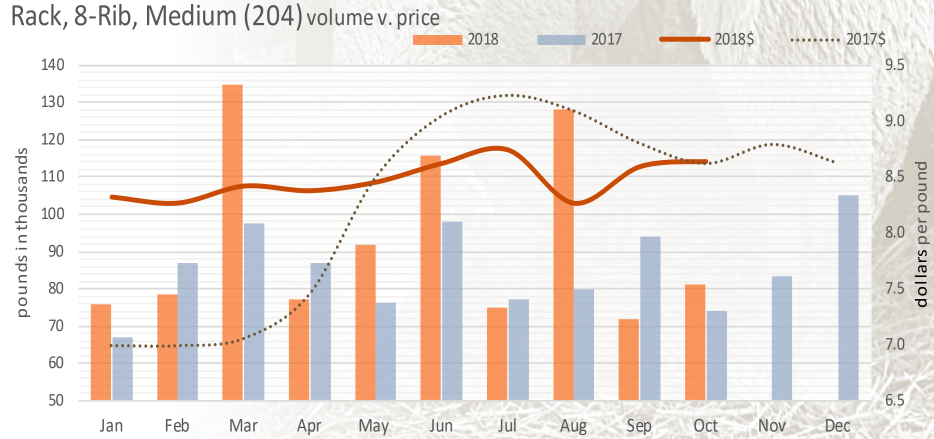
Lamb Carcass Sales vs. Lamb Cutout (CH & PR, 1-4)



Fresh Domestic Boxed Lamb Cut Movement



Rack, 8-Rib, Medium (204) volume v. price



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

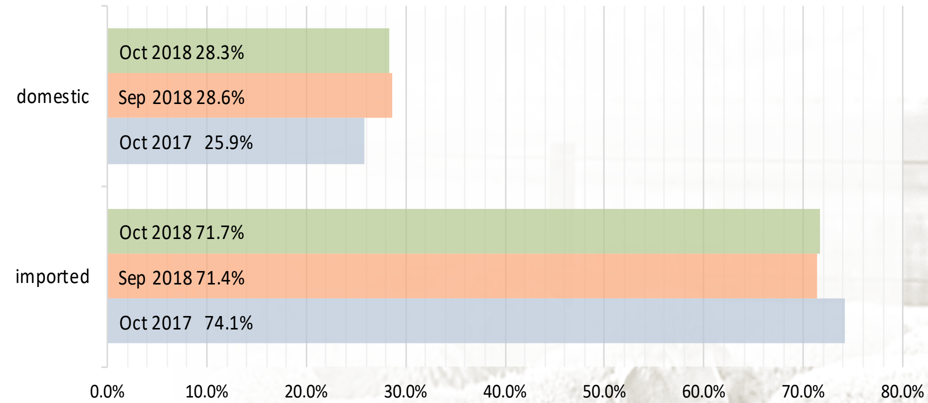
	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	103	86	--	--
loins	98	109	--	--
legs	102	57	--	--
shoulders	99	95	--	--
foreshanks	103	97	--	--
Frozen				
racks	106	71	100	132
legs	103	101	--	--
shoulders	104	95	--	--
foreshanks	102	130	--	--

in sales volume, legs by 43 percent after a very active September. Average prices for fresh cuts were missed with racks, legs, and foreshanks up 2-3 percent. Prices for loins and shoulders declined slightly for the month.

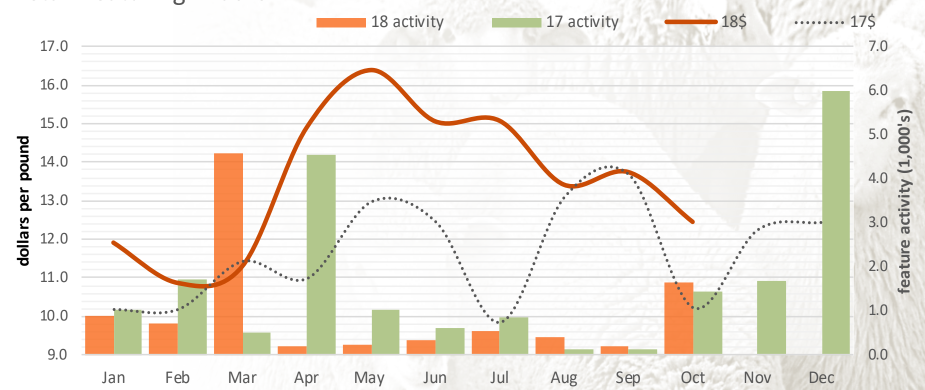
Sales of frozen Australian cuts in October declined 4 percent in volume from the active pace of September. Sales volume of legs rose one percent but frozen foreshank sales were up 30 percent. Sales of frozen Australian racks declined 29 percent while shoulder saw a 5 percent decline in volume. Average monthly prices for frozen imported lamb cuts were up across the board, led by a 6 percent rise in prices for racks and a 4 percent gain in shoulder cut prices. Leg and foreshanks prices were only just behind at 3 and 2 percent, respectively. The volume of sales of frozen rack cuts from New Zealand in October rose sharply, gaining 32 percent while the average price was unchanged for the month.

RETAIL MARKETING: Supermarket feature activity for lamb cuts in October, both domestic and imported, fresh and frozen, was up one percent from the pace of September featuring and was 19 percent over the level of retail promotions in October 2017. Featuring of lamb rack cuts saw the largest increase in activity, up 12 percent in feature share while the average ad price declined 9 percent. Much of the gain in share was at the expense of loin cuts which experienced a 7 percent decline in ad share for the month but chop ad prices rose 6 percent on the reduced volume. Shoulder cut featuring declined 4 percent in ad share despite a near doubling of activity for round-bone blade chops. The average ad price rose 2 percent for blade chops but round-bone chop ad prices declined 14 percent. Retail feature activity for leg cuts was up slightly but maintained ad share. Boneless legs were the most offered but price levels dropped 7 percent. Legs are expected to dominate supermarket ads for lamb over the upcoming Nov-Dec holiday season. Retail feature activity for ground lamb and stew meat increased 2 percent in activity and the average ad price was up 2 percent.

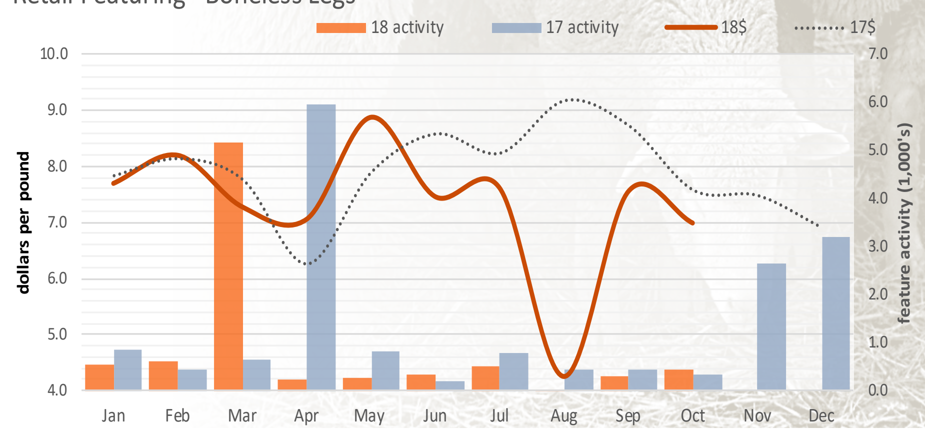
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold)



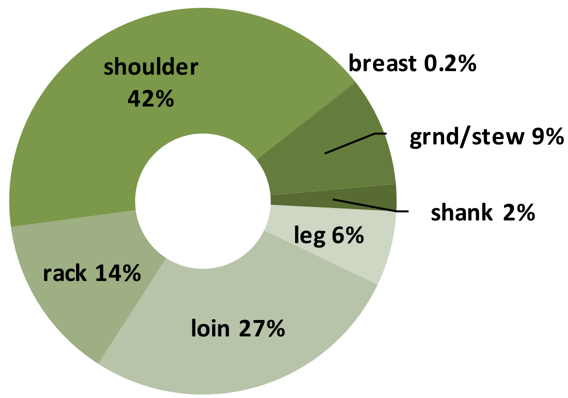
Retail Featuring - Racks



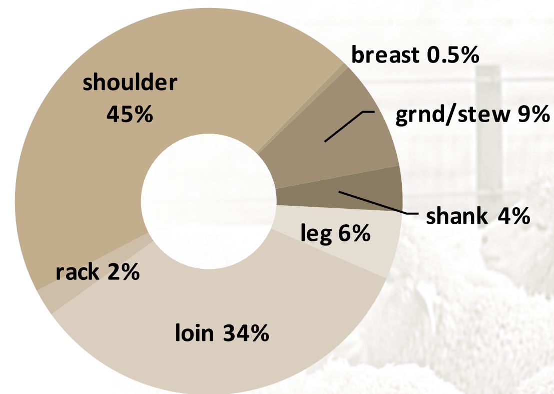
Retail Featuring - Boneless Legs



Octoberr Retail Feature Share



September Retail Feature Share



Quick Overview

PRODUCTION: [1/]	**Sep 18**	**Aug 18**	**change**
Sheep Meat Production (lbs.)...................	14,000,000	13,400,000	104
Commercial Sheep Slaughter *(head)*........	172,700	204,800	84
Fed. Insp. Lamb Slaughter *(head)*.............	140,200	163,600	86
Live Sheep Weight (lbs.).............................	132	131	101
Dressed Carcass Lamb Weight (lbs.).......	69	68	101
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.).................	40,466,000	39,709,000	102
IMPORTS:			
Total Fresh/Chilled (lbs.).........................	5,442,104	6,231,579	87
Total Frozen (lbs.)...	5,006,251	8,216,178	61
Total (lbs.)...	10,448,356	14,447,757	72
LAMB GRADED:	**Oct 18**	**Sep 18**	**change**
Choice (head)...	79,108	72,399	109
Prime (head)..	5,408	7,966	68

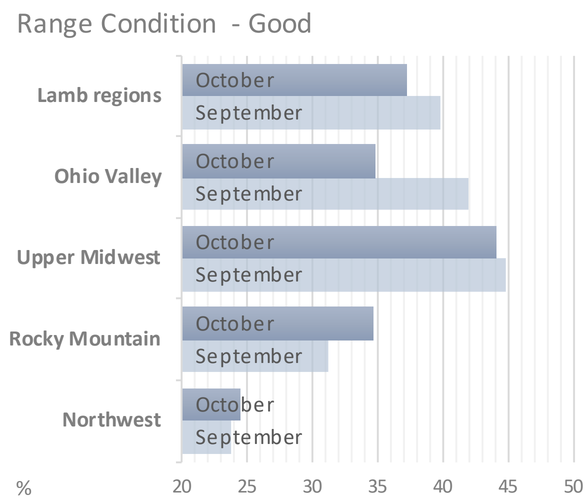
(current month grading numbers are preliminary and subject to change)

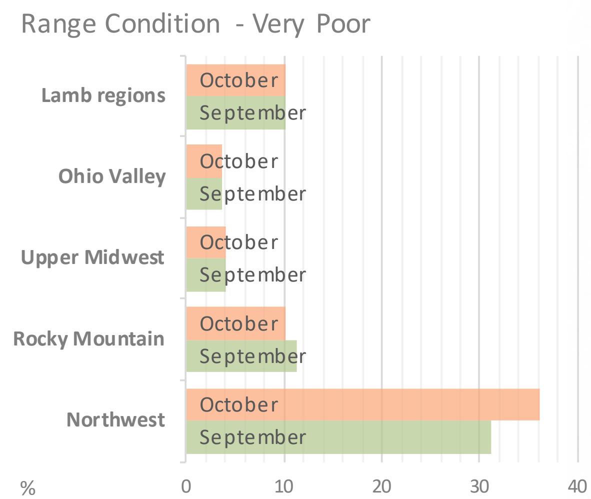
DIRECT SLAUGHTER LAMB:	**Oct 18**	**Sep 18**	**change**
CH/PR, wooled/shorn *(head)*	13,100	11,400	115
price *($/cwt)*	137.12	139.83	98
AUCTION SLAUGHTER LAMB:			
Sioux Falls, CH/PR, 2/3, 90-150 lb. *(head)*	3,166	4,248	75
price *($/cwt)*	129.60	128.90	101
New Holland, CH/PR, 2/3, 90-150 lb. *($/cwt)*	149.31	150.79	99
San Angelo, CH/PR, 2/3, 90-150 lb.			
Shorn price *($/cwt)*	105.25	115.36	91
Wooled price *($/cwt)*	105.25	115.36	91
LAMB CARCASS:			
National Lamb Carcass Sales *(head)*...............	10,401	9,443	110
Lamb Carcass Gross Cutout *($ per pound)*.....	3.79	3.78	100
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	3,941,448	3,625,687	109
Imported Fresh Boxed Lamb Sales *(lbs.)*	3,964,090	3,494,395	113
Imported Frozen Boxed Lamb Sales *(lbs.)*	8,081,757	7,150,649	113

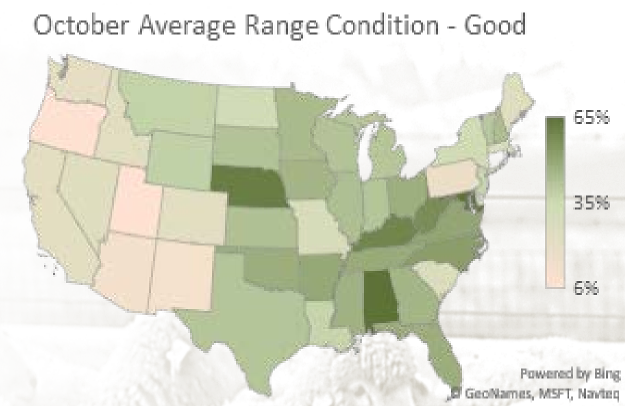
[1/] *- meat production, commercial slaughter, and live weight includes sheep and lamb; Fed. Insp' lamb slaughter and dressed weight are young lambs only.*

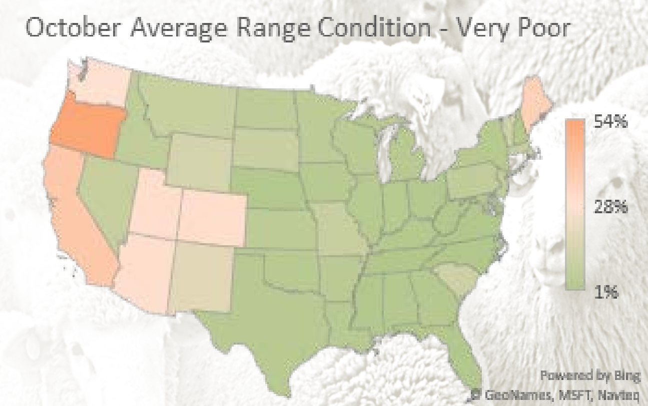
Pasture and Range Condition: In October, pasture and range conditions improve in some areas of the country while deteriorating in other areas, notably in some of the key lamb grazing regions of the country, particularly the Northwest. During the month, pastures rated as “good” accounted for 37 percent of lamb grazing regions, down 3 percent from September, led by a decline in conditions in the Ohio Valley, specifically in Pennsylvania. Lamb range conditions described as “poor” increased 10 percent and accounted for 18 percent of pastures. While “very poor” conditions did not change overall, the percentage rating at this level in the Northwest increased 5 percent and continues to endure the least favorable pasture conditions across all lamb production regions.

(derived from the Weekly NASS Crop Progress reports issued April 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 October, the average estimated per pelt credit returned to producers were unchanged to lower for unshorn lamb pelts with Supreme class unshorn pelts with the largest decline. Credits for shorn pelts were largely lower across all classes with Premium pelts the only category without change. As with unshorn pellets, credits for Supreme class shorn pelts had the largest monthly decline. The share of unshorn pelts increased 10 percent in October, accounting for 63 percent of all pelts.

Trading of domestic wool in October, both clean and greasy, went untested as trading is typically very limited as the market moves into the Autumn months.

October Avg Lamb Pelt Credit Prices

	Unshorn		Shorn	
	credit	**change**	**credit**	**change**
Supreme	2.08	-0.43	2.10	-0.40
Premium	0.38	0.00	0.38	0.00
Standard	-0.80	-0.05	-1.15	-0.12
Fair	-0.75	0.00	-1.63	-0.22
Mixed	-1.00	0.00	-2.38	-0.34
Damaged	-1.38	0.00	-2.38	-0.25
Consist %	63%		37%	