Lamb Markets Overview

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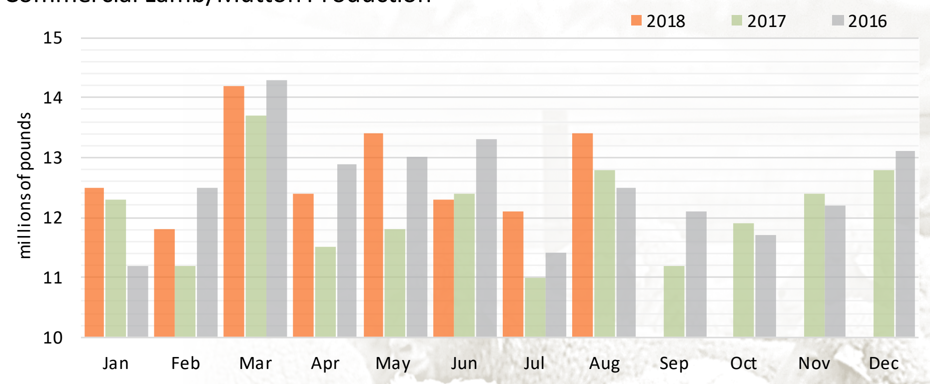
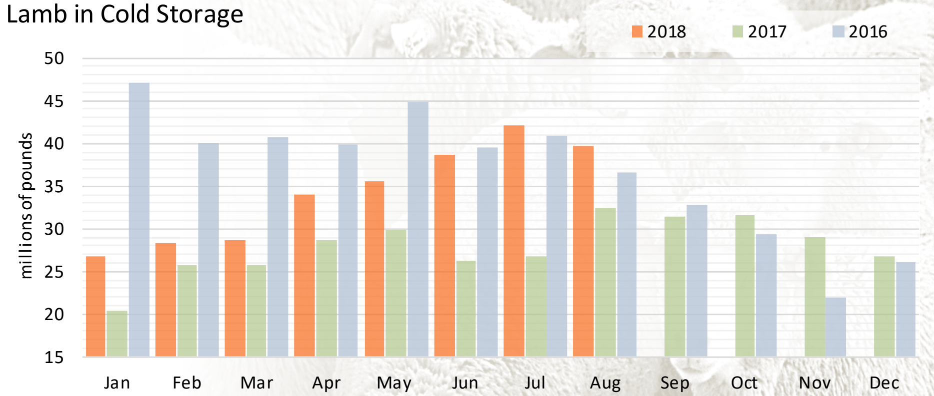
PRODUCTION: Commercial lamb and mutton production increased 11 percent in August, to 13.4 million pounds, 5 percent over the August 2017 level. Commercial sheep and lamb slaughter in August totaled 204,500 head, a 14 percent increase for the month and 5 percent over 2017. The average sheep and lamb live weight declined 4 pounds to 131, one pound under August 2017. The average dressed lamb carcass weight, at 68 pounds, was down 2 pounds from July but was one pound over August 2017. Stocks of lamb and mutton in cold storage in August at 39.7 million pounds, was 6 percent below the July level but 23 percent over stocks in August 2017.

GRADING: The preliminary volume of lambs graded Choice and Prime by the USDA in September declined 13 percent from August but was up 3 percent over 2017. The share of lambs qualifying for the Choice grade declined one percent to 90 percent, led by a sharp rise in Northwestern lambs grading Prime despite continued prevailing poor to very poor range conditions. Overall, lamb yields in September began to shift slightly to more finished lambs with a 2 percent drop in YG 2 shifting mostly to YG 3. The decline in leaner lambs was most pronounced in the Rocky Mountain region with a 4 percent decline in YG 1 and 2 lambs shifting to YG 3 with an uptick in YG 5. Lambs in the Ohio Valley saw a 6 percent rise in YG 2 and in YG 3 as pasture conditions improve from fair to good. Lambs in the Upper Midwest saw mixed grading with an increase in leaner lambs and a rise in more finished lambs. The number of lambs offered for grading in the Ohio Valley continue to decline.

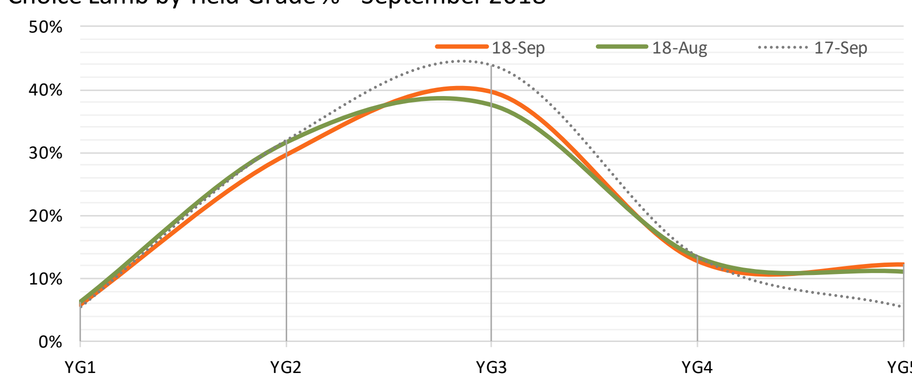
Commercial Lamb/Mutton Production



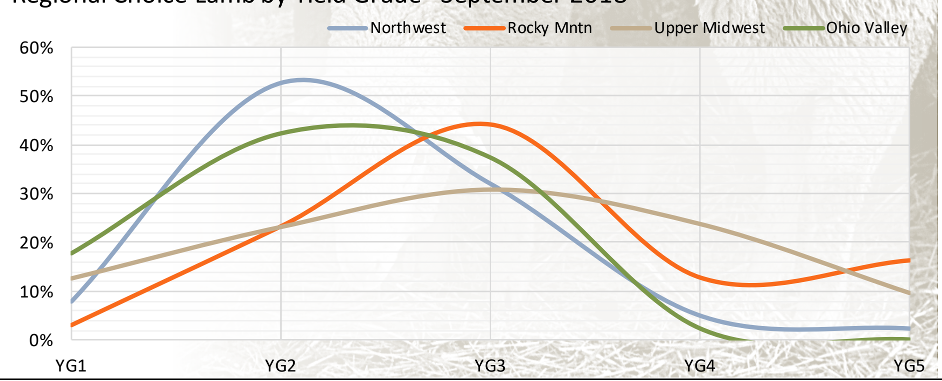
Lamb in Cold Storage



Choice Lamb by Yield Grade % - September 2018



Regional Choice Lamb by Yield Grade - September 2018

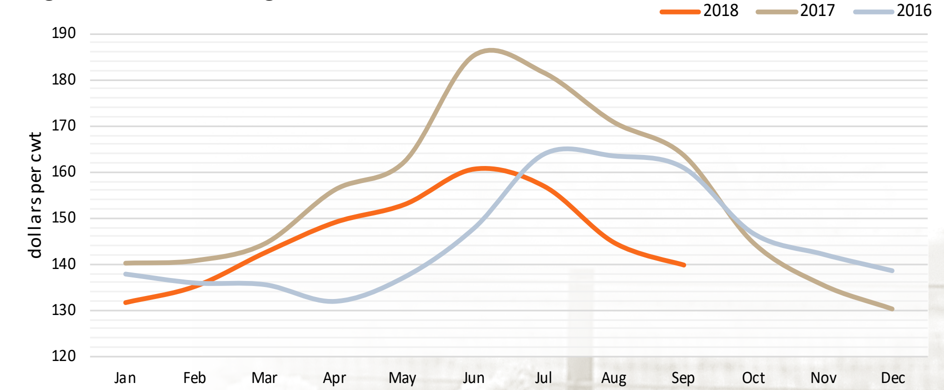


LIVE MARKETS: The volume of slaughter lambs trading on a direct negotiated basis in September declined 22 percent from August, 43 percent below September 2017. Prices declined through the month and ended down 3 percent (from $144.69 to $139.83 per cwt.), 15 percent below the level producers realized in September 2017. In auction trading, the average price for traditional Choice & Prime 2-3, 90-150 lbs. slaughter lambs at Sioux Falls, SD, declined one percent (from $130.70 to $128.90 per cwt), 10 percent below 2017. In San Angelo, TX, the average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs decreased 10 percent (from $128.32 to $115.36 per cwt.) for the month, down 14 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 September declined 7 percent (from $161.82 to $150.79 per cwt.), 9 percent below the September 2017 monthly average.

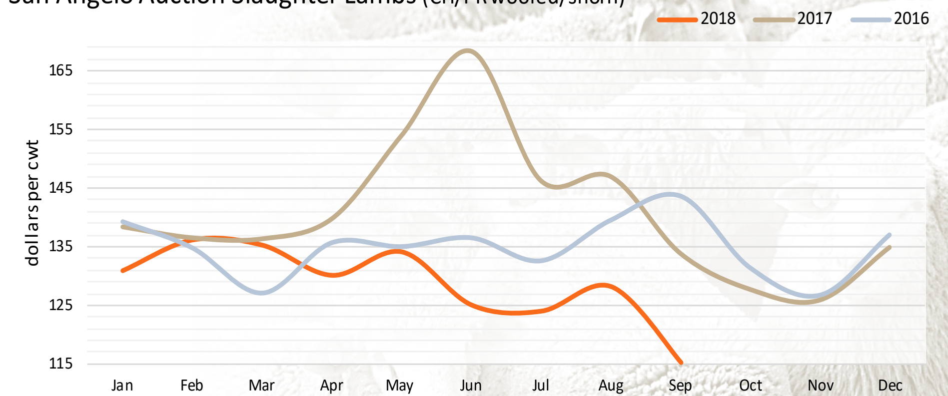
LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts declined as rapidly in August as they had risen in July, down 25 percent on the month and 9 percent under August 2017. Imports of both fresh and of frozen lamb were down with fresh down 17 percent and frozen down 30 percent for the month. The balance between fresh and frozen shifted 4 percentage points in favor of fresh (43/57 percent). Australia led all source nations with 68 percent of lamb imports but down 30 percent from the volume they shipped in July. Imports from Iceland were reported for the first time in 2018, in the form of fresh legs. Chilean imports rose sharply in August, mirroring a similar pattern in 2017, led by shipments of frozen half and whole carcasses with a few frozen legs.

Imports of whole and half lamb carcasses posted the largest percentage gain in August, up 16 percent from July, virtually all in frozen form, and representing a 20 percent decrease from imported volume in 2017. Leg of lamb imports declined from July, dropping by half of July levels and accounting for 4 percent of all lamb imports. Despite the decline, imported leg volumes was 9 percent over 2017. Shoulder cuts, fresh and frozen, imported in August had a one percent increase in import share despite a 20 percent decline in volume for the month, 13 percent below 2017. Import volume of loin cuts fell 19 percent for the month, 12 percent under 2017. The volume of imported boneless lamb meat declined 30 percent, led by a 35 percent decline in frozen product and accounting for 31 percent of imports, the largest category of imported lamb. Imports of other bone-in lamb cuts, not identified, were down 26 percent in August, 4 percent over 2017 and accounting for 30 percent of all lamb cuts imported in August.

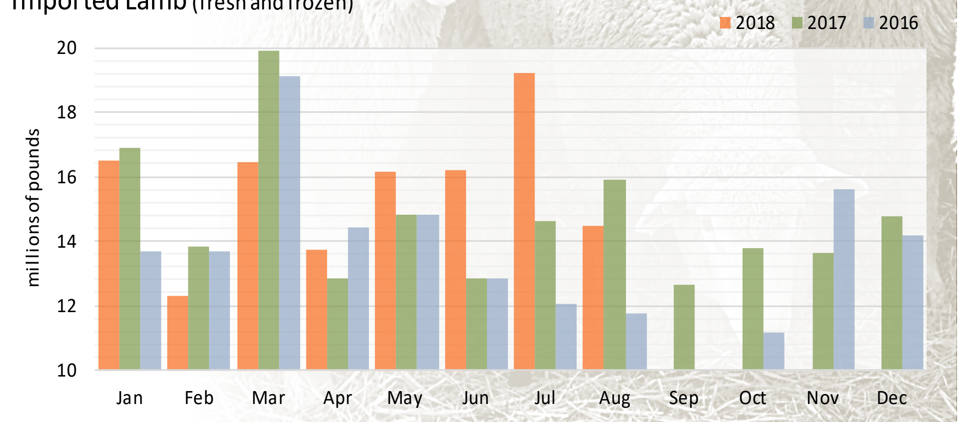
Negotiated Direct Slaughter Lambs (CH/PR wooled/shorn)



San Angelo Auction Slaughter Lambs (CH/PR wooled/shorn)



Imported Lamb (fresh and frozen)

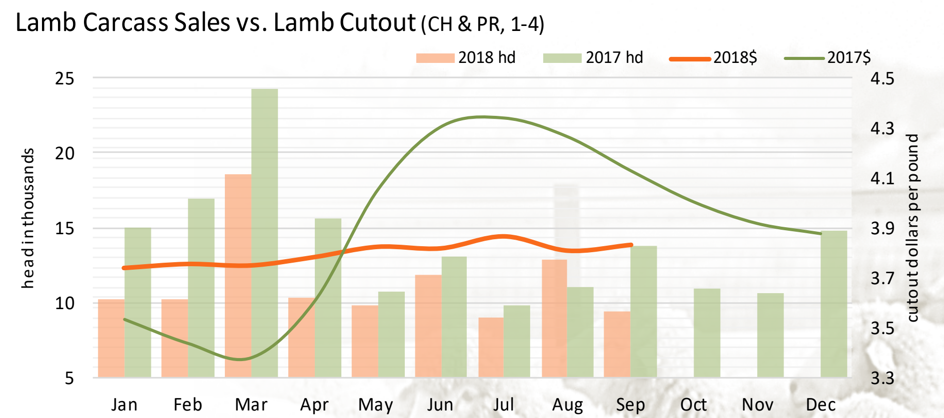


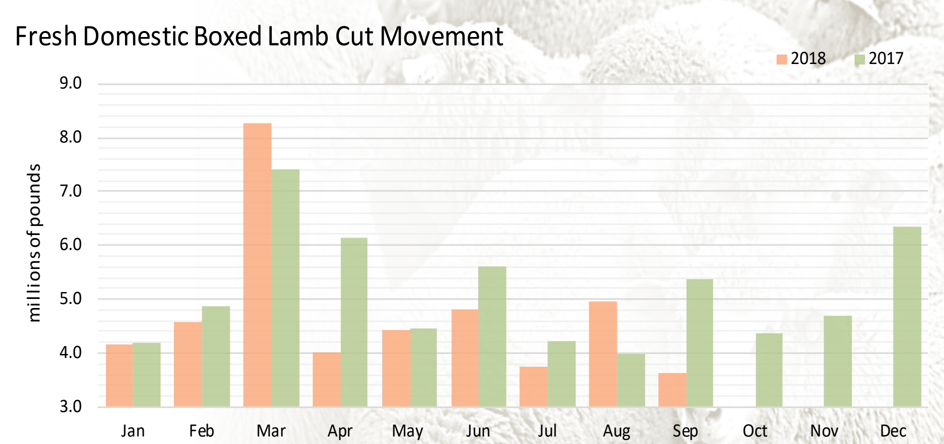
DOMESTIC MEAT TRADE: The volume of trading of Choice and Prime, 1-4 lamb carcasses in September declined 26 percent from August and decreasing 32 percent from last year's level. The gross lamb carcass cutout increased one percent (from $3.76 to $3.78 per pound), 7 percent below September 2017. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in September declined 27 percent for the month, down 33 percent from last year. Negotiated trading of fresh cuts declined 27 percent in volume and accounted for 85 percent of total sales. The volume of frozen cut trading decreased 33 percent for the month and accounted for 15 percent.

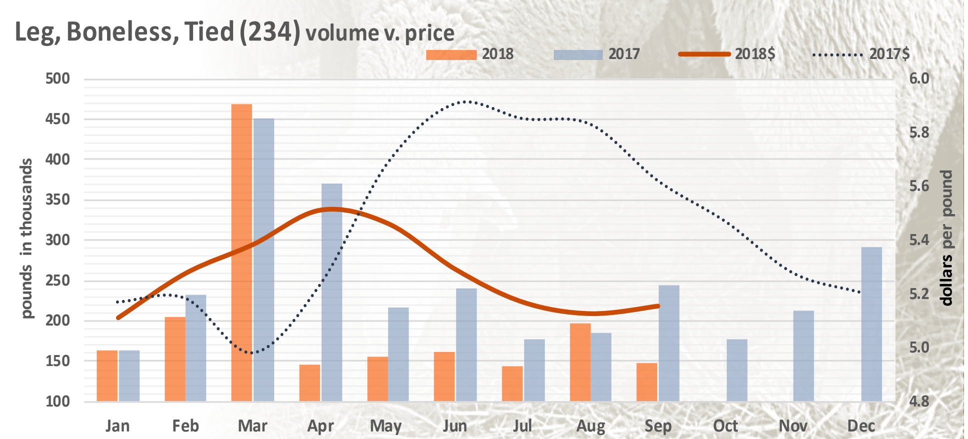
In September, traded volume for most lamb cuts was down sharply when compared to the relatively active August movement. The volume of wholesale sales of fresh trotter-off legs retreated 19 percent with a 2 percent decline in price (from $3.70 to $3.64 per pound). This volume was 31 percent below last year's level and the average price was down 6 percent. Sales of medium 8-rib fresh racks declined sharply, down 44 percent for the month and 23 percent below last year. The average price rose 4 percent (from $8.27 to $8.60 per pound); 2 percent below last year. The volume of trimmed 4x4 loins trading decreased 26 percent and the average price declined 3 percent (from $5.54 to $5.37 per pound), 11 percent under last year. Foreshank prices were down 4 percent (from $4.15 to $4.00 per pound), down 6 percent from last year. Trade volume was unchanged for the month but was 30 percent below last year's trading. Square-cut shoulder prices increased 3 percent drop in price (from $2.79 to $2.89 per pound) but sales volume dropped 32 percent below the prior month's movement, 52 percent behind 2017. Trading of ground lamb (80/20) declined 26 percent, down 41 percent from 2017, while the average price was unchanged at $5.69 per pound, one percent below September 2017.

IMPORTED MEAT TRADE: The overall volume of negotiated sales imported boxed lamb cuts was unchanged in September but was 6 percent below 2017. Sales of fresh product were down 7 percent for the month while frozen sales saw a 4 percent increase as stocks are being staged for the coming holiday demand period. Imports accounted for 71 percent of all boxed lamb cut sales in September, up 7 percent in share from August.

In September, the overall volume of sales of fresh Australian boxed lamb cuts increased one percent. Fresh leg cuts and foreshanks saw an increase in sales volume of 49 and 41 percent, respectively while loin cut sales were up 2 percent. Sales volume of rack and shoulder cuts each declined 3 percent







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

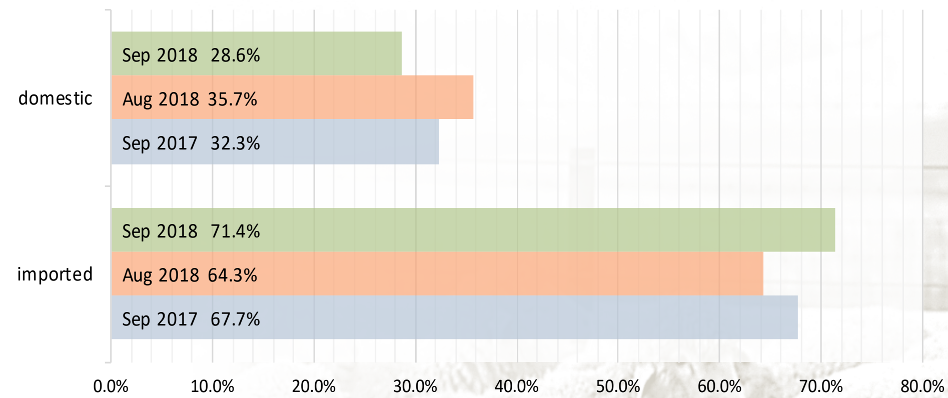
	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	105	97	--	--
loins	103	102	--	--
legs	103	149	--	--
shoulders	103	97	--	--
foreshanks	99	141	--	--
Frozen				
racks	99	89	101	86
legs	101	93	--	--
shoulders	99	132	--	--
foreshanks	97	41	--	--

during the month. Average prices for fresh cuts rose between 3 and 5 percent during the month with racks seeing the most advance. Only foreshanks saw a price decline, down one percent.

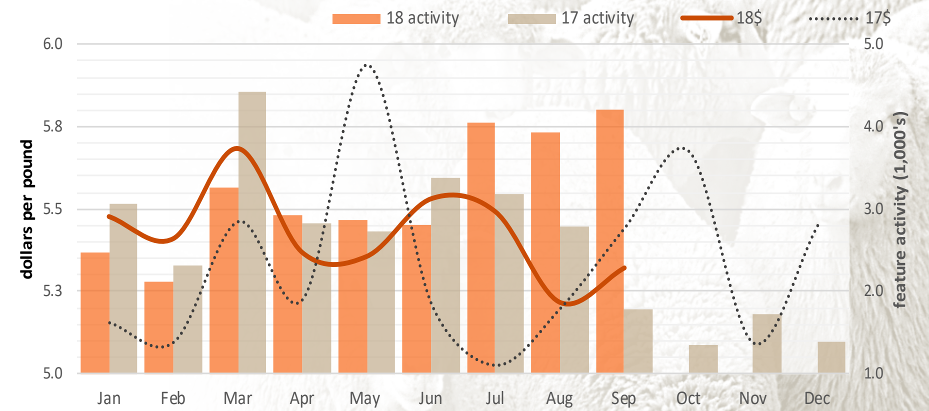
Sales of frozen Australian cuts in September declined one percent in volume from a very active August pace. Sales volume of should cuts recovered most of last month's decline, rising 32 percent for the month. Sales of all remaining frozen Australian lamb cuts declined during the month with leg volume down 7 percent, racks down 11 percent and foreshanks falling to 59 percent of last month's sales volume. Average monthly prices for frozen imported lamb cuts were mixed with rack and shank price up while leg and should cut prices were mostly lower with leg prices up one percent while prices for all other frozen cuts declined between one and 3 percent. As with fresh, frozen foreshanks saw the most decline in price. The volume of sales of frozen rack cuts from New Zealand in September declined 14 percent while the average price rose one percent for the month.

RETAIL MARKETING: Supermarket feature activity for lamb cuts in September, both domestic and imported, fresh and frozen, was down 8 percent from the pace of August featuring but was up 41 percent over the level of retail promotions in September 2017. Featuring of shoulder cuts, particularly blade chops, increased and accounted for 45 percent of total ad share. The average ad price rose 2 percent for blade chops and 12 percent for round bone chops. Loin chops were less actively promoted in September but still claimed the second largest ad share while the average ad price declined 2 percent. Retail feature activity for leg cuts tapered off during the month as they await their turn during the upcoming Nov-Dec holiday season. Boneless legs were most commonly featured. Retail feature activity for ground lamb and stew meat held steady, enough to claim a distant third in ad share. Average ad price rose 7 percent. Featuring of lamb shanks nearly doubled in activity while the average ad price rose 8 percent. Racks remained quiet in supermarket ads but that is expected to change starting in October if past trends are any indication.

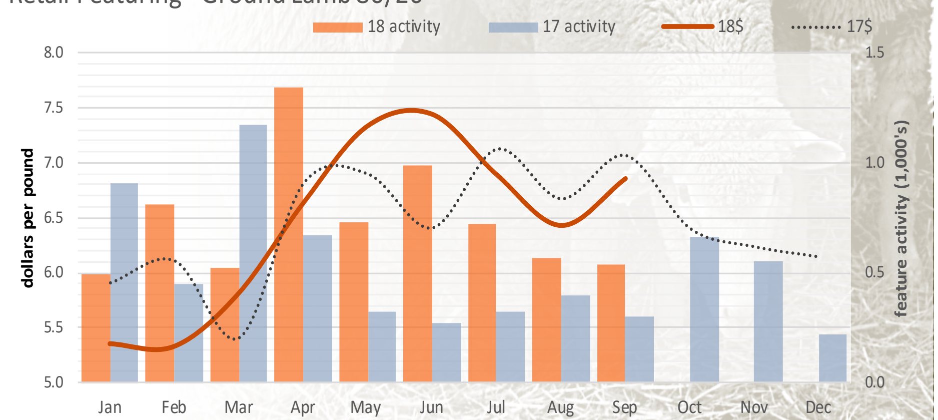
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold)



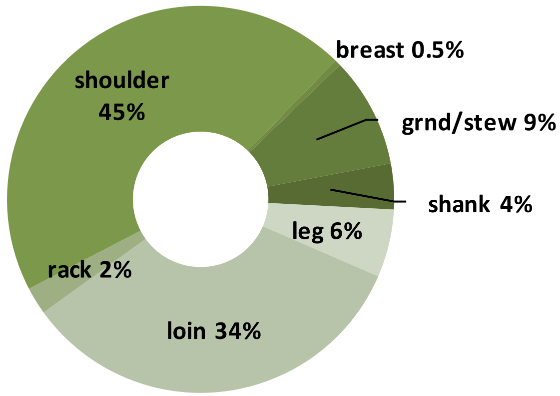
Retail Featuring - Shoulder Blade Chops



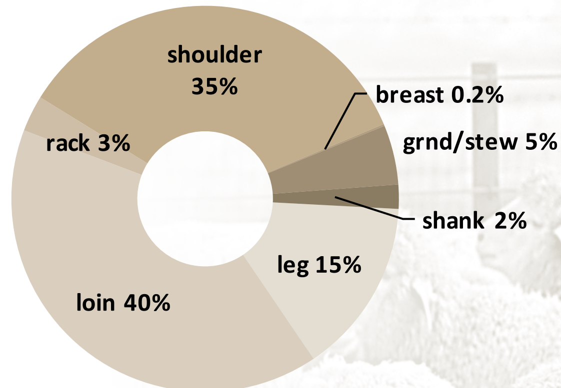
Retail Featuring - Ground Lamb 80/20



September Retail Feature Share



August Retail Feature Share



Quick Overview

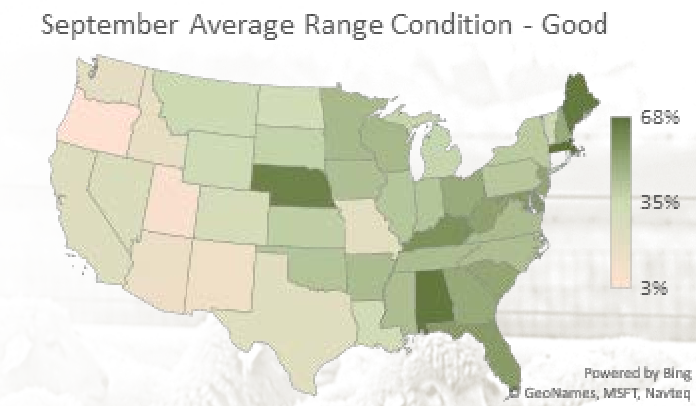
PRODUCTION: [1/]	**Aug 18**	**Jul 18**	**change**
Sheep Meat Production (lbs.)	13,400,000	12,100,000	111
Commercial Sheep Slaughter *(head)*	204,500	178,900	114
Fed. Insp. Lamb Slaughter *(head)*	163,300	148,800	110
Live Sheep Weight (lbs.)	131	135	97
Dressed Carcass Lamb Weight (lbs.)	68	70	97
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.)	39,709,000	42,129,000	94
IMPORTS:			
Total Fresh/Chilled (lbs.)	6,231,579	7,514,227	83
Total Frozen (lbs.)	8,216,178	11,706,532	70
Total (lbs.)	14,447,757	19,220,759	75
LAMB GRADED:	**Sep 18**	**Aug 18**	**change**
Choice (head)	72,399	84,174	86
Prime (head)	7,966	7,997	100

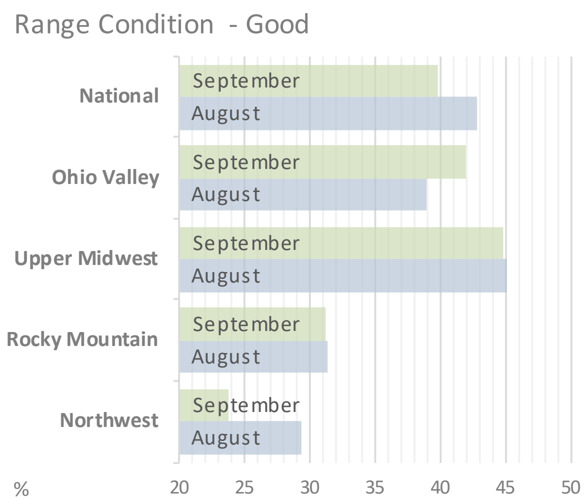
DIRECT SLAUGHTER LAMB:	**Sep 18**	**Aug 18**	**change**
CH/PR, wooled/shorn *(head)*	11,400	14,600	78
price *($/cwt)*	139.83	144.69	97
AUCTION SLAUGHTER LAMB:			
Sioux Falls, CH/PR, 2/3, 90-150 lb. *(head)*	4,248	6,229	68
price *($/cwt)*	128.90	130.70	99
New Holland, CH/PR, 2/3, 90-150 lb. *($/cwt)*	150.79	161.82	93
San Angelo, CH/PR, 2/3, 90-150 lb.			
Shorn price *($/cwt)*	115.36	128.32	90
Wooled price *($/cwt)*	115.36	128.32	90
LAMB CARCASS:			
National Lamb Carcass Sales *(head)*	9,443	12,823	74
Lamb Carcass Gross Cutout *($ per pound)*	3.78	3.76	101
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	3,625,687	4,948,460	73
Imported Fresh Boxed Lamb Sales *(lbs.)*	3,494,395	3,750,823	93
Imported Frozen Boxed Lamb Sales *(lbs.)*	7,150,649	6,883,601	104

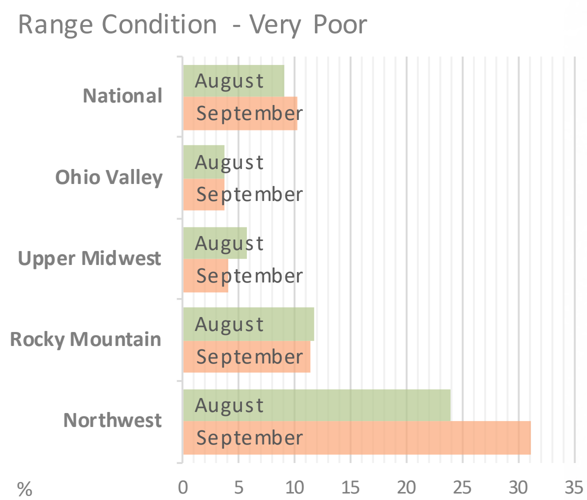
[1/] - *meat production, commercial slaughter, and live weight includes sheep and lamb; Fed. Insp' lamb slaughter and dressed weight are young lambs only.*

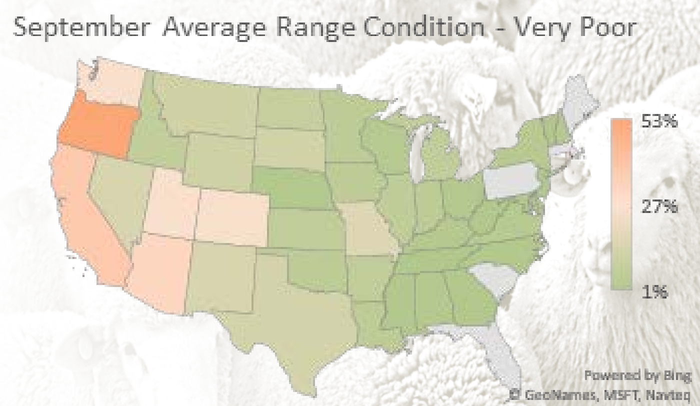
Pasture and Range Condition: In September, despite improving pasture and range conditions on average over much of the nation, conditions across the key lamb grazing regions of the country continued to see deterioration moving into October. During the month, pastures rated as "good" accounted for 40 percent of lamb grazing regions, down 3 percent from August, despite improving conditions in the Ohio Valley and Upper Midwest, specifically in Pennsylvania and Wisconsin. Lamb pastures rated as "good" continue describe most conditions with 40 percent. Lamb range conditions described as "poor" increased 20 percent and accounted for 16 percent of pastures. The Northwest saw the largest percentage of pastures rated as "very poor", led by Oregon and Northern California.

(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 September, the average estimated per pelt credit returned to producers declined for most unshorn lamb pelts with damaged pelts unchanged. Credits for shorn pelts were mixed with the average credit for Standard and better pelts lower for the month while lower quality pelts saw an increased average credit price. The average monthly consist in September held at 53/47 percent in favor of unshorn lamb pelts.

September Avg Lamb Pelt Credit Prices				
	Unshorn		Shorn	
	credit	change	credit	change
Supreme	2.50	-0.35	2.50	-0.63
Premium	0.38	-0.23	0.38	-0.15
Standard	-0.75	-0.75	-1.03	-0.23
Fair	-0.75	-0.60	-1.41	0.22
Mixed	-1.00	-0.60	-2.03	0.34
Damaged	-1.38	0.00	-2.13	0.25
Consist %	53%		47%	

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