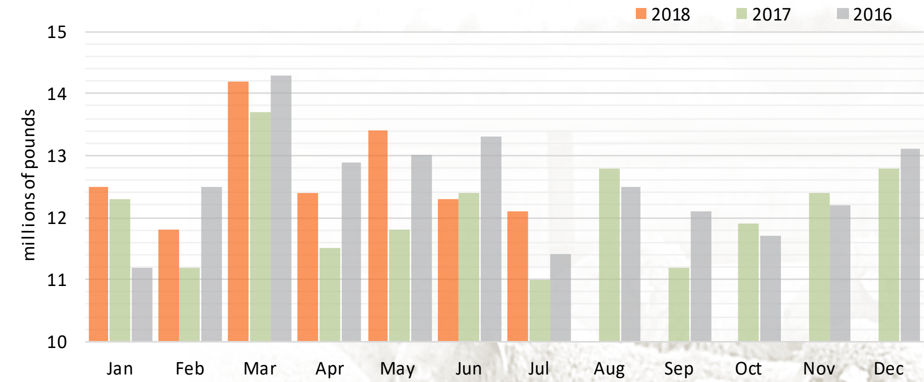
note: report date aligned with release month starting this month.

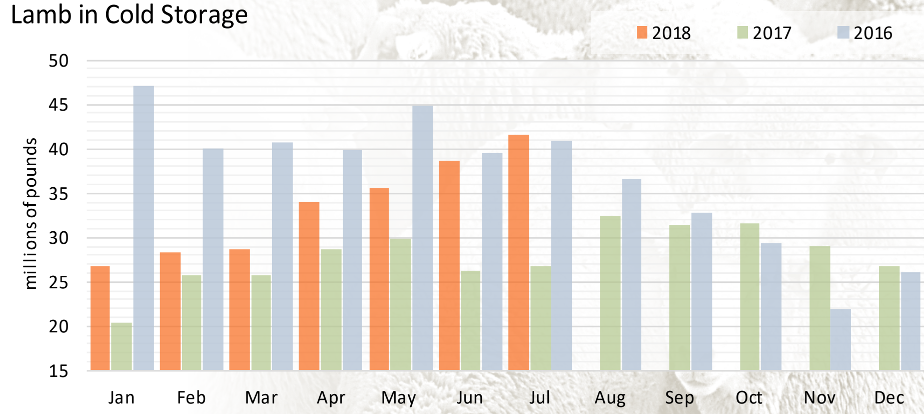
PRODUCTION: Commercial lamb and mutton production in July, at 12.1 million pounds, was down 2 percent from June but was up 10 percent from July 2017. Commercial sheep and lamb slaughter in July totaled 178,900 head, unchanged on the month but up 7 over July 2017. The average sheep and lamb live weight declined 3 pounds to 135, 3 pounds more than July 2017. The average dressed lamb carcass weight, at 70 pounds, was down one pound from June but was 2 pounds over July 2017. Stocks of lamb and mutton in cold storage in July, at 41.5 million pounds, was 7 percent over June and 55 percent over stocks in July 2017. This volume represents the highest recorded for July dating back to 1915 when records were first kept.

GRADING: The volume of lambs graded Choice and Prime by the USDA in August declined 5 percent from July, 15 percent from August 2017. The share of lambs qualifying for the Choice grade gained 2 percent to 91 percent as lambs in the Northwest and Rockies saw a drop in Prime. Overall, lamb yields in August continued to trend leaner with a 4 percent shift from YG 4 and 5 primarily distributed to a 4 percent gain in YG 2 lambs. The decline in leaner lambs was most pronounced in the Northwest with a 10 percent gain in YG 1 and 2 lambs. This region struggled in August with poor to very poor range conditions. Lambs in the Rockies, where range conditions shifted down to a fair rating, had a similar shift to a lesser degree. Lambs in the Upper Midwest saw the least overall change in yield for the month. The number of lambs offered for grading in the Ohio Valley declined sharply during August.

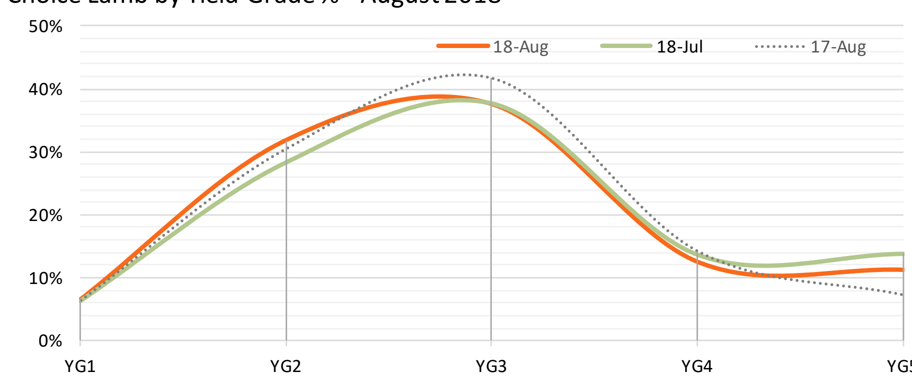
Commercial Lamb/Mutton Production



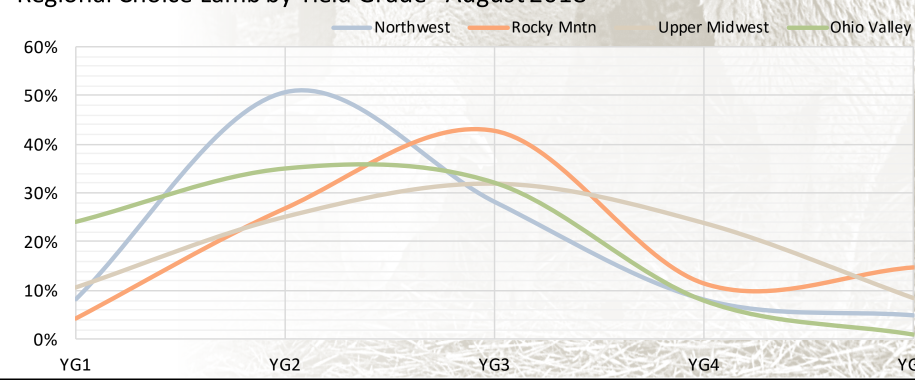
Lamb in Cold Storage



Choice Lamb by Yield Grade % - August 2018



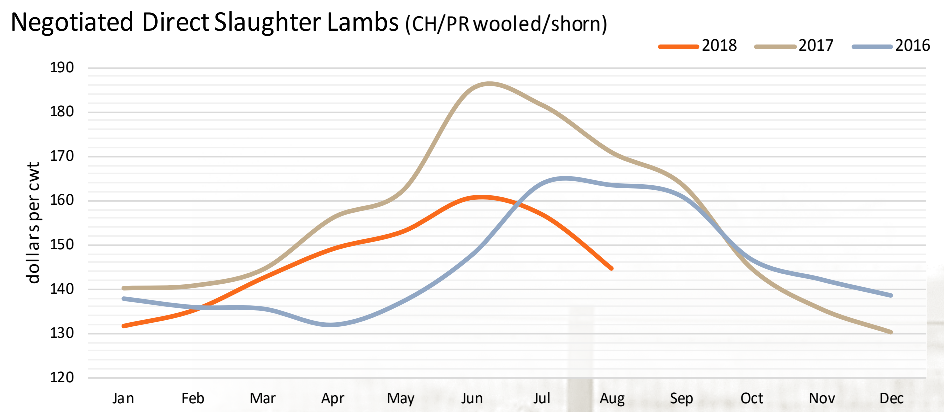
Regional Choice Lamb by Yield Grade - August 2018

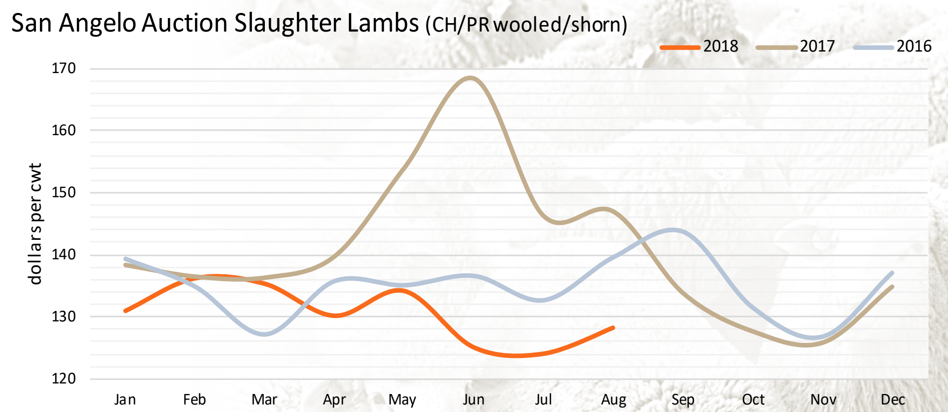


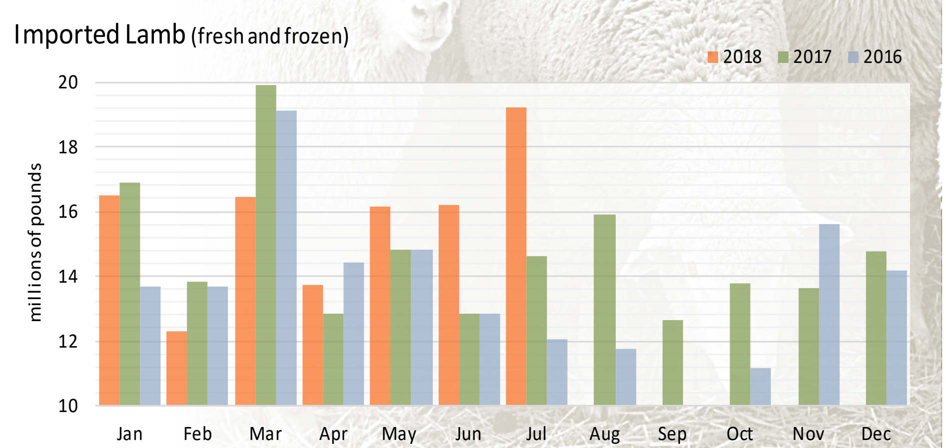
LIVE MARKETS: The volume of slaughter lambs trading on a direct negotiated basis in August bounced back after a sharp decline in July, up 49 percent but continues to trail 2017, down 34 percent from August 2017. Prices declined through the month, down 8 percent (from $156.90 to $144.69 per cwt.) and down 15 percent from August 2017. In auction trading, the average price for traditional Choice & Prime 2-3, 90-150 lbs. slaughter lambs at Sioux Falls, SD, declined 12 percent in August (from $147.96 to $130.70 per cwt), 17 percent below August 2017. In San Angelo, TX, the average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs increased 3 percent (from $124.14 to $128.32 per cwt.) for the month but was 13 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 August declined 7 percent (from $174.08 to $161.82 per cwt.), 9 percent below the August 2017 monthly average.

LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts in July grew sharply higher, increasing 18 percent on the month and 31 percent over July 2017. Most of this gain appeared to be stocks being staged for the anticipated fourth quarter demand period. Imports of both fresh and of frozen lamb were up with fresh up 13 percent and frozen increasing 22 percent for the month. The balance between fresh and frozen shifted 2 percentage points in favor of frozen (39/61 percent). Australia was the overwhelming source of lamb imports, accounting for 73 percent of all lamb imports and up 30 percent from the volume they shipped in June. This included a 45 percent increase in frozen lamb products with the remainder coming from Uruguay, Chile, and Canada.

Imports of whole and half lamb carcasses posted the largest percentage gain in July, up 54 percent from June, virtually all in frozen form. This represents a 74 percent increase over import volumes in July 2017. Leg of lamb imports, 6 percent of all lamb imports, saw the second largest import volume rise in July, up 36 percent for the month, 67 percent from last year. Shoulder cuts, fresh and frozen, imported in July had a 28 percent rise for the month but was down one percent from July 2017. Shoulders increased import share from 13 to 14 percent during the month. Imports of loin cuts rose 20 percent for the month, 73 percent in fresh form, implying immediate use as expected since loin chops are a popular lamb item for summer grilling. The volume of imports of boneless lamb meat posted a 17 percent increase in July, 37 percent from 2017, and accounted for 32 percent of all lamb cuts imported. Imports of other bone-in lamb cuts, not identified, posted the least increase in volume in July, up 9 percent over June, 40 percent over July 2017.





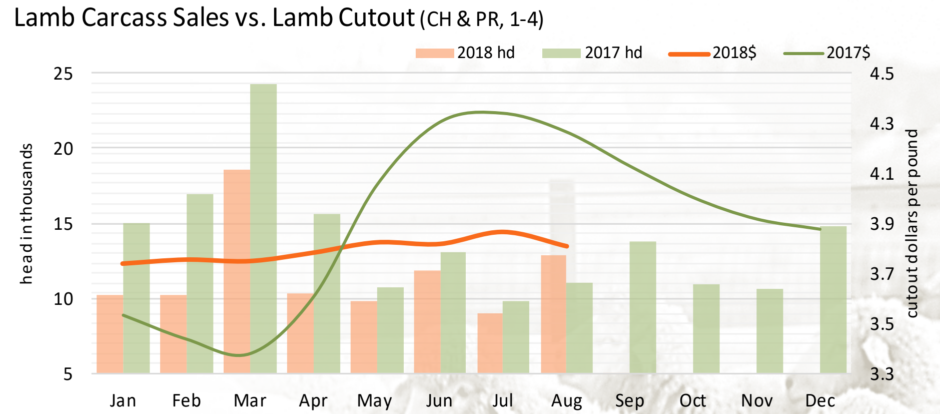


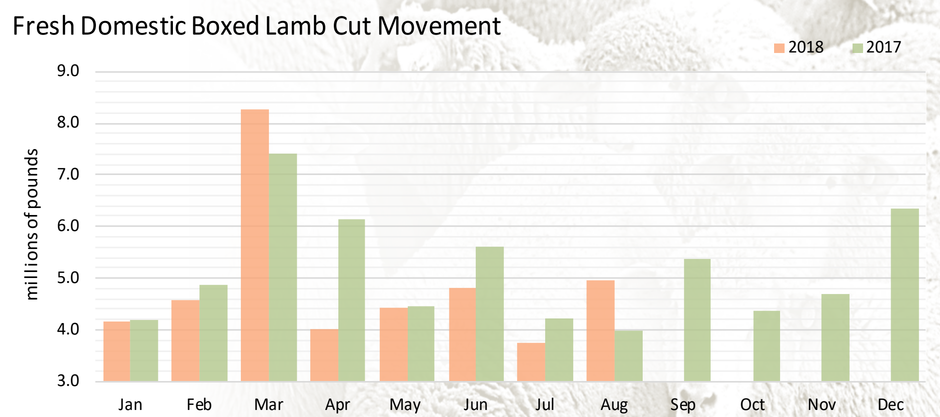
DOMESTIC MEAT TRADE: The volume of trading of Choice and Prime, 1-4 lamb carcasses in August recovered from July's declines, increasing 42 percent for the month and 16 percent over last year's level. The gross lamb carcass cutout decreased 2 percent (from $3.82 to $3.76 per pound), 11 percent below August 2017. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in August rose 32 percent from July, 24 percent over the prior year. Negotiated trading of fresh cuts were also up 32 percent in volume and accounted for 84 percent of total sales. The volume of frozen cut trading increased 48 percent for the month and accounted for 16 percent.

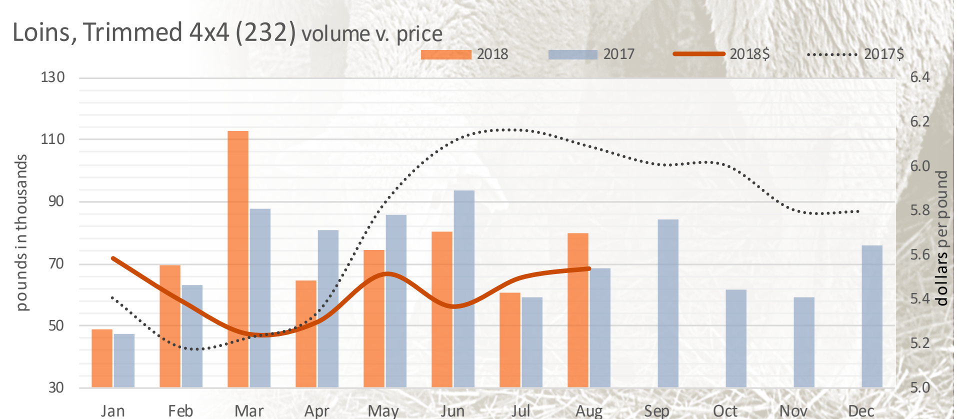
In August, the volume of wholesale sales of fresh trotter-off legs rose 30 percent with a one percent gain in price (from $3.68 to $3.70 per pound). This volume was 21 percent over last year's level and the average price was down 8 percent. Sales of medium 8-rib fresh racks rose sharply, up 70 percent for the month and 60 percent over last year. The average price declined 5 percent (from $8.75 to $8.27 per pound); 9 percent below last year. The volume of trimmed 4x4 loins trading increased 31 percent as loin chops are a popular summer grilling item. The average price gained one percent (from $5.49 to $5.54 per pound), down 9 percent from last year. Foreshank prices gained 2 percent (from $4.08 to $4.15 per pound), down 3 percent from last year. Trade volume increased 28 percent for the month, 16 percent over last year's trading. Square-cut shoulder prices saw a one percent drop in price (from $2.84 to $2.79 per pound) but sales volume had a 47 percent increase on good summer interest. Trade volume for the month was 5 percent behind 2017. Trading of ground lamb (80/20) rose 29 percent, down 2 percent from 2017, while the average price gained one percent (from $5.66 to $5.70 per pound), 3 percent below August 2017.

IMPORTED MEAT TRADE: The volume of negotiated sales imported boxed lamb cuts declined 21 percent in August, 3 percent over last year's level. Sales of fresh product were down 16 percent for the month while frozen sales had a 24 percent decline. Imports accounted for 64 percent of all boxed lamb cut sales in August, down 11 in share from July.

In August, the overall volume of sales of fresh Australian boxed lamb cuts decreased 28 percent, led by a 41 percent decline in the volume of fresh shoulder cuts. All cuts experienced a decline in sales volume with foreshanks seeing the least decline. Average prices for fresh Australian lamb primals were mixed with loins and racks up one and 2 percent, respectively, while remaining







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

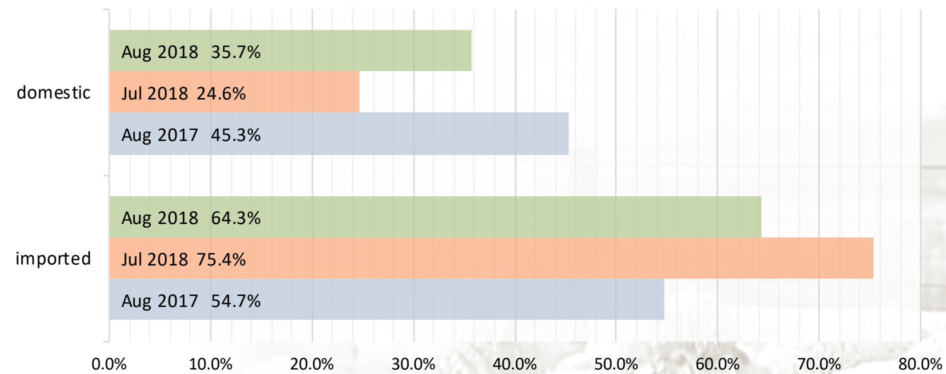
	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	102	78	--	--
loins	101	73	--	--
legs	95	71	--	--
shoulders	99	59	--	--
foreshanks	98	97	--	--
Frozen				
racks	103	83	102	75
legs	99	84	--	--
shoulders	98	64	--	--
foreshanks	102	73	--	--

primals had a one to 5 percent price decline in sales volume, led by leg cuts with shoulder cuts experiencing the least decline.

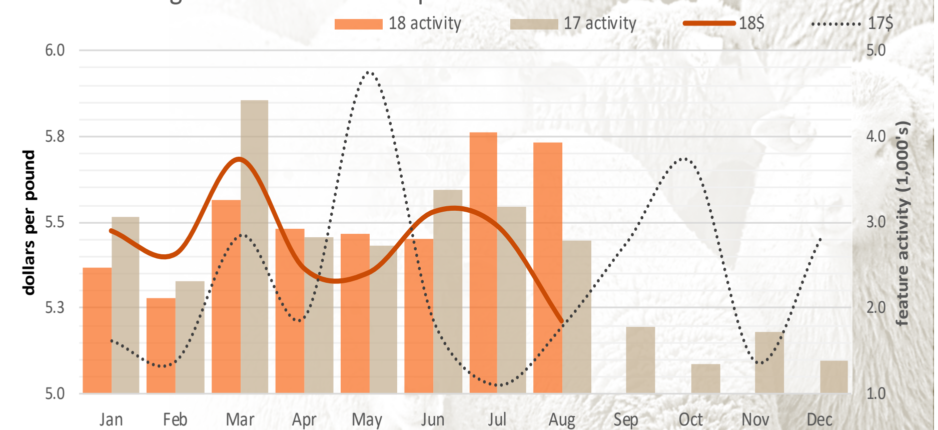
Sales of frozen Australian cuts in August declined 23 percent in volume from July led by a 36 percent decline in the volume of frozen shoulder cuts, similar to the trend for fresh shoulder cuts, as the peak marketing period for shoulder cuts passes. Sales of frozen Australian leg and rack cuts also declined ahead of the expected demand increase as the market moves into the fourth quarter. Average monthly prices for frozen imported lamb cuts were mixed with rack and shank price up while leg and should cut prices were slightly lower. The volume of sales of frozen rack cuts from New Zealand in August declined 25 percent while the average price rose 2 percent for the month.

RETAIL MARKETING: Supermarket feature activity for lamb cuts in August, both domestic and imported, fresh and frozen, was unchanged from the pace of July featuring but was up 25 percent over the level of retail promotions in August 2017. Loin cuts led all primals as the most actively featured lamb cut at retail with 40 percent of ad share as the market reaches the peak demand period for lamb chops for outdoor grilling. Shoulder cuts, also popular for grilling, enjoyed 35 percent of ad share. Average ad prices for loin chops in August declined one percent from July and 2 percent from August 2017 levels. The pace of featuring increased 36 percent for the month. Prices on feature for blade shoulder chops declined 5 percent while those for round bone chops fell 18 percent. Feature activity for shoulder chops was down 3 percent from July. Retail feature activity for leg cuts rose 69 percent, led by a three-fold increase in the pace of advertising for boneless, butterflied leg cuts, a favorite for grilling. Retail feature activity for ground lamb and stew meat declined during the month with a 7 percent decrease in the average ad price.

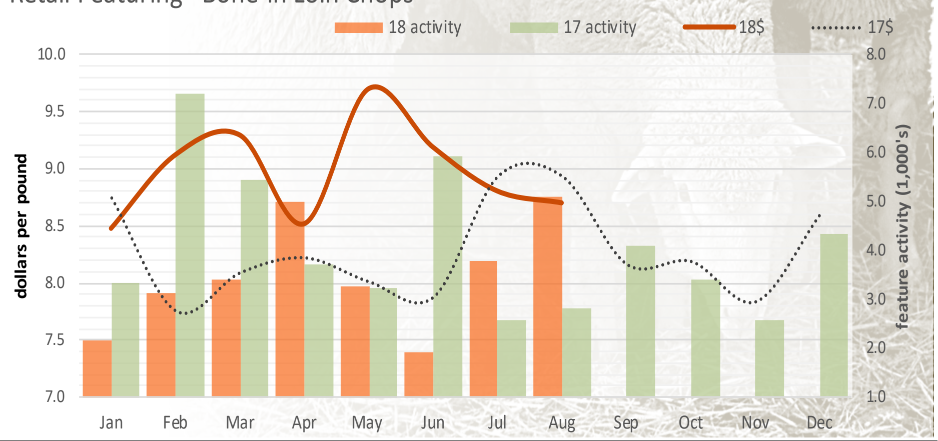
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold)

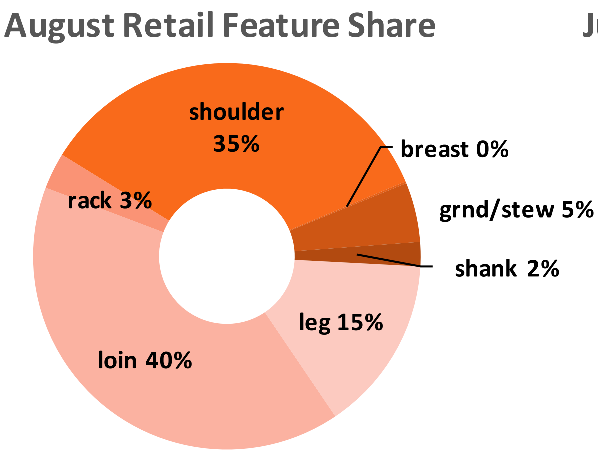


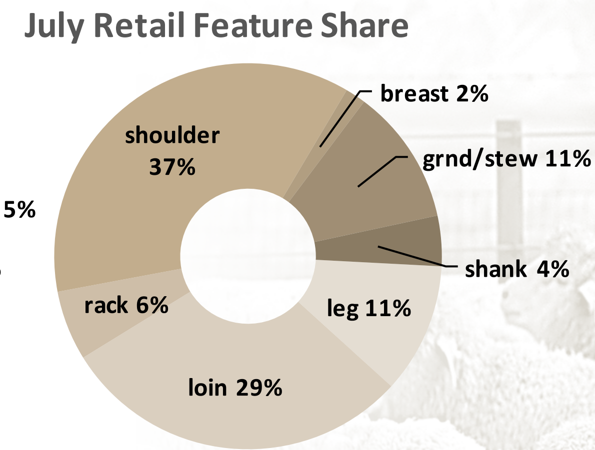
Retail Featuring - Shoulder Blade Chops



Retail Featuring - Bone-in Loin Chops







Quick Overview

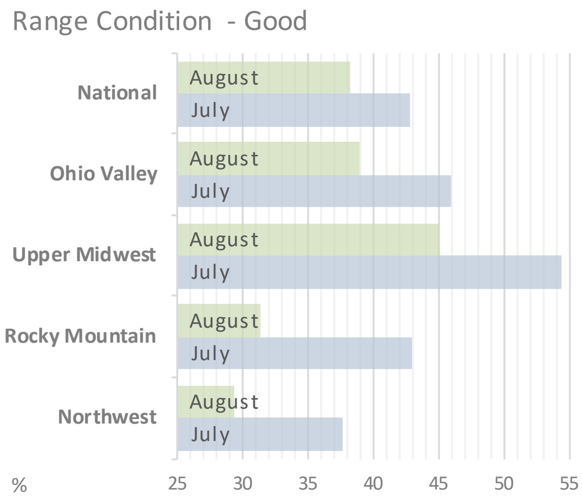
PRODUCTION: [1/]	Jul 18	Jun 18	change
Sheep Meat Production (lbs.)...................	12,100,000	12,300,000	98
Commercial Sheep Slaughter *(head)*........	178,900	178,600	100
Fed. Insp. Lamb Slaughter *(head)*.............	148,800	149,600	99
Live Sheep Weight (lbs.).............................	135	138	98
Dressed Carcass Lamb Weight (lbs.).......	70	71	99
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.)..................	41,531,000	38,678,000	107
IMPORTS:			
Total Fresh/Chilled (lbs.)..........................	7,514,227	6,642,961	113
Total Frozen (lbs.)...	11,706,532	9,578,853	122
Total (lbs.)...	19,220,759	16,221,814	118
LAMB GRADED:	**Aug 18**	**Jul 18**	**change**
Choice (head)..	67,498	69,246	97
Prime (head)...	6,348	8,739	73

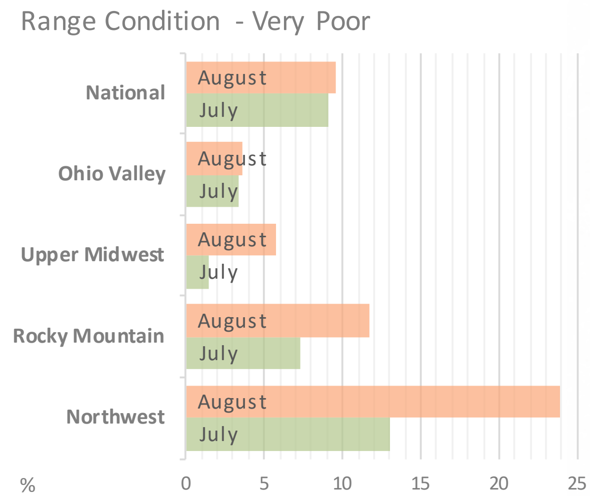
DIRECT SLAUGHTER LAMB:	Aug 18	Jul 18	change
CH/PR, wooled/shorn *(head)*	14,600	9,800	149
price *($/cwt)*	144.69	156.90	92
AUCTION SLAUGHTER LAMB:			
Sioux Falls, CH/PR, 2/3, 90-150 lb. *(head)*	6,229	2,010	310
price *($/cwt)*	130.70	147.96	88
New Holland, CH/PR, 2/3, 90-150 lb. *($/cwt)*	161.82	174.08	93
San Angelo, CH/PR, 2/3, 90-150 lb.			
Shorn price *($/cwt)*	128.32	124.14	103
Wooled price *($/cwt)*	128.32	124.14	103
LAMB CARCASS:			
National Lamb Carcass Sales *(head)*..............	12,823	9,026	142
Lamb Carcass Gross Cutout *($ per pound)*.....	3.76	3.82	98
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	4,948,460	3,744,875	132
Imported Fresh Boxed Lamb Sales *(lbs.)*	3,750,823	4,460,676	84
Imported Frozen Boxed Lamb Sales *(lbs.)*	6,883,601	9,004,488	76

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

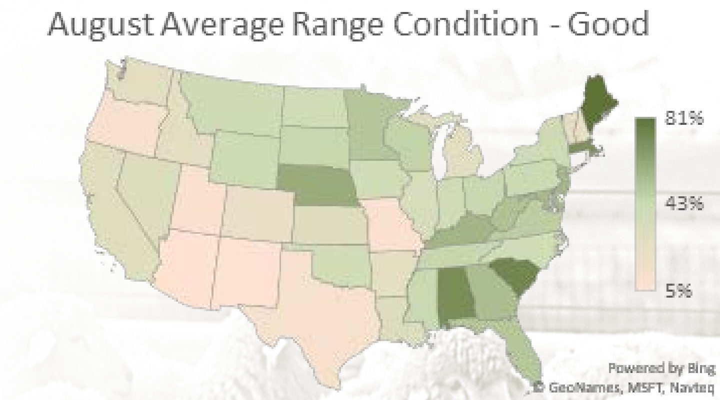
Pasture and Range Condition: In August, pasture and range conditions over most of the key lamb grazing regions of the country gradually deteriorated in the summer heat. In July, pastures rated as "good" described 45 percent of lamb grazing regions. In August, "good" pasture conditions accounted for 36 percent, a 20 percent decline. This decline was distributed as increases in lower pasture ratings from "fair" down to "very poor". Conditions across the Rocky Mountain and the Northwest states experienced the most decline in August with the Rockies seeing a 27 percent decline in the "good" rating while pastures in the Northwest had an 83 percent increase in "very poor" conditions, led by a decline in pasture quality in Northern California and Oregon. Conditions in the Ohio Valley had the least decline in pasture conditions.

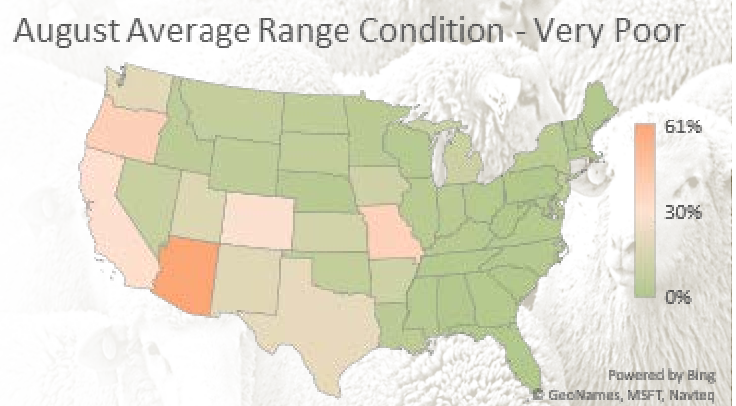
(derived from the Weekly NASS Crop Progress reports issued April to November)





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 August, the average estimated per pelt credit returned to producers declined for both unshorn and shorn lamb pelts. Both types experienced weekly declines as the month advanced. The average monthly consist in August was 53/47 percent in favor of unshorn lamb pelts.

Trading of domestic wool in August totaled 254,000 pounds, 46 percent on a clean basis and 54 percent on a greasy basis. No trading was reported in July for comparison but the level of August trading was 82 percent over that for the same time last year.

August Average Lamb Pelt Credit Prices

	Unshorn		Shorn	
	credit	change	credit	change
Supreme	2.85	-1.65	3.13	-1.16
Premium	0.60	-0.90	0.53	-0.01
Standard	0.00	-0.50	-0.80	-0.30
Fair	-0.15	-0.40	-1.63	0.00
Mixed	-0.40	-0.40	-2.38	0.00
Damaged	-1.38	0.00	-2.38	0.00
Consist %	53%		47%	