Lamb Markets Overview

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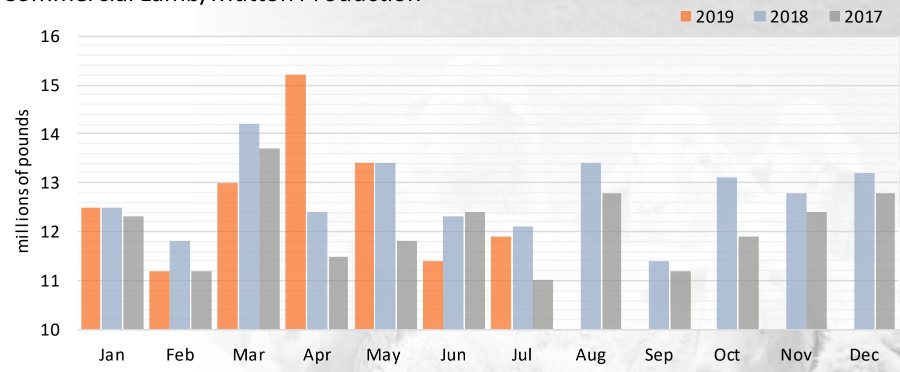
September 2019

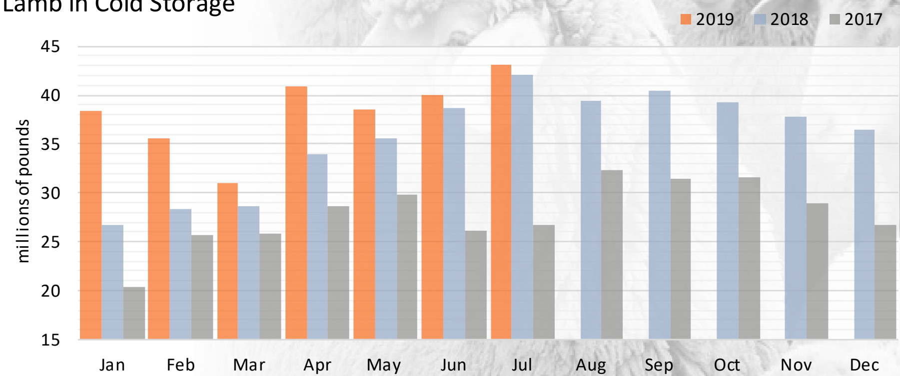
PRODUCTION: Commercial lamb and mutton production increased 4% in July to 11.9 million pounds, 2% below the July 2018 level. Commercial sheep and lamb slaughter in July rose 7% 188,300 head, 5% over last year. The average sheep and lamb live weight lost three pounds to a 127 pound average, 8 pounds lighter than a year ago. The average dressed lamb carcass weight, at 66 pounds, was down 2 pounds from last month and 4 pounds from last year. Mature sheep slaughter increased 14% in July to 10,000 head, 8% more than in July 2018. Stocks of lamb and mutton in cold storage in July increased 8% to 43.1 million pounds, 2% over the level in July 2018.

GRADING: The volume of lambs graded Choice and Prime by the USDA during the month of August increased 12% over July but 3% under 2018. The Mountain States region saw the largest increase in lambs graded with an overall 21% increase for the month led by a 22% rise in Choice lambs. Nationally, the number of lambs qualifying for the Choice grade gained 13% from last month but was 2% under August 2018 while the Choice share of all lambs graded gained a percent to 93%. The Ohio Valley continued to post increases in lambs qualifying for Choice, up 14% in August. Only the Northwest had a decline in Choice lambs, down 1% for the month. Nationally, the share of lambs qualifying for YG 3 gained 3% as lamb yields shifted to the mid-range with fewer YG 1-2 and YG 4-5 lambs. Lambs in the Ohio Valley had the biggest shift to the middle with a 9% rise in YG 3. With 57%, the Northwest had the most lambs qualifying for the YG 2 grade.

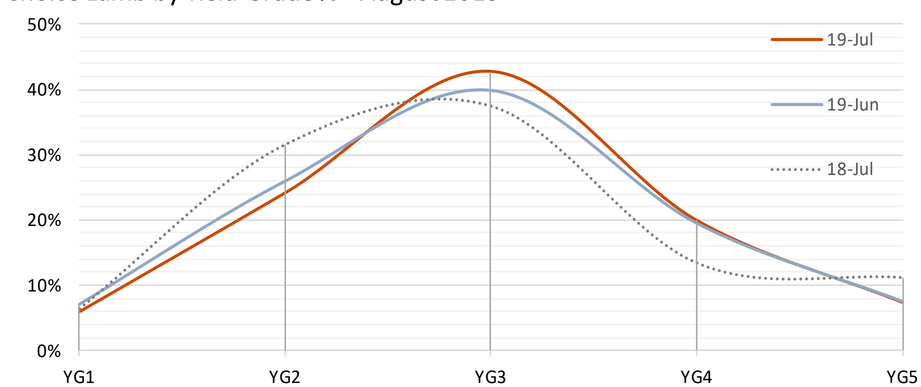
Commercial Lamb/Mutton Production



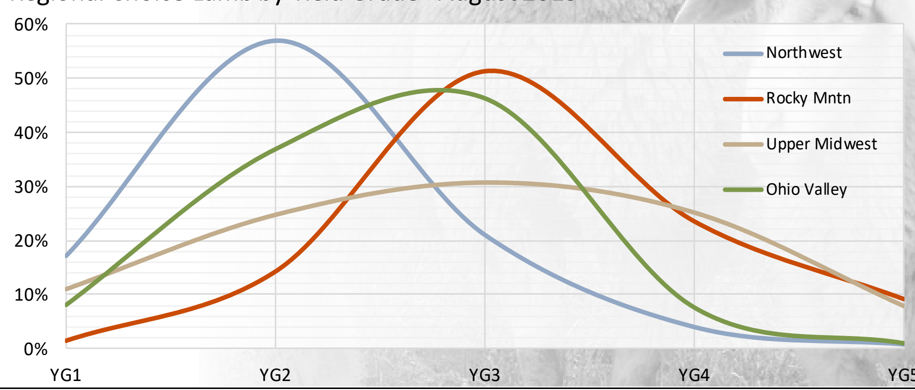
Lamb in Cold Storage



Choice Lamb by Yield Grade % - August 2019



Regional Choice Lamb by Yield Grade - August 2019



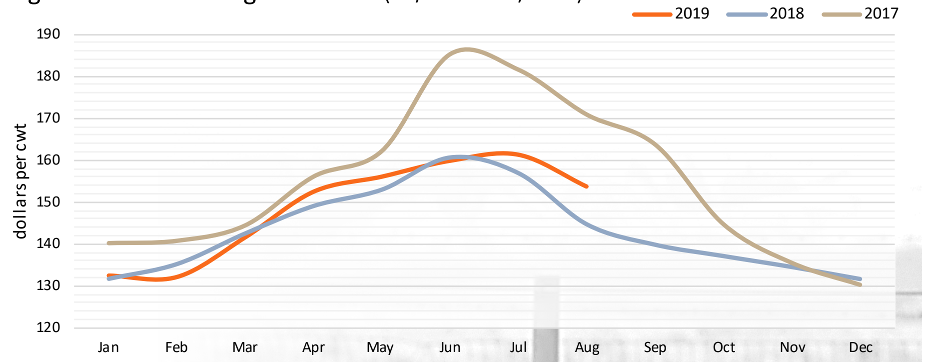
LIVE MARKETS: The volume of slaughter lambs trading on a direct negotiated basis in August, at 17,200 head, declined 14% from July, 18% above August 2018. Prices declined 5% (from $161.26 to $153.70 per cwt.) in August, 6% over 2018. In auction trading, the average monthly price in August for traditional Choice & Prime 2-3, slaughter lambs in Sioux Falls, SD, was $152.51 per cwt, down 2% from July on monthly receipts of 7,112 head, 25% more than in July. In San Angelo, TX, the monthly average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs was $151.98 per cwt, down 9% for the month with receipts of 8,924, down 27% in sales from July. At the New Holland, PA, sale in July, the monthly average price for Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs was $190.86 per cwt., down 4% for the month on total monthly receipts of 12,558, 2% over July.

LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts in July, at 15.4 million pounds, increased 11%, 20% under July 2018. Fresh imports rose 12% in volume and held share at 43% while frozen lamb import volume was up 10% for the month. Australia was the source nation for 74% of lamb imports including 80% of the fresh imports and 68% of frozen imports. New Zealand accounted for 24% of total lamb imports with Chile, Uruguay, Mexico, and Canada rounding out the volume. Chile continues to send primarily lamb carcasses as did Uruguay although that nation also sent a small volume of shoulder cuts. Mexico and Canada sent a smattering of bone-in non-specified cuts, frozen for Mexico and fresh for Canada.

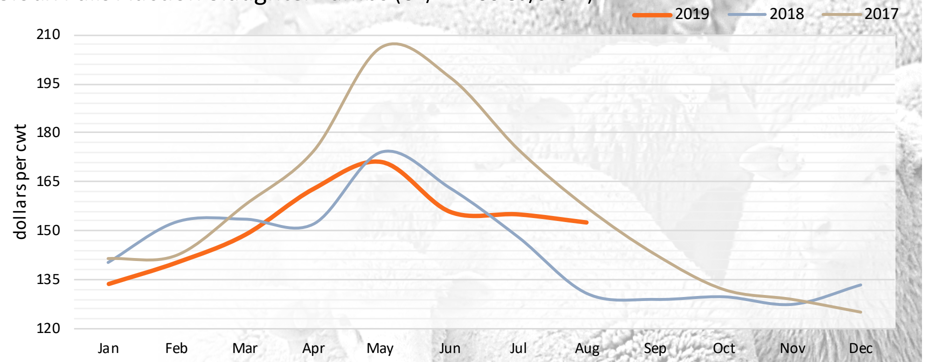
Imports of whole and half lamb carcasses, primarily in frozen form, rose 40% from June with a tenfold rise in fresh imports. Carcasses gained a percentage point in share, increasing to 5%. The overall volume of lamb leg imports rose 97% and accounted for 10% of imports with fresh leg imports rising 23% while frozen volume gained 120% as marketers begin to stage for fourth quarter business. Imports of loin cuts increased 13% on a 16% rise in fresh product. Frozen loin material declined 57% in volume in July. Loin cuts continued to account for 12% of imports. Shoulder imports, 13% of imported volume, saw an overall 56% increase in volume, driven by a 141% increase in frozen with fresh kicking in a 14% increase.

The volume of imported bone-in lamb meat decreased one percent and lost 4% of import share to 34%. A 5% increase in fresh product was more than offset by a 4% decline in frozen lamb. Imports of other boneless lamb cuts, not identified, decreased 9% in July and decreased import share by nearly 6 percentage points to 25%. As with their bone-in counterparts, fresh imports rose 4% but fell to a 17% decline in frozen imports.

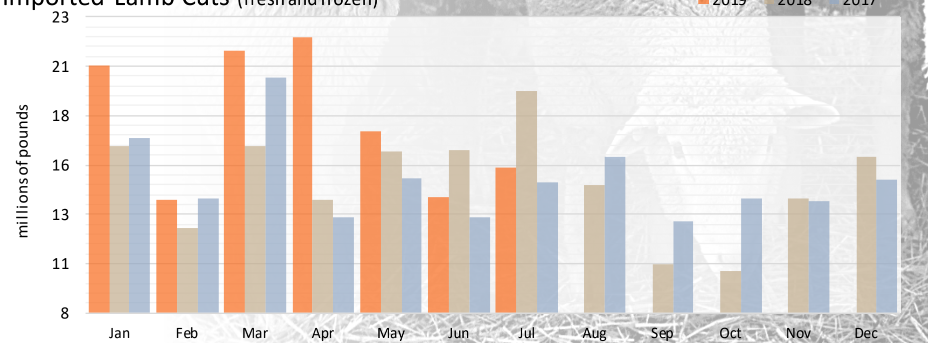
Negotiated Direct Slaughter Lambs (CH/PR wooled/shorn)



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



Imported Lamb Cuts (fresh and frozen)



DOMESTIC MEAT TRADE: The volume of trading of Choice and Prime, 1-4 lamb carcasses in August gained 61% but still fell 8% short of matching the August 2018 trading volume. The gross lamb carcass cutout declined 1% to $3.93 per pound, 5% above last year. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in August erased July's loss, gaining 46% for the month, 9% over August 2018. Negotiated trading of fresh cuts increased 41% in volume and accounted for 84% of total sales – a 3% decrease. The volume of frozen cut trading was up sharply – 81% over July.

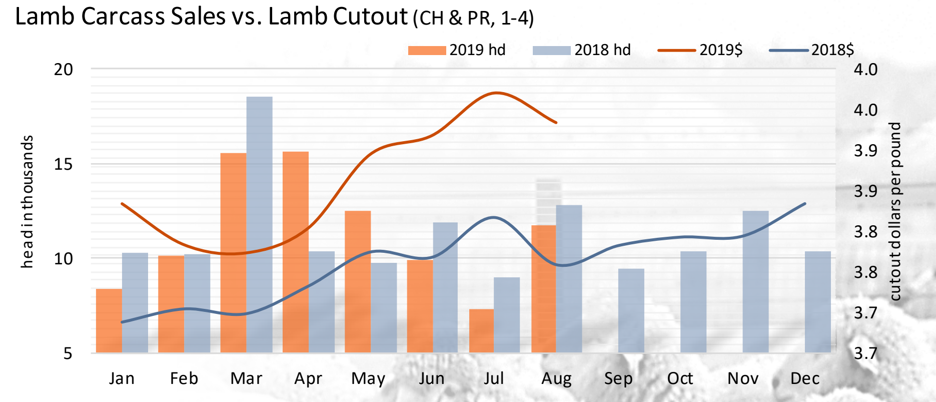
Traded volume of all lamb cuts increased in August as marketers began to prepare for the fall demand period. Prices were mostly weak to lower. Trading of trotter-off legs rose 48% with a 2% drop in price to $3.81 per pound while boneless legs gained 70% in sales volume with a 1% drop in average price to $5.37 per pound. Sales of medium 8-rib racks were up 60% and the average price was down 3% (from $8.84 to $8.55 per pound). Frenched racks sales gained 38% but prices were unchanged at $16.41 per pound). The volume of trimmed 4x4 loins trading increased 37% while prices dropped a percent to $5.21 per pound. Foreshank trading volume gained 44% but the average price lost 5% (from $4.33 to $4.11 per pound). Trading of square-cut shoulder cuts was up 47% in volume and posted the only price gain for the month, up 4% (from $3.10 to $3.23 per pound). Trading of ground lamb increased 72% for the month and prices were unchanged at $5.78 per pound.

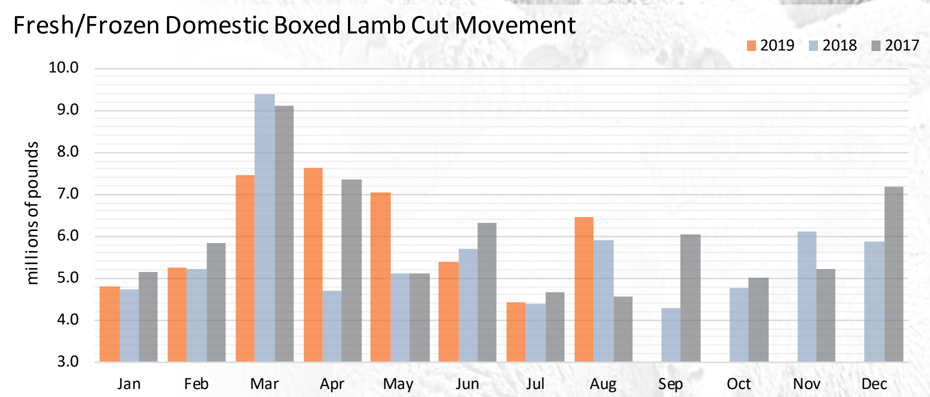
IMPORTED MEAT TRADE: The overall volume of negotiated sales of imported boxed lamb cuts decreased 14% in August, 2% above the August 2018 level. Sales of fresh product declined 24% for the month while frozen cut sales dropped 25%. Imports accounted for 63% of all boxed lamb cut sales in August, a 13% decline in share.

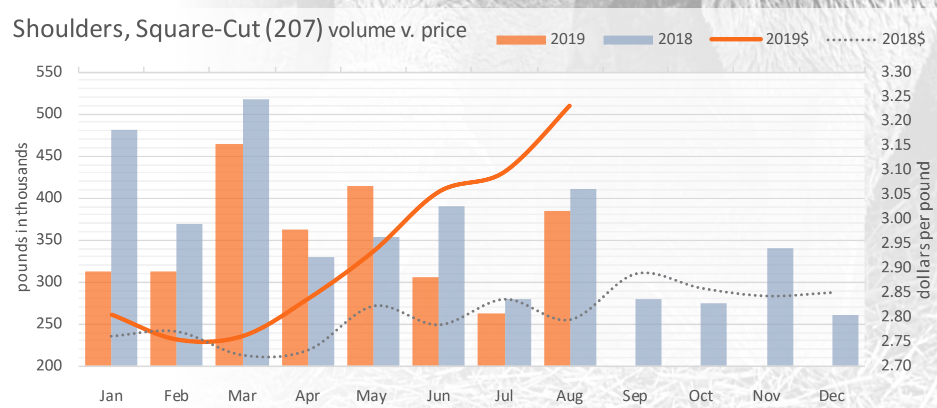
Negotiated Sales of Imported Lamb - Aug.
(change in primal price and sales volume)

	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	102	75	--	--
loins	101	69	--	--
legs	103	74	--	--
shoulders	104	63	--	--
foreshanks	98	72	--	--
Frozen				
racks	100	51	100	64
legs	100	84	--	--
shoulders	96	46	--	--
foreshanks	100	53	--	--

Prices for most fresh Australian cuts were higher in August except for foreshanks which saw a 2% drop in the average sale price. The volume of foreshank sales also declined, down 28% in August. Fresh shoulder cuts posted the largest price increase, gaining 4% although sales volume was down 37%, the largest sales volume decline of all fresh cuts. Fresh leg cut sale prices gained 3% but volume was reduced by 26% for the month. Fresh racks posted a 2% gain in sales price for the month but trading volume was down 25%.

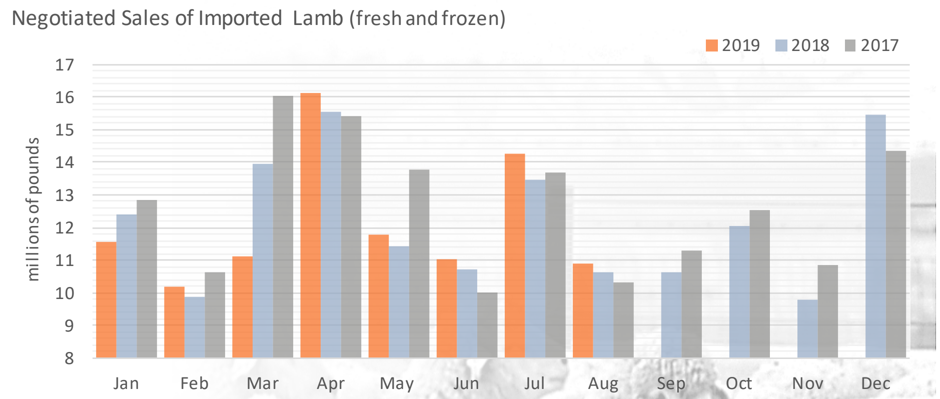


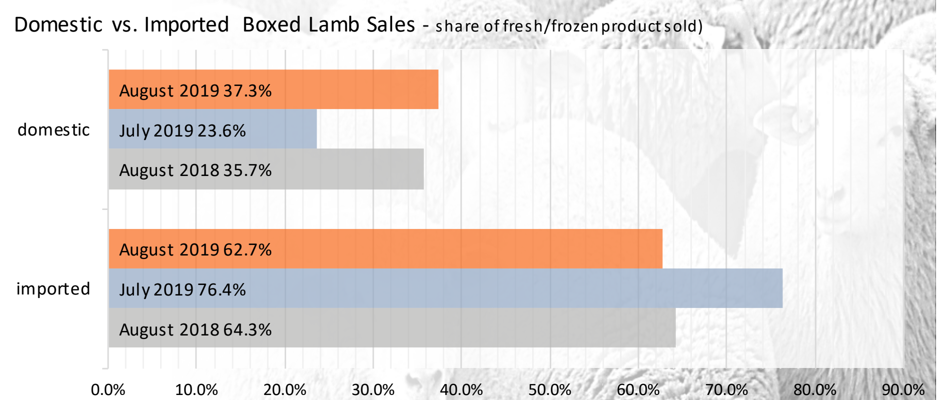


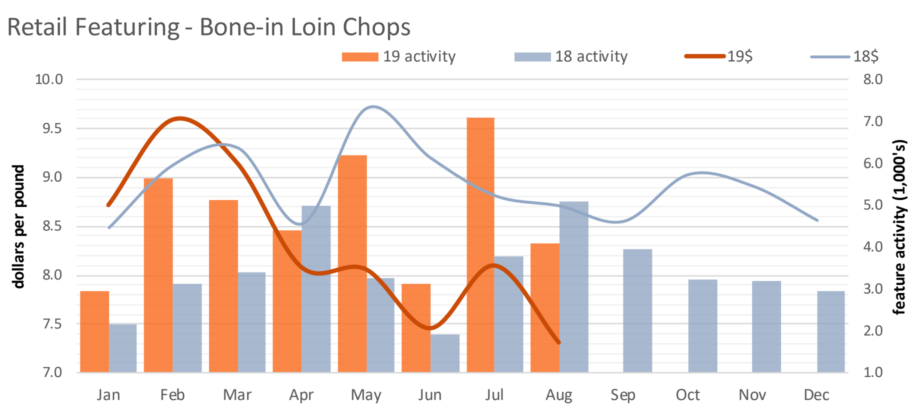


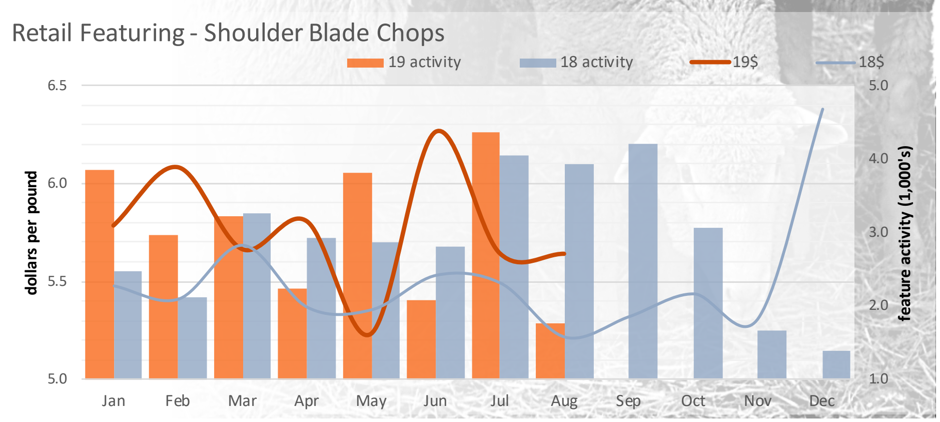
Sales of frozen Australian cuts down across the board in volume while prices were unchanged to lower. Frozen shoulders saw a 4% price decline and volume declined 54%. Frozen Australian racks also endured a 51% drop in sales volume but prices held at July levels. Foreshanks saw a similar drop in the magnitude of sales, down 47% and prices were unchanged. Sales volume of frozen Australian legs fared best during August, down 16% while price held steady. Sales of imported frozen New Zealand racks realized a 36% drop in volume but the average sales price for the month was unchanged.

RETAIL MARKETING: Supermarket feature activity for lamb cuts, both domestic and imported, fresh and frozen, declined sharply in August, down 45% from the level of promotion conducted in July and 24% below the August 2018 rate. Featuring of most leg cuts decreased with a few more ads for butterflied legs in store circulars. Leg cut promotions lost 2% of ad share – down to 8% - while featuring dropped 68%. Features for loin chops in retail outlets fared best in August, increasing ad share to 51% despite a 29% drop in featuring. Promotions of shoulder chops commanded 28% of lamb ads during the month but the level of activity was down 53% from July with little change in the average ad price. Most of the decline was in a 56% drop in featuring of blade chops but round bone chops had their own issues – down 44% from July. Rack cuts enjoyed some summer attention with 11% of ad share but the level of offering was down 32%. Ground lamb disappeared rapidly from ad space in August, down 77% from an active July period and the average ad price jumped sharply on the reduced test – up 34%. Breast and foreshank cuts were largely on vacation in August.

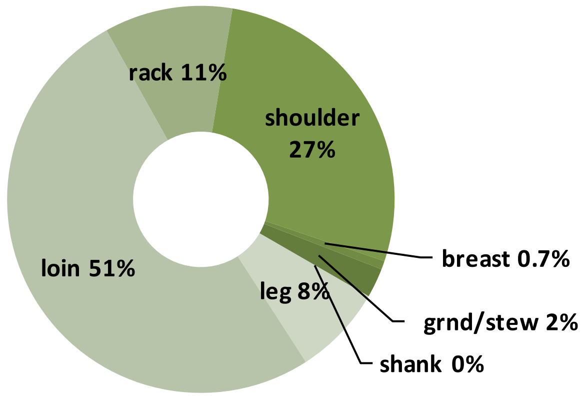




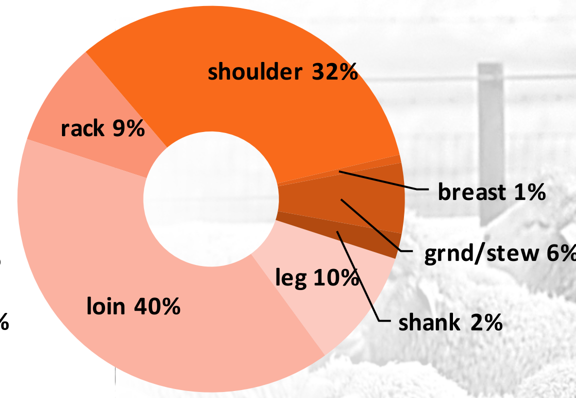




August Retail Feature Share



July Retail Feature Share



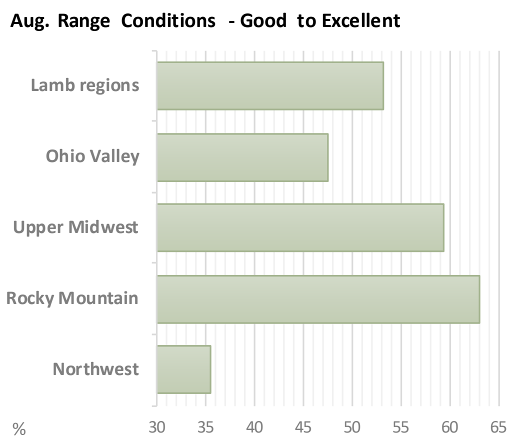
Quick Overview

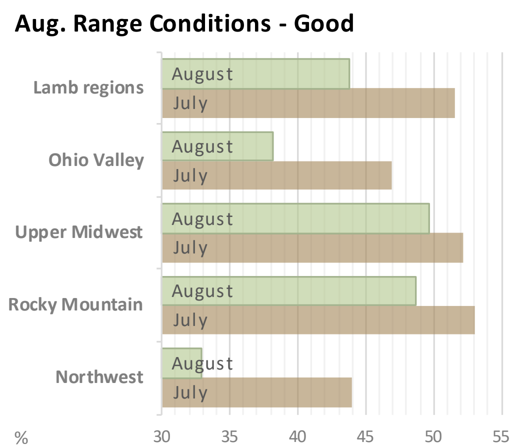
PRODUCTION: 1/	Jul 19	Jun 19	change	DIRECT SLAUGHTER LAMB:	Aug 19	Jul 19	change
Sheep Meat Production (lbs.)...................	11,900,000	11,400,000	104	CH/PR, wooled/shorn *(head)*	17,200	20,100	86
Commercial Sheep Slaughter *(head)*........	188,300	175,300	107	price *($/cwt)*	153.70	161.26	95
Fed. Insp. Lamb Slaughter *(head)*.............	152,600	142,700	107	***AUCTION SLAUGHTER LAMB (shorn/wooled):**			
Live Sheep Weight (lbs.)............................	127	130	98	Sioux Falls, CH/PR, 2/3 *(head)*	7,112	5,711	125
Dressed Carcass Lamb Weight (lbs.).......	66	68	97	price *($/cwt)*	152.51	154.99	98
				New Holland, CH/PR, 2/3 *(head)*	12,558	12,305	102
COLD STORAGE:				price *($/cwt)*	190.86	199.72	96
Lamb/Mutton in Storage (lbs.).................	43,055,000	40,025,000	108	San Angelo, CH/PR, 2/3 *(head)*	8,924	14,123	63
				price *($/cwt)*	151.98	167.08	91
IMPORTS:							
Total Fresh/Chilled (lbs.)............................	6,572,413	5,891,626	112	**LAMB CARCASS:**			
Total Frozen (lbs.)..	8,775,931	7,969,701	110	National Lamb Carcass Sales *(head)*..............	11,741	7,283	161
Total (lbs.)..	15,348,344	13,861,328	111	Lamb Carcass Gross Cutout *($ per pound)*.....	3.93	3.97	99
LAMB GRADED:	**Aug 19**	**Jul 19**	**change**	**BOXED LAMB CUTS:**			
Choice (head)...	82,795	73,055	113	Domestic Fresh Boxed Lamb Sales *(lbs.)*	5,421,059	3,837,374	141
Prime (head)...	6,672	6,491	103	Imported Fresh Boxed Lamb Sales *(lbs.)*	5,167,970	6,671,245	77
(current month grading numbers are preliminary and subject to change)				Imported Frozen Boxed Lamb Sales *(lbs.)*	5,707,853	7,588,078	75

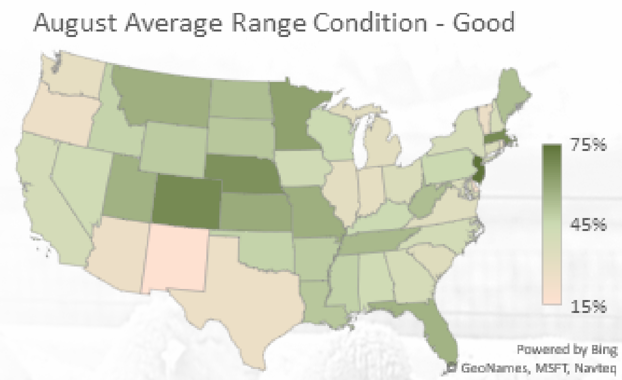
1/ - *meat production, commercial slaughter, and live weight includes sheep and lamb; Fed. Insp' lamb slaughter and dressed weight are young lambs only.*

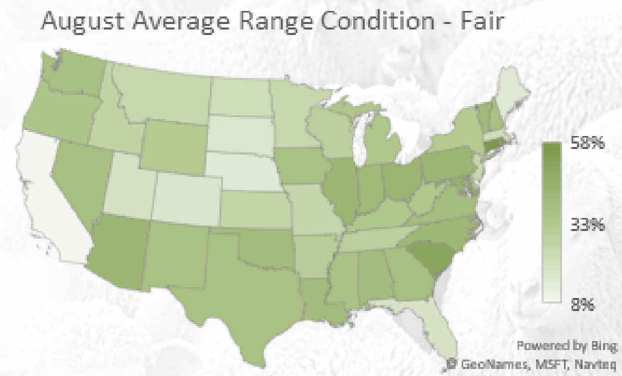
Pasture and Range Condition: In August, pasture and range conditions across the country shifted downward with a 15% shift from Excellent/Good to Fair/Poor. A similar but slightly more pronounced shift in conditions in the major lamb production regions occurred in August. Overall, 43% of the nation's pastures and ranges were rated to be in good condition, a 7% decline from July while conditions rated as good in lamb regions dropped 8% to 42%. Most of the gain during the month was in the fair rating with poor and very poor seeing little change from the prior month. Of the major lamb production regions, Rocky Mountain pastures continue to have the best combined good and excellent rating with 63%, a 9% decrease from July. Colorado and Montana pastures had the highest good rating during the month. Conditions in the Upper Midwest saw a similar decline in condition, down 8%, with most of the loss shifting to a fair rating. Minnesota continues to enjoy the best conditions in that region. The Northwest had the weakest conditions again this month with only 35% rated good or better and 39% as poor or lower, a sharp decline from July. The poorest conditions in the Northwest were seen in California.

(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 August, the average estimated per pelt credits returned to producers for unshorn pelts decreased across most types with Supreme pelts incurring the highest decline and the credit for damaged pelts seeing a slight increase. The share of unshorn pelts decreased 5% from July to 41% of all pelts. Credits for shorn pelts declined for all types with Supreme pelts seeing the largest decline.

Trading of domestic wool was untested in August.

Aug Avg Lamb Pelt Credit Prices

	Unshorn		**Shorn**	
	credit	**change**	**credit**	**change**
Supreme	-0.85	-1.07	-0.95	-0.79
Premium	-1.20	-0.20	-1.10	-0.35
Standard	-2.15	-0.15	-2.40	-0.81
Fair	-2.15	-0.15	-1.90	-0.15
Mixed	-1.53	-0.15	-2.53	-0.15
Damaged	-1.73	0.15	-2.53	-0.15
Consist %	41%		59%	