Lamb Markets Overview

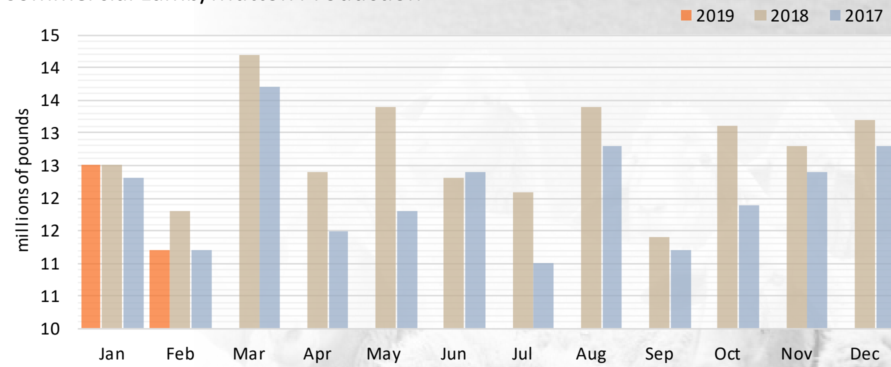
A monthly publication of the USDA AMS Livestock and Poultry Program, Agricultural Analytics Division

April 2019

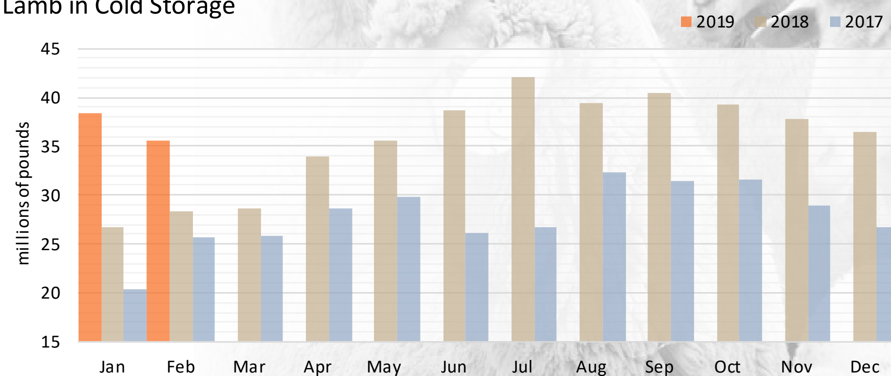
PRODUCTION: Commercial lamb and mutton production decreased 10% in February to 11.2 million pounds, 5% under February 2018. Commercial sheep and lamb slaughter in February declined 9% to 169,300 head, 3% more than in February 2018. The average sheep and lamb live weight declined 2 pounds to a 132 pound average, 11 pounds lighter than a year ago. The average dressed lamb carcass weight was unchanged at 69 pounds, 5 pounds lighter than in February 2018. Mature sheep slaughter was down 15% in February to 7,000 head, 6% over 2018. Stocks of lamb and mutton in cold storage in February decreased 7% to 35.5 million pounds, 26% above the February 2018 level.

GRADING: The volume of lambs graded Choice and Prime by the USDA during the month of March increased 16% but was 14% below the March 2018 level (Ester fell on April 1 in 2018, three weeks ahead of the 2019 date of April 21). Nationally, the number of lambs qualifying for the Choice grade increased 16% but remained at a 94% share of all lambs graded. All lamb production regions participated in the increase with the Upper Midwest seeing a 50% overall rise in lambs graded from the prior month followed by the Ohio Valley at 24%. These two regions also saw similar increases in lambs qualifying for the Prime grade. Nationally, yield grading saw a slight shift to the more finished range with lambs grading YG 3 seeing the only decline, down 4%. This shift was most pronounced in the Northwest where the number of lambs qualifying for YG 2 in February dropped 16% and moved to the YG 4-5 range. The Mountain and Ohio Valley regions followed the national trend of declining YG 3 numbers but the loss shifted to the leaner end of the range, primarily as an increase in YG 2's.

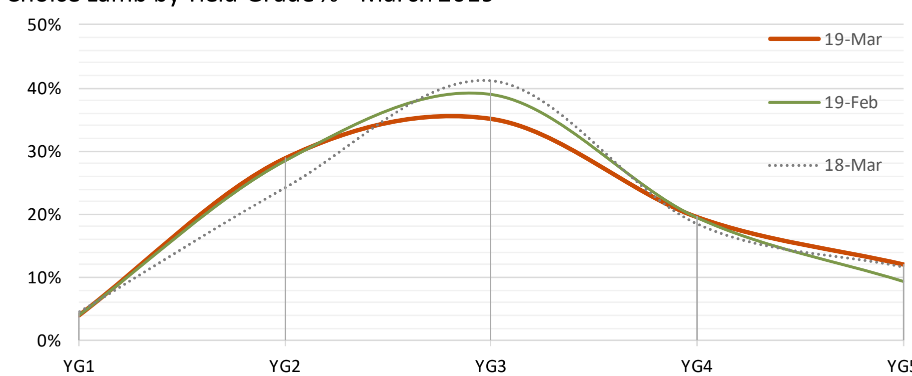
Commercial Lamb/Mutton Production



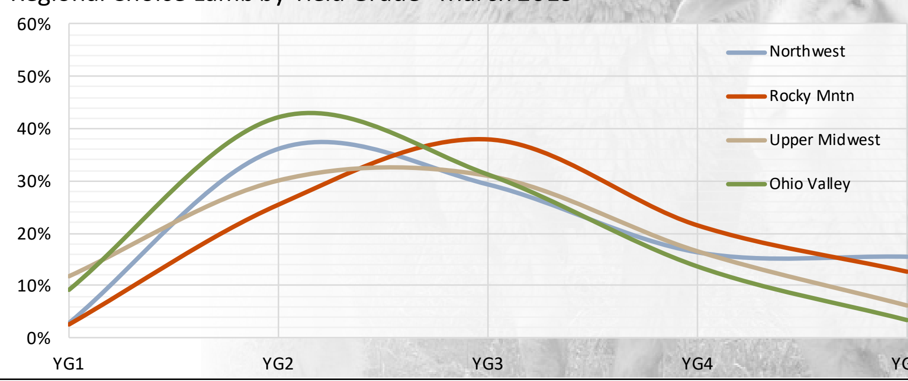
Lamb in Cold Storage



Choice Lamb by Yield Grade % - March 2019



Regional Choice Lamb by Yield Grade - March 2019



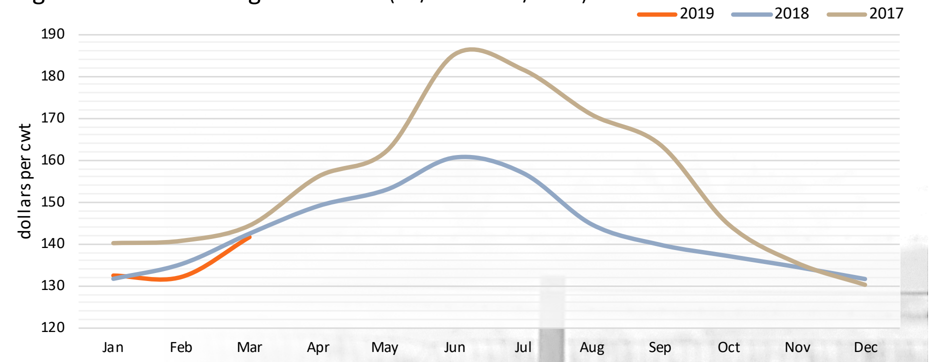
LIVE MARKETS: The volume of slaughter lambs trading on a direct negotiated basis in March, at 22,300 head, increased 43% from February, 51% above March 2018. Prices rose 7% during the month but were 1% below the 2018 level. In auction trading, the average price for traditional Choice & Prime 2-3, 90-150 lbs. slaughter lambs at Sioux Falls, SD, increased 6% for the month (from $140.27 to $148.76) but was down 3% from March 2018. Receipts for the month were down 11% for the month but were 79% over the level of a year ago. In San Angelo, TX, the average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs increased 6% (from $128.93 to $137.16 per cwt.) for the month, up 1% 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 March increased 19% (from $164.70 to $196.65 per cwt.), 2% above the March 2018 monthly average.

LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts declined 33% in February, down from near-record levels in January but 12% above the level of February 2018. Fresh imports, at 42% share, declined 18% in February, 1% below the 2018 level. Frozen imports were down 37% from January but 12% over February 2018 levels (Easter/Passover were observed 3 weeks earlier in 2018). The share of frozen cuts, at 58%, was down 4% in share for the month. Australia accounted for 72% of total imports in February with 83% of fresh cuts and 65% of frozen cuts. New Zealand accounted for 27% of total lamb imports with Chile, Uruguay, Mexico, and Canada rounding out February imports.

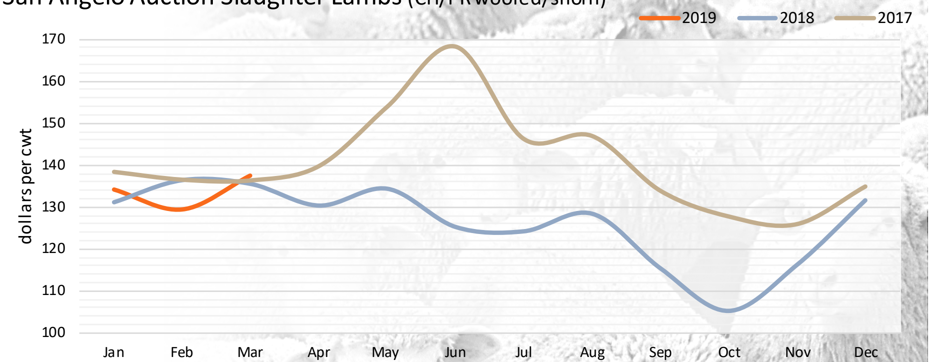
Imports of whole and half lamb carcasses, virtually all in frozen form, decreased 58% in February, 7% less volume than in February 2018 and lost 1% of import share. Imports of lamb legs dropped sharply, down 48% for the month, led by a decline in frozen imports, with a 1% drop in import share, accounting for 4% of total import share. Imports of shoulder cuts, fresh and frozen, had the least decline for the month, down 17% overall with frozen shoulder cuts down 7% and fresh down 26%. Shoulder cuts remain a popular late-Winter offering in supermarkets. The share of shoulder cuts rose 3% to account for 12% of all imported lamb cuts. Total imports of loin cuts declined 24% in February, mostly on a sharp decline in frozen imports, but managed to increase share to 10% of all lamb cuts imported.

The volume of imported bone-in lamb meat decreased 27% but gained 3% import share. This is a 15% increase over February 2018 import levels. Imports of other boneless lamb cuts, not identified, declined 40% in volume and nearly 4% in share but remained the most imported category with a 37% share of the volume of all imported lamb cuts in February.

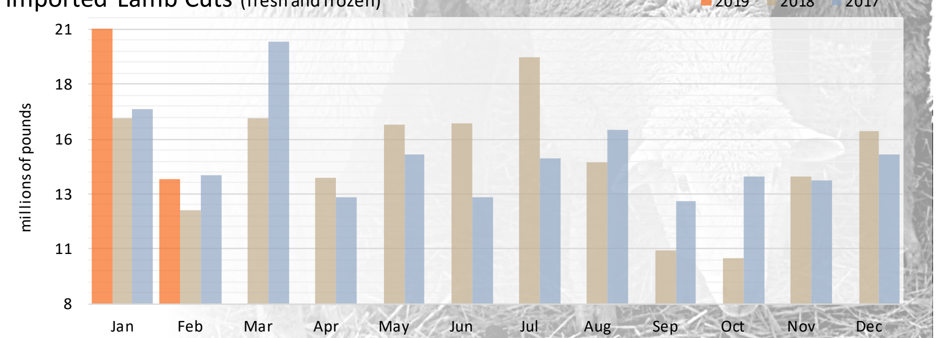
Negotiated Direct Slaughter Lambs (CH/PR wooled/shorn)



San Angelo 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 March rose 54% over February but was 16% percent below the March 2018 level. The gross lamb carcass cutout was unchanged in March at $3.77 per pound, 2% above March 2018. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in March increased 42% but was 20% behind the same time last year. Negotiated trading of fresh cuts rose 38% in volume and accounted for 83% of total sales. The volume of frozen cut trading increased 65% for the month and accounted for 17% of total domestic volume sold.

Traded volume of all lamb cuts was up significantly in March targeting the approaching Easter/Passover demand season which occurs in the second half of April this year. The volume of wholesale sales of fresh trotter-off legs rose 45% with a 1% rise in price (from $3.60 to $3.62 per pound). This volume was 63% below last year's level when Easter was observed three weeks earlier and the average price was down 1%. All yearly comparisons were similarly affected. Boneless legs saw a 63% boost in sales with no change in the average monthly price at $5.28 per pound. Sales of medium 8-rib racks were up 77%, the most actively traded item for the month, but the average price declined 3% for the month (from $9.00 to $8.74 per pound). Sales of frenched racks were up 18% again for the month but with a 1% increase in the average sale price (from $16.48 to $16.58 per pound). The volume of trimmed 4x4 loins trading continued to rise, up 23% for the month with a 2% increase in the average sale price (from $5.15 to $5.24 per pound), unchanged from 2018. Foreshank prices were down 1% again this month (from $4.22 to $4.18 per pound) but sales rose 16%. Trading of square-cut shoulder increased 49% in March but prices were unchanged at $2.76 per pound. Trading of ground lamb increased 53% for the month with a 1% decline in price (from $5.80 to $5.76 per pound).

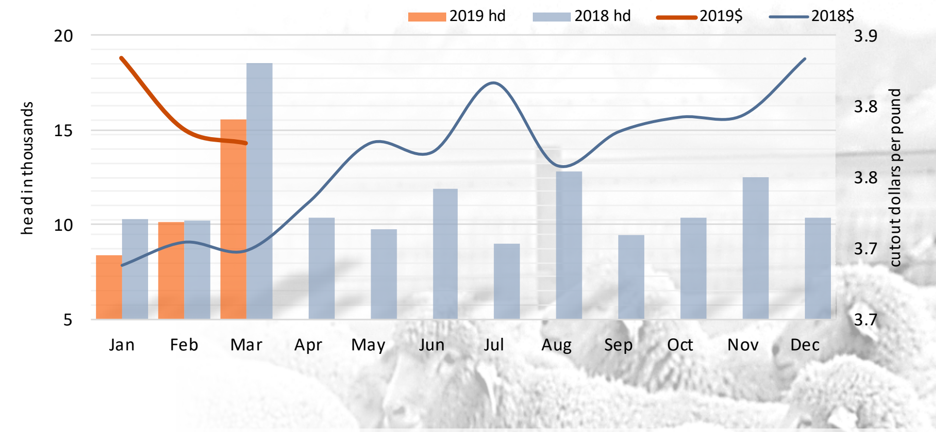
IMPORTED MEAT TRADE: The overall volume of negotiated sales of imported boxed lamb cuts increased 9% in March, 20% below March 2018 levels. Sales of fresh product increased 20% for the month while frozen cut sales were up 3%. Imports accounted for 60% of all boxed lamb cut sales in March, down 6% in share from February with much of the frozen product being stockpiled to support active retail features for the April holiday season.

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

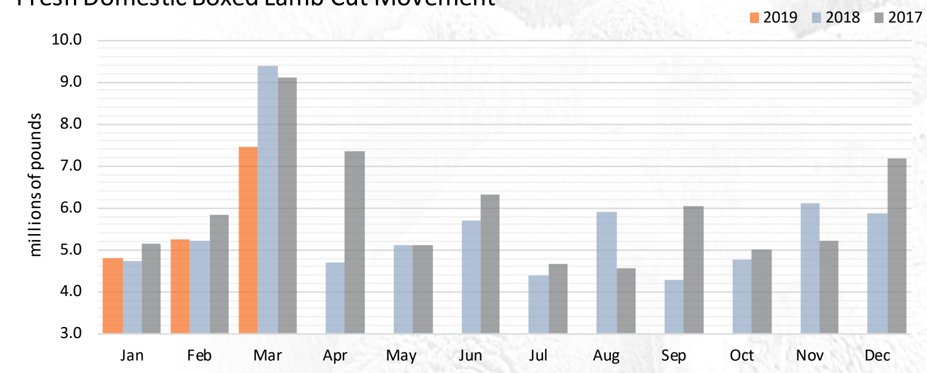
	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	100	120	--	--
loins	101	113	--	--
legs	--	--	--	--
shoulders	100	115	--	--
foreshanks	--	--	--	--
Frozen				
racks	101	72	99	121
legs	105	80	--	--
shoulders	113	91	--	--
foreshanks	98	165	--	--

In February, the overall volume of sales of fresh Australian boxed lamb cuts increased 15%, led by increased sales of racks, up 20% during the month on active stockpiling.

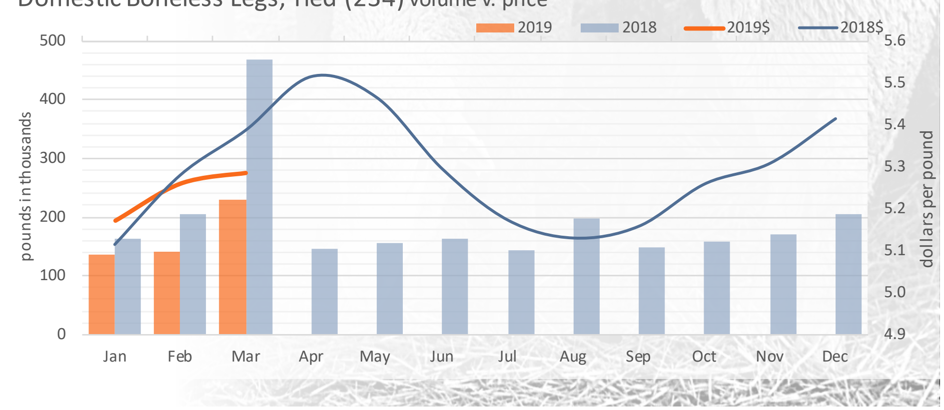
Lamb Carcass Sales vs. Lamb Cutout (CH & PR, 1-4)



Fresh Domestic Boxed Lamb Cut Movement



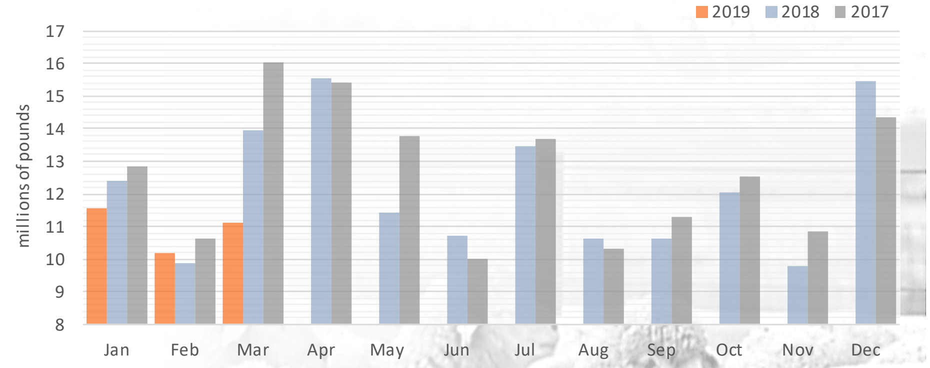
Domestic Boneless Legs, Tied (234) volume v. price



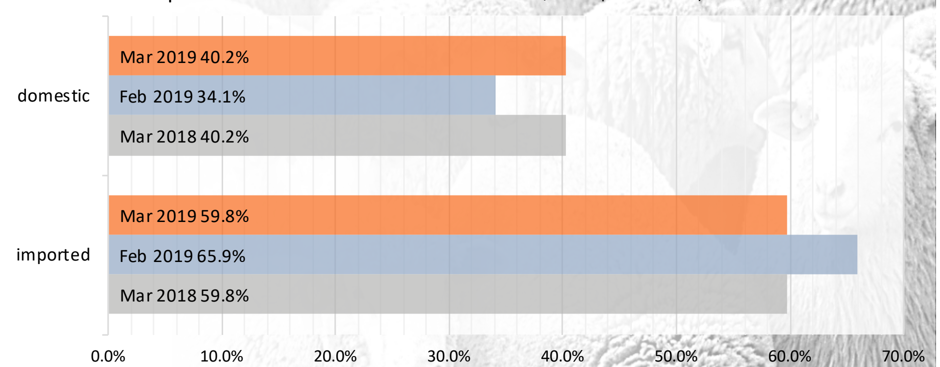
Average prices for fresh Australian cuts were largely unchanged in March with loin cuts seeing a 1% rise in the average sale price. Sales of fresh leg and foreshank cuts were largely nonexistent in March but can be expected to rise in April with seasonal demand. Sales volume of frozen Australian lamb cuts was down 12% from February ahead of the April demand season. Except for foreshanks, average prices for frozen Australian lamb cuts were higher in March. While foreshank prices declined 2%, volume of sales was up significantly, 65% from February. Average prices for frozen shoulders posted a 13% rise during the month but volume was down 9%. Frozen rack prices managed to gain 1% for the month but sales volume was down 28%. Average prices for leg cuts rose 5% but sales volume was down 20%. Sales of frozen imported lamb rack cuts from New Zealand rose 21% in volume with a 1% slide in the average sale price.

RETAIL MARKETING: Supermarket feature activity for lamb cuts, both domestic and imported, fresh and frozen, declined 15% in March and was 59% below March 2018 when Easter fell on April 1. Featuring of leg cuts lost 7% of feature share in March as retailers backed off from active promotions in February as they await the start of the Easter/Passover demand season. Boneless legs enjoyed the most promotion in the leg category but at nearly half of their February levels. Average ad prices for all leg cuts declined in March. Shoulder chops increased their ad presence by 2% in March with an overall 34% share of all lamb features. Feature activity for blade chops increased 9% while their round bone counterparts saw a 39% decline. Ad prices declined for both blade and round bone chops 7-9%. Featuring of loin chops led all other cuts in supermarket ads in March with 36% of retail lamb features. Average ad prices declined 5% and activity was down 9%. Ground lamb experienced a 4% increase in featuring and ad prices were only slightly down for the month, just 2% from February. Racks saw limited promotional activity in March as they await the April demand season. Ad prices were down 9% on average on the reduced test. Retail activity is expected to rise in April as the Easter (April 21) and Passover (April 19-27) demand periods arrive.

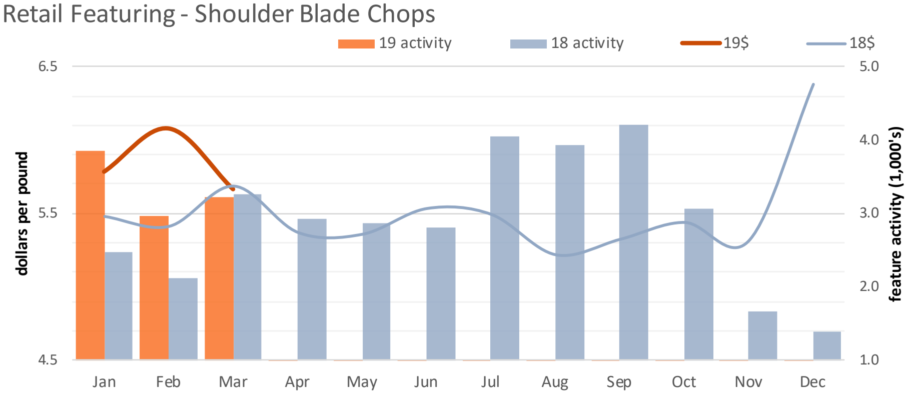
Negotiated Sales of Imported Lamb (fresh and frozen)



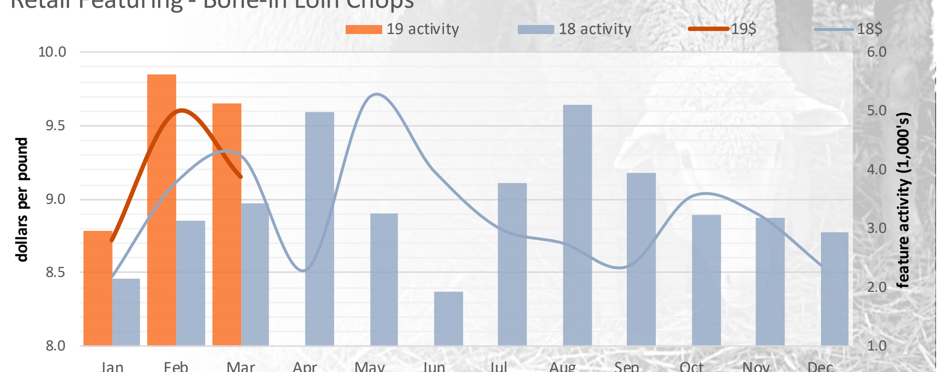
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold)

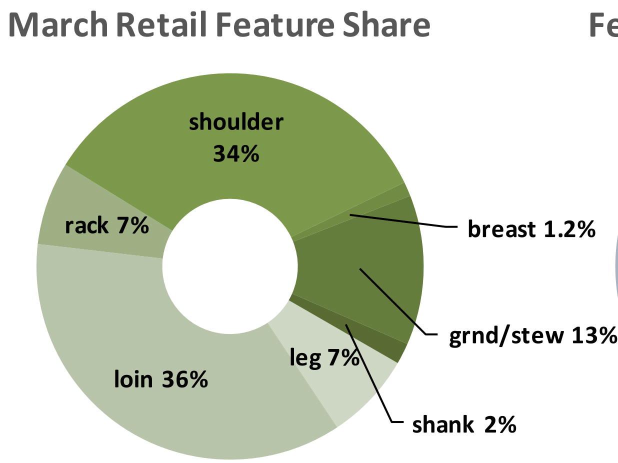


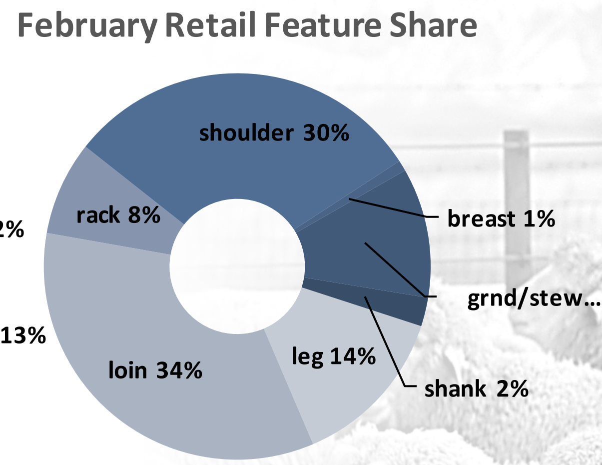
Retail Featuring - Shoulder Blade Chops



Retail Featuring - Bone-in Loin Chops







Quick Overview

PRODUCTION: 1/	Feb 19	Jan 19	change
Sheep Meat Production (lbs.)...................	11,200,000	12,500,000	90
Commercial Sheep Slaughter *(head)*........	169,300	186,800	91
Fed. Insp. Lamb Slaughter *(head)*.............	139,100	157,500	88
Live Sheep Weight (lbs.).............................	132	134	99
Dressed Carcass Lamb Weight (lbs.).......	69	69	100
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.).................	35,503,000	38,376,000	93
IMPORTS:			
Total Fresh/Chilled (lbs.)............................	5,717,682	7,898,492	72
Total Frozen (lbs.)..	7,980,504	12,635,118	63
Total (lbs.)..	13,698,186	20,533,610	67

LAMB GRADED:	Mar 19	Feb 19	change
Choice (head)...	88,143	75,866	116
Prime (head)...	6,089	5,140	118

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

DIRECT SLAUGHTER LAMB:	Mar 19	Feb 19	change
CH/PR, wooled/shorn *(head)*	22,300	15,600	143
price *($/cwt)*	141.63	132.20	107
AUCTION SLAUGHTER LAMB:			
Sioux Falls, CH/PR, 2/3, 90-150 lb. *(head)*	829	935	89
price *($/cwt)*	148.76	140.27	106
New Holland, CH/PR, 2/3, 90-150 lb. *($/cwt)*	196.65	164.70	119
San Angelo, CH/PR, 2/3, 90-150 lb.			
Shorn price *($/cwt)*	137.38	129.40	106
Wooled price *($/cwt)*	136.93	128.45	107
LAMB CARCASS:			
National Lamb Carcass Sales *(head)*..............	15,578	10,124	154
Lamb Carcass Gross Cutout *($ per pound)*.....	3.77	3.78	100
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	6,198,880	4,495,639	138
Imported Fresh Boxed Lamb Sales *(lbs.)*	4,090,973	3,411,992	120
Imported Frozen Boxed Lamb Sales *(lbs.)*	7,006,434	6,771,544	103

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: This report will be issued again starting in the May 2019 edition.

(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 March, the average estimated per pelt credits returned to producers for shorn pelts were unchanged while the credits for unshorn pelts adjusted slightly with the credit for Supreme unshorn pelts down $0.02 per pelt and the credit for Premium grade unshorn pelts up $0.13 per pelt. The share of unshorn pelts decreased 12% in March, accounting for 56% of all pelts sold.

Trading of domestic wool in March, both clean and greasy, was inactive through the month.

March Avg Lamb Pelt Credit Prices

	Unshorn		Shorn	
	credit	change	credit	change
Supreme	2.23	-0.02	0.38	0.00
Premium	0.00	0.13	-0.88	0.00
Standard	-1.00	0.00	-1.25	0.00
Fair	-0.75	0.00	-1.75	0.00
Mixed	-1.00	0.00	-2.38	0.00
Damaged	-1.88	0.00	-2.38	0.00
Consist %	56%		45%