Lamb Markets Overview

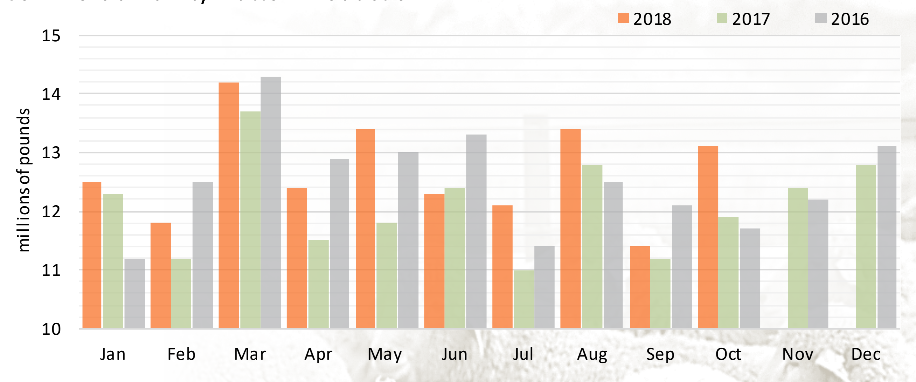
A monthly publication of the USDA AMS Livestock and Poultry Program, Agricultural Analytics Division

December 2018

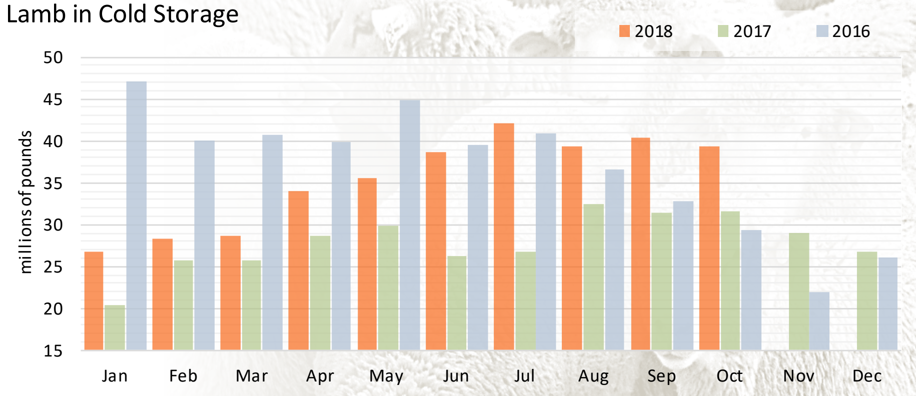
PRODUCTION: Commercial lamb and mutton production increased 15% in October, to 13.1 million pounds, 10% over the October 2017 level. Commercial sheep and lamb slaughter in October increased 16% to 199,900 head, 9% over October 2017. The average sheep and lamb live weight dropped a pound to average 131, 2 pounds over 2017. The average dressed lamb carcass weight, at 68 pounds, was down one pound from September and 2 pounds over last year. Stocks of lamb and mutton in cold storage in October declined 3% at 39.3 million pounds, 24% above the October 2017 level.

GRADING: The preliminary volume of lambs graded Choice and Prime by the USDA in November was unchanged from the prior month and was down 5% from November of last year. The share of lambs qualifying for the Choice grade decreased 3% to 91%. While the number of lambs qualifying for Prime rose through the month, lambs in the Rocky Mountains saw a 51% rise in Prime. Overall, lamb yields in November saw a seasonal shift to more YG 3-4's as lambs tend to add more finish as temperatures decline. This trend was least pronounced in the Northwest which saw a 5% shift from YG 1-2's to YG 3-4's but the Northwest remains the primary source of YG 2 lambs. Notwithstanding, the number of lambs qualifying for Prime in the Northwest in November actually nearly tripled, although Prime accounted for only 2% of total lambs graded in that region.

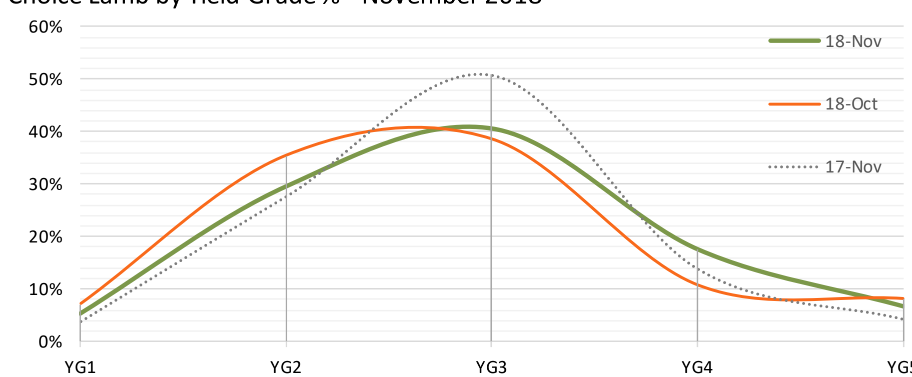
Commercial Lamb/Mutton Production



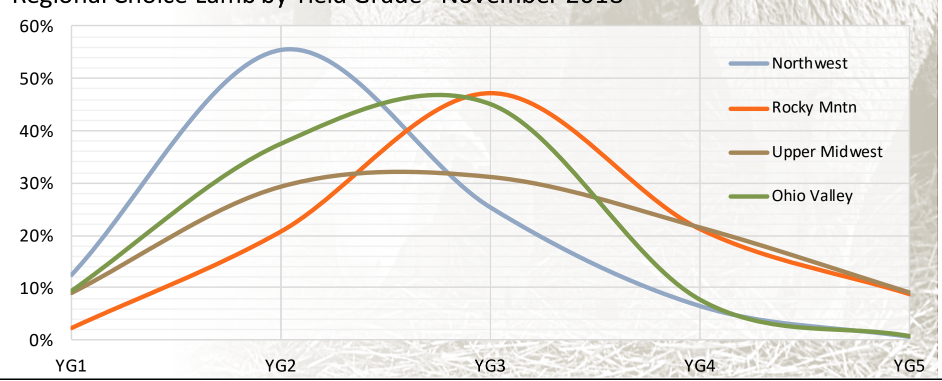
Lamb in Cold Storage



Choice Lamb by Yield Grade % - November 2018



Regional Choice Lamb by Yield Grade - November 2018

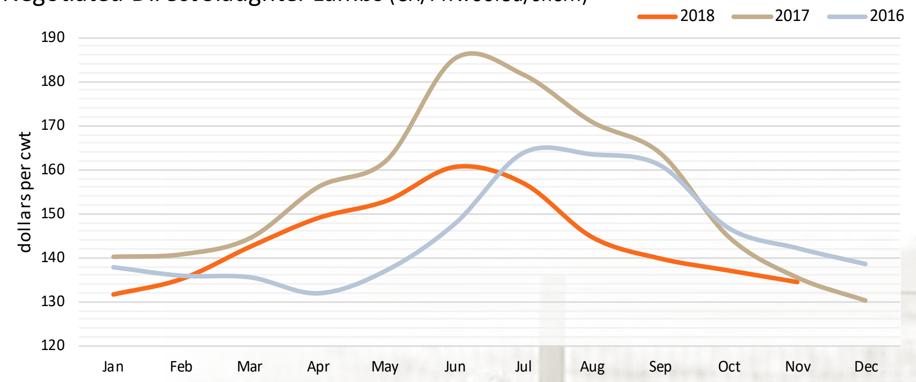


LIVE MARKETS: The volume of slaughter lambs trading on a direct negotiated basis in November increased 5% from October, 16% below November 2017. Prices were up and down through the month and finished down 2% (from $137.12 to $134.51 per cwt.), one percent below the level producers realized in November 2017. In auction trading, the average price for traditional Choice & Prime 2-3, 90-150 lbs. slaughter lambs at Sioux Falls, SD, was down 2% (from $129.70 to $127.37 per cwt), one percent below 2017. In San Angelo, TX, the average price of Choice and Prime 2-3 wooled and shorn non-traditional slaughter lambs increased 10% (from $105.25 to $115.64 per cwt.) for the month, down 8% 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 November was down one percent (from $149.31 to $147.46 per cwt.), 8% below the November 2017 monthly average.

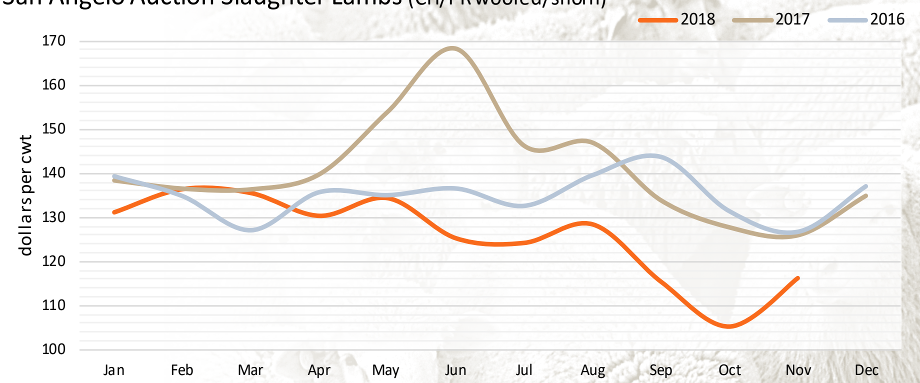
LAMB IMPORTS: The overall volume of fresh and frozen imported lamb carcasses and cuts continued to decline through October, down 3% on the month and 27% under October 2017. Imports of both fresh and of frozen lamb were down with fresh down 4% and frozen down 2% for the month. The balance between fresh and frozen was unchanged in October with fresh at 52% and frozen 48% of imported volume. Australia remains the primary source of lamb imports with 73 percent of lamb imports despite a 5% decline from volume shipped in September. New Zealand imports during the month increased 12% for a 26% share of total monthly lamb imports. Uruguay shipped 39% more lamb in October than September while Icelandic imports dropped sharply, down 83% as demand for their products for the holiday marketing season are nearly complete.

Imports of whole and half lamb carcasses, virtually all in frozen form, declined 4% in October, 14% below the volume imported in October 2017. Imports of lamb legs rose 5% for the month and increasing their share of lamb imports by one percent, accounting for 8% of all lamb imports. The volume of imported shoulder cuts, fresh and frozen, declined 11% during the month, down 34% from 2017, and lost a one percent share of imports, down to 11.5%. Import volume of loin cuts was unchanged with a slight gain in frozen loin volume but was down 22% from 2017. Loins lost one percent share of import volume share, accounting for 13% of all lamb imports. The volume of imported bone-in lamb meat increased 6%, led by a 14% rise in frozen product and accounting for 30% of imports, up 3% in share. Imports of other boneless lamb cuts, not identified, the largest category of imported lamb at 32% of all imported lamb, rose 7% for the month, 42% below the volume of boneless lamb meat imported during October 2017.

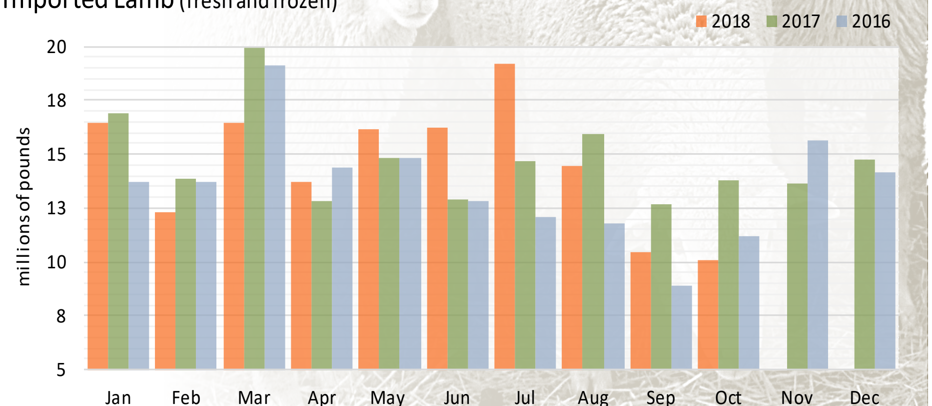
Negotiated Direct Slaughter Lambs (CH/PR wooled/shorn)



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



Imported Lamb (fresh and frozen)



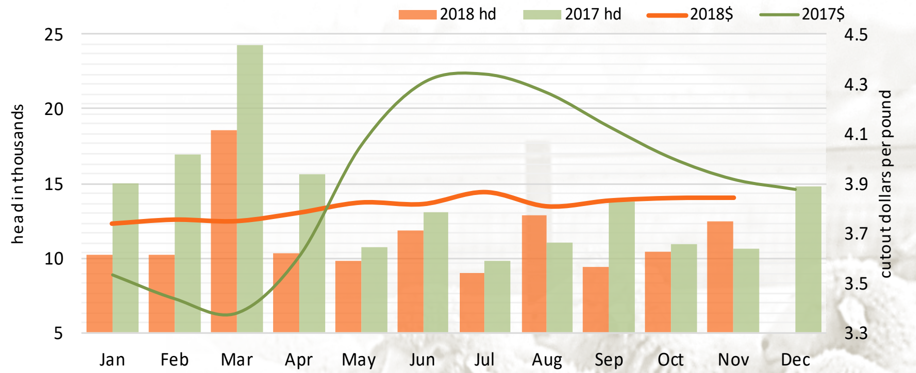
DOMESTIC MEAT TRADE: The volume of trading of Choice and Prime, 1-4 lamb carcasses in November increased 20% from October, 18% above last year's level. The gross lamb carcass cutout was unchanged at $3.79 per pound, 2% below November 2017. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in November increased sharply, up 34% for the month on trading to support coming holiday business. Trading was 12% above last year's pace. Negotiated trading of fresh cuts increased 34% in volume and accounted for 86% of total sales. The volume of frozen cut trading increased 5% for the month and accounted for 14% of total domestic volume.

In November, traded volume for most lamb cuts increased across the board from October led by holiday favorite leg and rack cuts. The volume of wholesale sales of fresh trotter-off legs rose 66% with a one percent decline in price (from $3.63 to $3.57 per pound). This volume was 15% above last year's level and the average price was one percent over last year. Sales of medium 8-rib fresh racks rose in preparation for the coming holiday season, up 43% for the month and 39% from last year. The average price was unchanged at $8.65 per pound, down 2% from last year. Frenched racks rose 35% in volume and declined one percent in price. The volume of trimmed 4x4 loins trading increased 2% as did the average price (from $5.40 to $5.52 per pound), 5% under last year. Foreshank prices were up one percent (from $4.16 to $4.20 per pound), down 3% from last year. Trade volume was up sharply, rising 25% for the month in a continuation of last month's trend; 30% over last year's trading. Square-cut shoulder prices decreased one percent (from $2.86 to $2.84 per pound) and sales volume rose 23% from the prior month's movement while lagging last year's pace by 24%. Trading of ground lamb (80/20) gained 3% from the prior month and year. The average price was up one percent (from $5.70 to $5.77 per pound) from last month, 2% over last year.

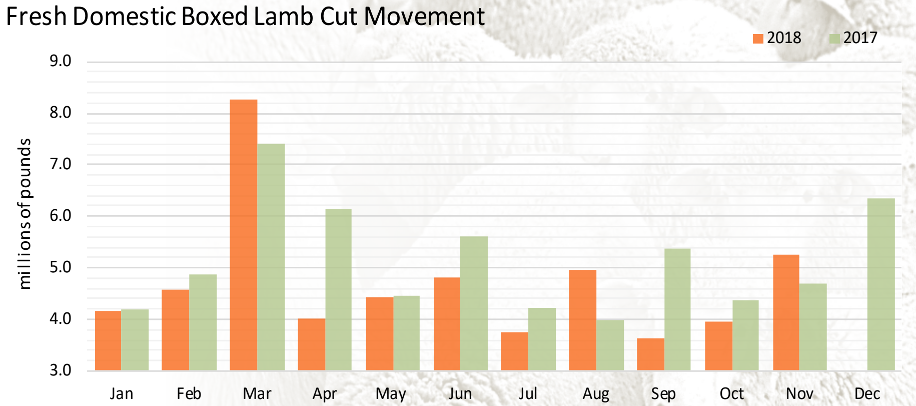
IMPORTED MEAT TRADE: The overall volume of negotiated sales imported boxed lamb cuts decreased 19% in November, 10% below 2017. Sales of fresh product declined 10% for the month while frozen cut sales dropped sharply, down 23% as marketer needs for the December holidays are about covered. Imports accounted for 62% of all boxed lamb cut sales in November, down 10% in share from October.

In November, the overall volume of sales of fresh Australian boxed lamb cuts decreased 38% as marketer's needs for the coming holiday are largely met. Sales of imported fresh legs increased by a factor of 5, targeting the key November-December holiday demand season. Most other fresh lamb cuts

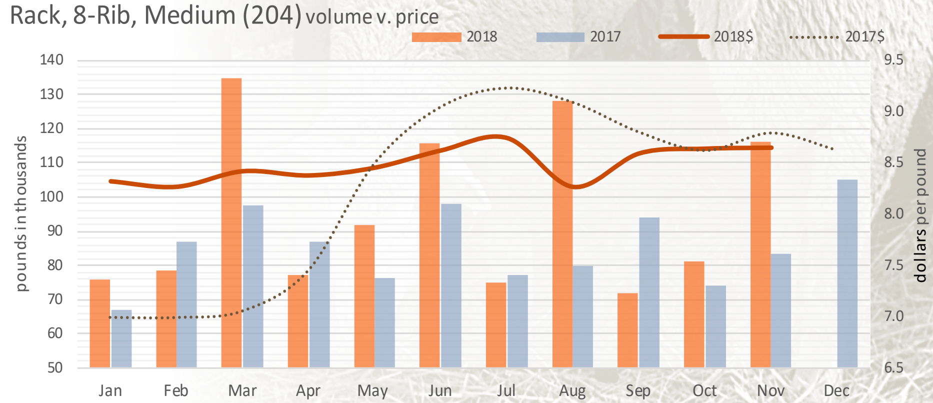
Lamb Carcass Sales vs. Lamb Cutout (CH & PR, 1-4)



Fresh Domestic Boxed Lamb Cut Movement



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



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

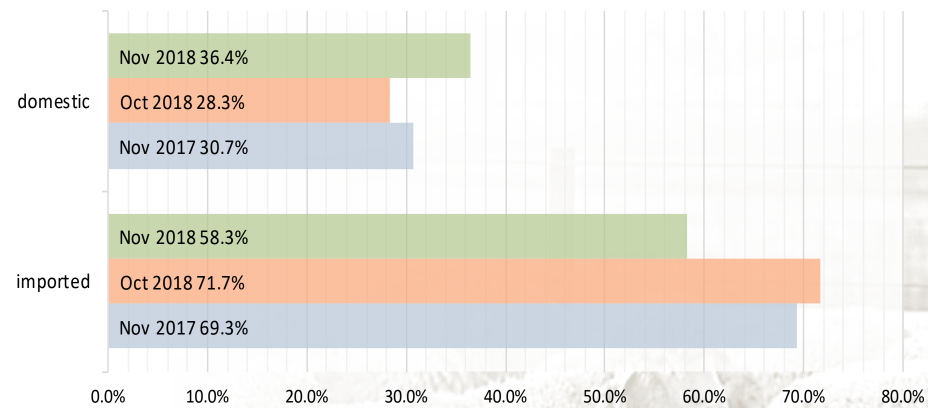
	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	106	33	--	--
loins	97	54	--	--
legs	94	533	--	--
shoulders	106	88	--	--
foreshanks	99	128	--	--
Frozen				
racks	105	94	101	64
legs	100	108	--	--
shoulders	103	54	--	--
foreshanks	107	69	--	--

posted declines in sales volume, especially racks, as marketing needs have been met. Foreshanks did post a 28% rise in volume as this is a popular cut through the December holidays. Average prices for fresh racks and shoulders rose 6% while prices for all other lamb cuts declined in a range of 1-6%.

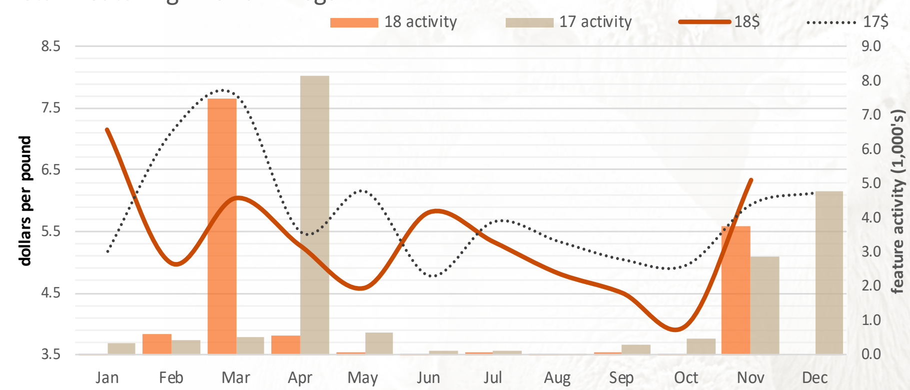
Sales of frozen Australian lamb cuts were, with the exception of legs, down from the prior month. Leg sales rose 8% in volume and the average price was unchanged. Frozen shoulder volume dropped by near half but posted a 3% price gain. Sales of frozen Australian racks declined 6% with a 5% rise in the average price while foreshanks posted a 31% drop in sales volume with a 7% increase in price. The volume of sales of frozen rack cuts from New Zealand in November declined sharply, down 36%, in similar fashion to their Australian counterparts. The average price posted a modest one percent gain.

RETAIL MARKETING: Supermarket feature activity for lamb cuts in November, both domestic and imported, fresh and frozen, was up 39% from the pace of October featuring but was one percent below the level of retail promotions in November 2017. Featuring of lamb leg cuts saw the largest increase in activity, up 49% in feature share while the average ad price declined 6%. Much of the gain in share was at the expense of shoulder cuts which experienced a 29% decline in ad share for the month. The average ad price rose 2% for blade chops but round-bone chop ad prices declined 14%. Retail feature activity for loin cuts was about unchanged for the month but lost 8% marketing share as leg promotions overwhelmed all other cuts. Racks saw similar treatment by retailers as loins with marketing share down 5% despite a fairly consistent level of featuring, Retail feature activity for ground lamb and stew meat decreased 7% in activity as focus shifted to whole cuts for the coming holiday season.

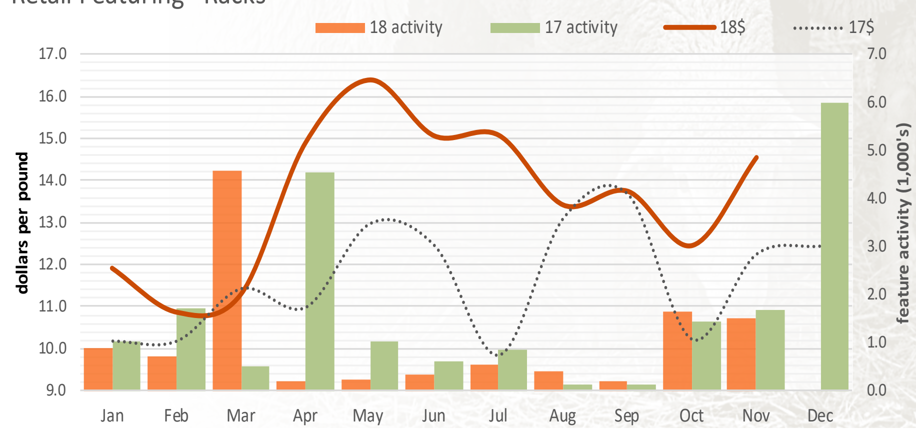
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold)



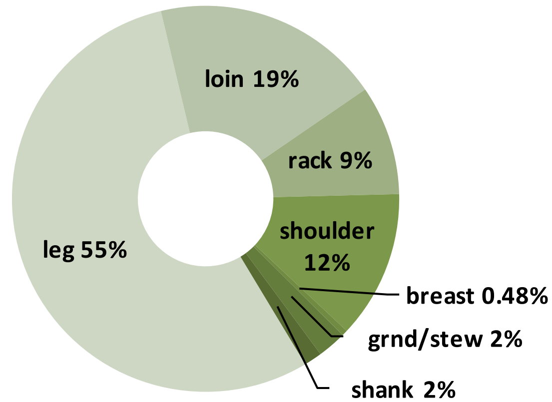
Retail Featuring - Bone-in Legs



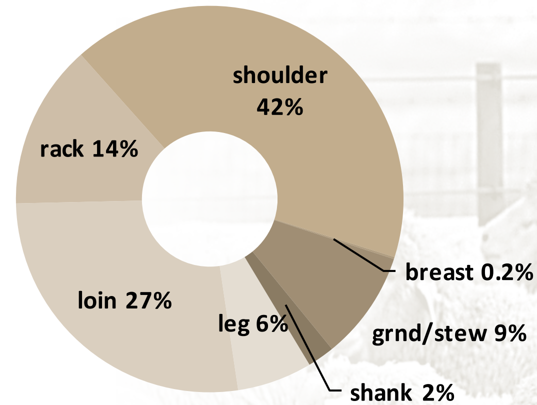
Retail Featuring - Racks



November Retail Feature Share



October Retail Feature Share



Quick Overview

PRODUCTION: 1/	Oct 18	Sep 18	change
Sheep Meat Production (lbs.)..................	13,100,000	11,400,000	115
Commercial Sheep Slaughter *(head)*........	199,900	172,700	116
Fed. Insp. Lamb Slaughter *(head)*.............	166,900	140,200	119
Live Sheep Weight (lbs.)............................	131	132	99
Dressed Carcass Lamb Weight (lbs.).......	68	69	99
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.).................	39,320,000	40,466,000	97
IMPORTS:			
Total Fresh/Chilled (lbs.).........................	5,205,549	5,441,223	96
Total Frozen (lbs.)..	4,883,013	5,006,251	98
Total (lbs.)..	10,088,562	10,447,474	97
LAMB GRADED:	**Nov 18**	**Oct 18**	**change**
Choice (head)...	84,836	87,784	97
Prime (head)..	8,523	6,028	141

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

DIRECT SLAUGHTER LAMB:	Nov 18	Oct 18	change
CH/PR, wooled/shorn *(head)*	13,700	13,100	105
price *($/cwt)*	134.51	137.12	98
AUCTION SLAUGHTER LAMB:			
Sioux Falls, CH/PR, 2/3, 90-150 lb. *(head)*	3,288	3,753	88
price *($/cwt)*	127.37	129.70	98
New Holland, CH/PR, 2/3, 90-150 lb. *($/cwt)*	147.46	149.31	99
San Angelo, CH/PR, 2/3, 90-150 lb.			
Shorn price *($/cwt)*	116.18	105.25	110
Wooled price *($/cwt)*	115.09	105.25	109
LAMB CARCASS:			
National Lamb Carcass Sales *(head)*..............	12,486	10,401	120
Lamb Carcass Gross Cutout *($ per pound)*.....	3.79	3.79	100
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	5,266,612	3,941,448	134
Imported Fresh Boxed Lamb Sales *(lbs.)*	3,570,490	3,964,090	90
Imported Frozen Boxed Lamb Sales *(lbs.)*	6,223,472	8,081,757	77

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 April 2019.

(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 November, the average estimated per pelt credit returned to producers were unchanged to lower for unshorn lamb pelts with Premium class unshorn pelts suffering the largest decline. Credits for shorn pelts were likewise lower across all classes with Supreme class shorn pelts seeing the largest credit decline. The share of unshorn pelts increased 3%in November, accounting for 65 percent of all pelts.

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

November Avg Lamb Pelt Credit Prices

	Unshorn		**Shorn**	
	credit	**change**	**credit**	**change**
Supreme	1.88	-0.25	0.38	-1.75
Premium	-0.25	-0.63	-0.88	-1.25
Standard	-1.00	-0.25	-1.25	-0.13
Fair	-0.75	0.00	-1.75	-0.13
Mixed	-1.00	0.00	-2.38	0.00
Damaged	-1.88	-0.50	-2.38	0.00
Consist %	65%		35%