Lamb Markets Overview

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

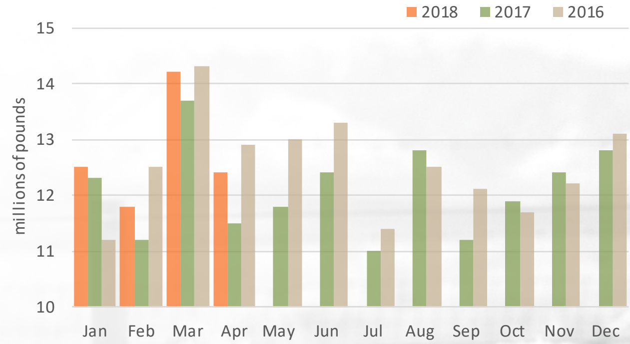
May 2018

Commercial lamb and mutton production in April totaled 12.4 million pounds, down 13 percent from February and 4 percent above March 2017. Commercial sheep and lamb slaughter in March totaled 181,000 head, down 10 percent for the month and one percent above last year. The average sheep and lamb live weight, at 137 pounds, decreased 3 pounds from March but is up 7 percent from March 2017. The average dressed lamb carcass weight, at 71 pounds, was down one pound and was 3 pounds more than April 2017. The total inventory of lamb and mutton in storage, at 34 million pounds, was 19 percent above March and above April 2017. The volume of lambs graded Choice and Prime by the USDA in May declined 8 percent while the May 2018 lambs graded was 6 percent over May 2017. The percentage of lambs qualifying for the Choice grade, at 91 percent, was unchanged from April as was lambs qualifying for the Prime grade remaining at a 9 percent share.

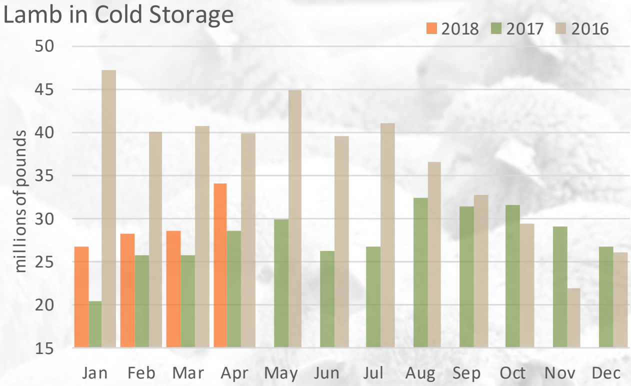
The May monthly weighted average price of direct negotiated live slaughter lambs was up 3 percent from April (from $149.08 to $152.98 per cwt.), but down 6 percent from May 2017. The volume of trading in May declined 4 percent from April but was 13 percent above the prior year. In auction trading, the average price for traditional Choice & Prime 2-3, 90-150 lbs. slaughter lambs at Sioux Falls, SD, increased 15 percent from April (from $152.04 to $174.22 per cwt), 16 percent below May 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 $130.25 to $134.25 per cwt.) in May, down 13 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 May decreased 11 percent (from $227.25 to $201.99 per cwt.), 13 percent below the May 2017 average.

The volume of trading of Choice and Prime, 1-4 lamb carcasses in May continued to decline in the post-Easter period, down 6 percent from April and 9 percent below the level of May 2017. The gross lamb carcass cutout increased one percent (from $3.73 to $3.77 per pound), 6 percent below May 2017. The volume of negotiated trading of fresh domestic boxed lamb cuts in May increased 10 percent from April, one percent below the prior year. Negotiated trading of frozen cuts increased 5 percent in May and accounted for 14 percent of volume. Trotter-off leg prices increased one percent (from $3.69 to $3.71 per pound), down 5 percent from May 2017. The volume of sale roses 8 percent. Medium 8-rib rack prices increased one percent (from $8.38 to $8.46 per pound), unchanged from May 2017, while the volume of sales increased 19 percent for the month. Trimmed 4x4 loin prices rose 4 percent (from $5.29 to $5.51 per pound), down 6 percent from last year. Trade volume increased 15 percent from April but trailed 2017 by 13 percent. Foreshank prices rose one percent (from $4.15 to $4.18 per pound) from April and the same from May 2017. Trade volume dropped sharply though, down 28 percent for the month and 11 percent from the prior year. Square-cut shoulder prices rose 3 percent (from $2.73 to $2.82 per pound) on a 7 percent rise in trade volume.

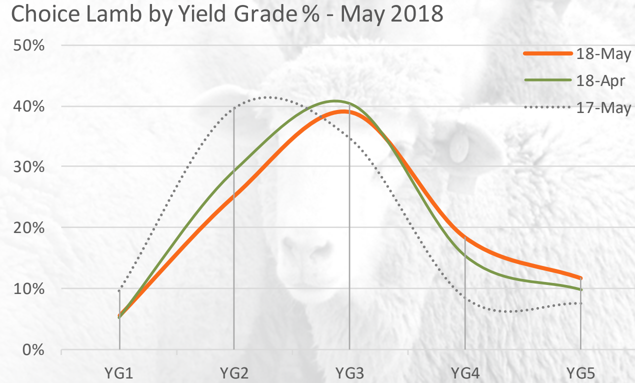
Commercial Lamb/Mutton Production



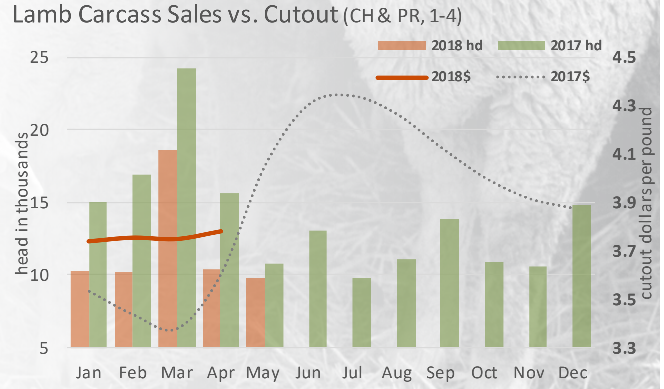
Lamb in Cold Storage



Choice Lamb by Yield Grade % - May 2018



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



Source: USDA AMS Agricultural Analytics Division (www.ams.usda.gov/services/market-research/aad)

The overall volume of fresh and frozen imported lamb carcasses and cuts in April decreased 17 percent from March but was 7 percent over the April 2017 level. Fresh imported products made up 39 percent of April imports and were down 33 percent in volume from March and 15 percent from April 2017. Frozen product, 61 percent of April import volume, down one percent in volume for the month but 28 percent over the April 2017 pace. Australia remained the primary source of total April lamb imports with a 72 percent share, followed by New Zealand with 27 percent and Canada, Chile, and Uruguay with the balance.

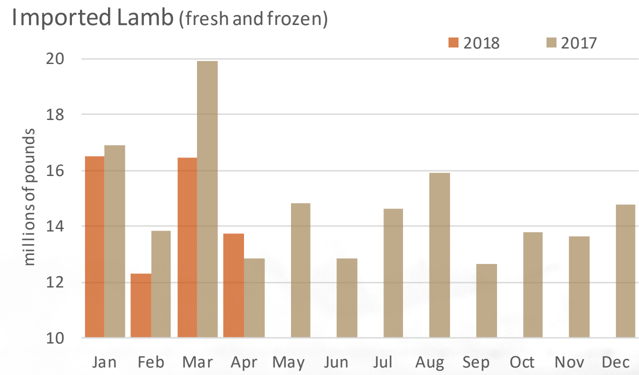
Imports of whole and half lamb carcasses, 4 percent of total lamb imports in April, declined 18 percent from March and 15 percent from April 2017. Imports of fresh and frozen lamb legs, 6 percent of total lamb imports, declined 42 percent from March and 13 percent from last year. Import volume of loin cuts, 10 percent of monthly imports, declined 16 percent by month and 11 percent from the prior year. Shoulder cuts, 9 percent of imports, dropped 32 percent in import volume in April, 30 percent below April 2017. Shoulder cut imports typically rise during the summer months while leg cut imports taper off through to the fall.

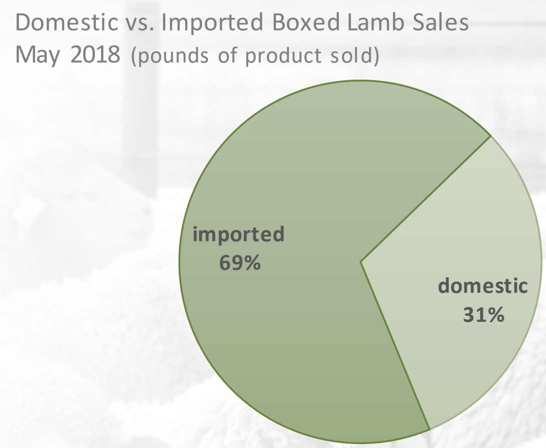
The volume of imports of bone-in lamb cuts, not elsewhere identified, in April made up 34 percent of total imports with a 37/63 percent split between fresh and frozen, 12 percent below March but 6 percent above April 2017. Imports of boneless lamb meat accounted for 37 percent of April import volume with a 10 percent drop in volume for the month, 43 percent more than was imported in April 2017. The split between fresh and frozen boneless lamb meat imports was 27/73 percent.

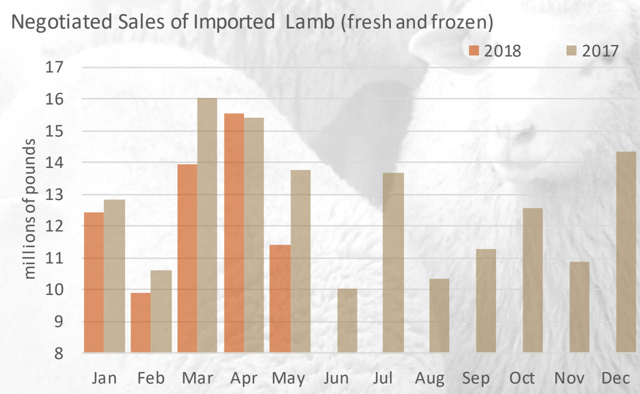
In May, the volume of domestic sales of fresh and frozen imported lamb was down 17 percent in April with sales of fresh product down 29 percent and frozen product down 25 percent. The total volume represents a 17 percent decrease from May 2017. Imports accounted for 69 percent of all boxed lamb cut sales in May with domestic product at 31 percent of sales.

The overall volume of sales of fresh Australian lamb cuts decreased 29 percent in May, with all cuts down in volume. Shoulder cuts saw the least decline at 17 percent while legs saw the largest drop at 51 percent. Sales activity for fresh cuts grew as May progressed. Average prices for fresh lamb cuts were mixed with rack cuts up 4 percent and loins unchanged. Prices for legs, shoulders, and foreshanks were all lower with foreshanks, at 8 percent, posting the largest price decline.

The sales volume of frozen Australian cuts in May declined 25 percent overall with only shoulders increasing in sales volume (48 percent). Frozen rack sales declined 16 percent followed by shoulder, down 21 percent, and legs, down 26 percent. Sale prices of frozen Australian racks rose 3 percent on the reduced volume while prices for shoulders and foreshanks were unchanged and legs were down 2 percent. The volume of sales of frozen rack cuts from New Zealand in April decreased 20 percent while the average price increased 3 percent.





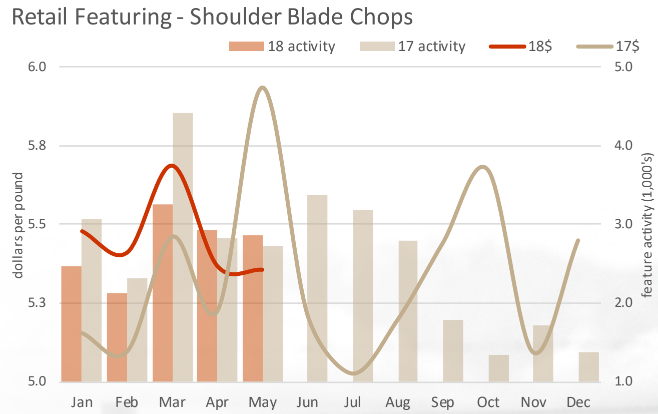


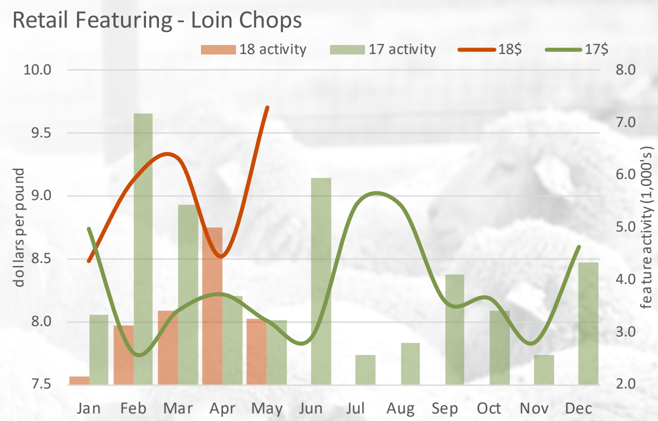
May Negotiated Sales of Imported Lamb
(change in primal price and sales volume)

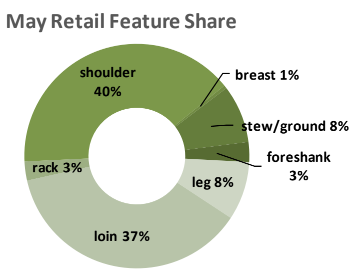
	Australia		New Zealand	
	percent change			
Fresh	**price**	**lbs.**	**price**	**lbs.**
racks	104	76	--	--
loins	100	69	--	--
legs	99	49	--	--
shoulders	98	83	--	--
foreshanks	92	66	--	--
Frozen				
racks	103	84	103	80
legs	98	74	--	--
shoulders	100	79	--	--
foreshanks	100	148	--	--

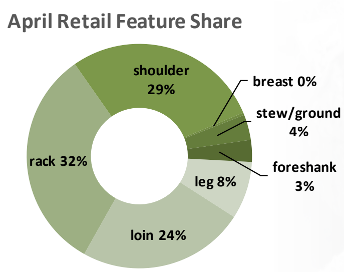
Supermarket promotional activity for lamb cuts in May, both domestic and imported, fresh and frozen, continued to decline from its peak in March, down 21 percent and down 15 percent from May 2017. Retail feature activity for leg cuts declined 23 percent while the average advertised price declined 26 percent. Featuring of leg cuts accounted for 8 percent of ad space in May, down from a 10 percent share in March. Offerings of lamb racks evaporated following their Easter peak and accounted for 3 percent of all lamb cut featuring in May. Retail activity for racks typically moves lower through the summer ahead of the start of the fall demand period.

Featuring of loin cuts, primarily chops, increased ad share in May, comprising 37 percent of advertising share. The average ad price during the month increased 14 percent from April. Offerings of shoulder cuts, mostly blade chops, increased ad share to 40 percent, despite a 13 percent drop in featuring. Retail promotion of ground lamb increased by 40 percent and doubled its share of ad space to 8 percent. The level of foreshank featuring at retail outlets continued to decline through May, down 44 percent from April, while ad share remained steady at 3 percent. Ad prices rose 5 percent on average. Traditionally, supermarket advertising of loin and shoulder chops, perfect for summer grilling, rise in June.









Quick Overview

PRODUCTION: [1/]	Apr 18	Mar 18	change
Sheep Meat Production (lbs.)	12,400,000	14,200,000	87
Commercial Sheep Slaughter *(head)*	181,000	201,600	90
Fed. Insp. Lamb Slaughter *(head)*	153,700	176,700	87
Live Sheep Weight (lbs.)	137	140	98
Dressed Carcass Lamb Weight (lbs.)	71	72	99
COLD STORAGE:			
Lamb/Mutton in Storage (lbs.)	33,992,000	28,615,000	119
IMPORTS:			
Total Fresh/Chilled (lbs.)	5,343,778	7,974,772	67
Total Frozen (lbs.)	8,364,990	8,485,362	99
Total (lbs.)	13,708,768	16,460,134	83

LAMB GRADED:	May 18	Apr 18	change
Choice (head)	70,741	75,866	93
Prime (head)	6,629	7,793	85

DIRECT SLAUGHTER LAMB:	May 18	Apr 18	change
CH/PR, wooled/shorn *(head)*	11,900	12,400	96
price *($/cwt)*	152.98	149.08	103
AUCTION SLAUGHTER LAMB:			
Sioux Falls, CH/PR, 2/3, 90-150 lb. *(head)*	603	217	278
price *($/cwt)*	174.22	152.04	115
New Holland, CH/PR, 2/3, 90-150 lb. *($/cwt)*	201.99	227.25	89
San Angelo, CH/PR, 2/3, 90-150 lb.			
Shorn price *($/cwt)*	134.25	130.25	103
Wooled price *($/cwt)*	134.25	130.25	103
LAMB CARCASS:			
National Lamb Carcass Sales *(head)*	9,774	10,378	94
Lamb Carcass Gross Cutout *($ per pound)*	3.77	3.73	101
BOXED LAMB CUTS:			
Domestic Fresh Boxed Lamb Sales *(lbs.)*	4,422,812	4,025,465	110
Imported Fresh Boxed Lamb Sales *(lbs.)*	3,879,577	5,481,837	71
Imported Frozen Boxed Lamb Sales *(lbs.)*	7,532,535	10,059,218	75

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

Source: USDA AMS Agricultural Analytics Division (www.ams.usda.gov/services/market-research/aad)