

# AUSTRALIAN SHEEP UPDATE



The national trade lamb indicator price averaged

**620** c/kg

in Jan-Mar 2017

Sheep meat production in 2016 was

**3.5%**

lower than 2015

The value of sheep meat exports was

**\$2.4b**

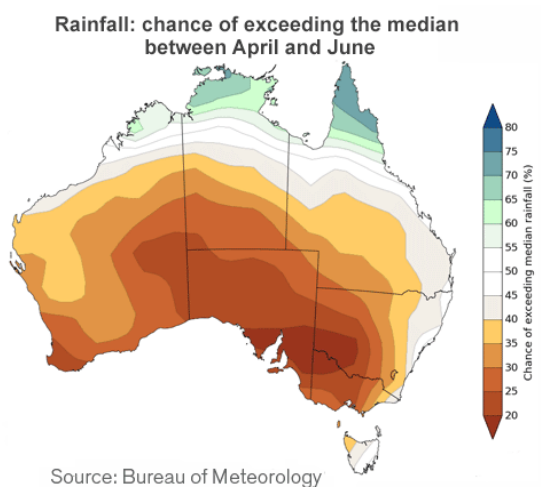
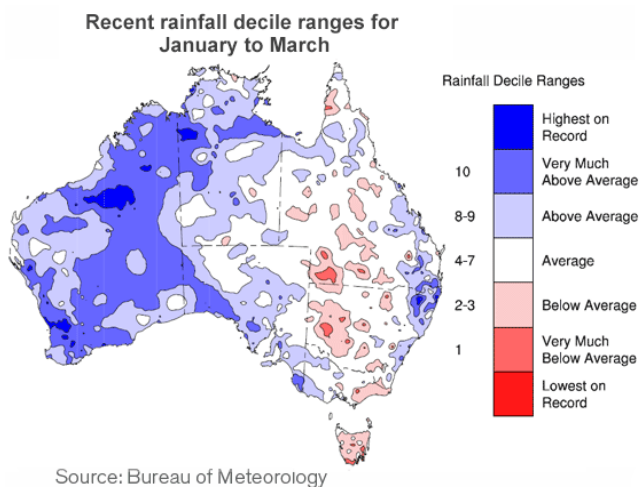
in 2016

Lamb and mutton prices both had a blistering start to 2017. The national trade lamb indicator has averaged 14.5% higher in the first quarter of 2017 compared to the last quarter of 2016, more than double the 5 year average increase of 6.5%. Strong demand and anticipated low supply have been the drivers of prices trending higher. Supplies are expected to tighten further through winter, further supporting prices.

Rainfall for the first quarter of 2017 has been mixed across the country. Western Australia experienced some severe storms in February, contributing to above average rainfall. Eastern states were generally below average rainfall and slightly warmer. The outlook is for drier and warmer than average conditions to continue

through to June. The Bureau predicts a 50% chance of El Nino to develop later in the year but most signs in the Pacific are still showing neutral conditions.

Lamb exports have started 2017 in a strong position with volume for January and February up 4.1% on the same time in 2016. In addition, the export price per tonne is 11.5% higher lifting the value of lamb exports to 16.9% above this time last year. Demand has been coming from major export markets, USA (+9%), China (+88%) and UAE (+6%). South Korea and the United Kingdom have also shown strong increases.



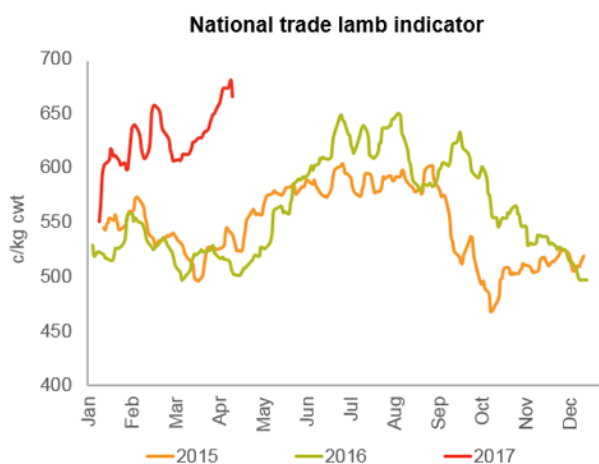
# PRICE

	Current (18th Apr)	April 2016	Five-year average	80th percentile	20th percentile
National saleyard indicator prices (c/kg cwt)					
Trade lamb	665	504	500	580	417
Mutton	486	308	298	374	219
Trade lambs (c/kg cwt)					
NSW	665	497	503	580	416
SA	589	493	484	543	412
TAS	634	518	497	564	418
VIC	681	520	501	581	425
WA	631	458	453	509	378
Australian retail price (\$/kg)					
Lamb	14.58	14.24	13.53	14.29	12.53
Australian dollar					
AUD/USD	0.76	0.77	0.87	1.00	0.75

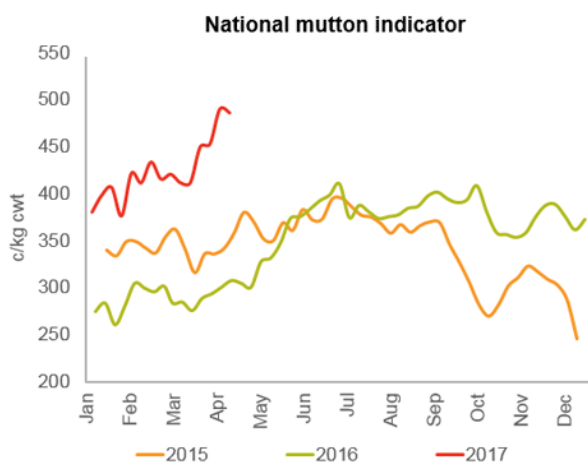
Prices for all categories of lambs are trending higher in the first quarter of 2017 compared to the last quarter of 2016. The strongest gains have been for heavy (+18%) and trade lambs (+16%). Slightly lower, yet still strong gains have been made for restocker and light lambs, both up 11%. Compared to the first quarter of 2016, restocker and light categories are up 158c (30%) and 115c (23%) respectively.

Mutton prices are 58% above this time last year, reflecting lower sheep availability.

The outlook for prices is positive with continued strong demand, particularly from exporters, combining with tighter sheep and lamb availability through winter.

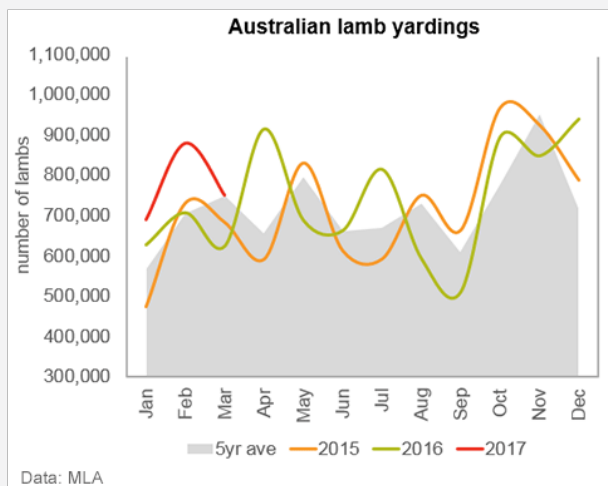
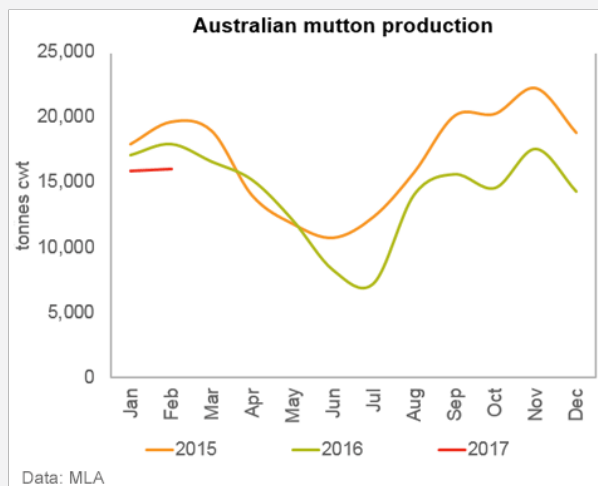
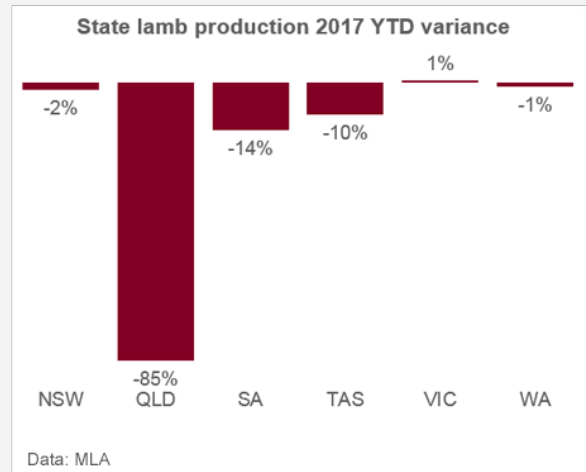
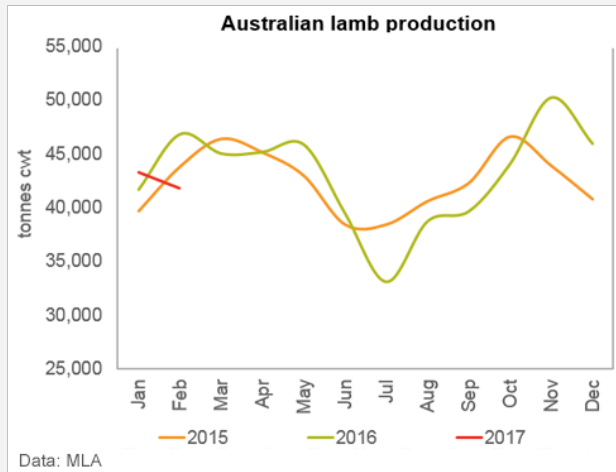


Data: MLA



Data: MLA

# PRODUCTION



Lamb production has trended lower in the first two months of 2017, down 4% on the start of 2016. This came after good conditions in Spring provided an early finish for lambs and a lift in slaughter rates late in 2016. Exceptional prices to start 2017 appear to have brought extra lambs to saleyards with yardings trending 18.3% above 2016 and 14.6% above the five year average for January to March.

In addition to the national sheep flock being relatively low, lamb marking rates are believed to

have been lower last year. Many of those lambs will have been turned off already with higher slaughter rates in late 2016 and increased yardings in saleyards early this year, making it likely that supplies will be tighter going into winter.

Mutton production started 2017 9% lower than 2016 as producers look to hold ewes.

# TRADE & DEMAND

The volume of lamb exports in Jan-Feb 2017 is

# 4.1%

above Jan-Feb 2016

The value of lamb exports to China in Jan-Feb is

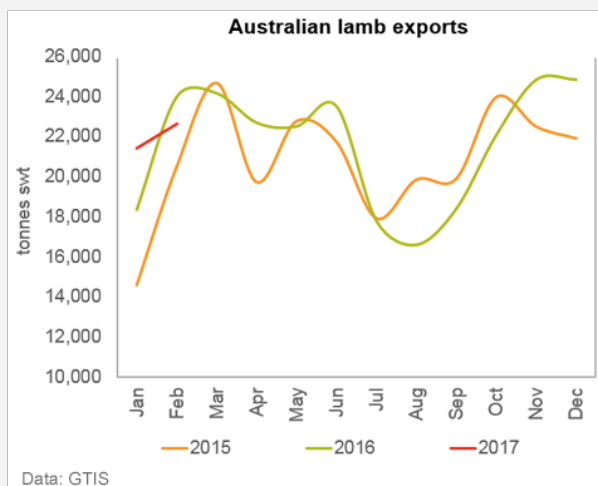
# 87.8%

above Jan-Feb 2016

The volume of mutton exports decreased by

# 16.7%

in 2016



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