

# Sheep

## March Monthly Update



**Joe Boyle**  
Agricultural Analyst

### Key Watchpoints – March

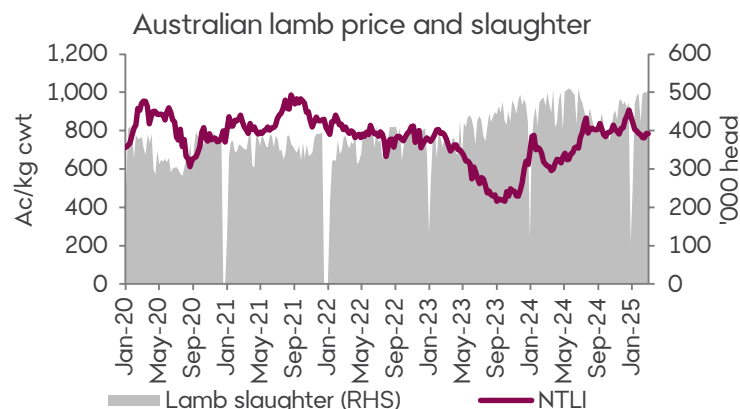
- High processing rates continue to support lamb and mutton prices despite dry conditions in many sheep producing regions.
- The US is the largest market for Australian lamb, so any tariff announcements targeting imports from Australia will be keenly watched by processors and exporters.
- Mutton supply remains elevated for now, but how long can this level be maintained?

### Lamb prices to be steady throughout March, but upside may be coming

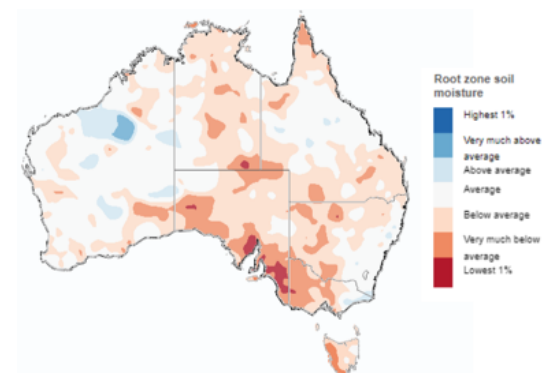
Australian lamb markets have been relatively steady over the past month, dipping slightly through the middle of February before recovering following rains across large parts of eastern Australia. The National Trade Lamb Indicator is currently around 780 c/kg, marking a 2.2 per cent increase over the past month and up 28.3 per cent from this time last year. Conditions remain dry in many sheep producing regions across Australia, with soil moisture levels often well below average which has limited restocker interest.

Lamb supply has remained elevated throughout February, as the influx of lambs that were carried over from the second half of 2024 continue to flow through the market. Lamb slaughter averaged 500 thousand head per week in February, up five per cent from February last year and 28 per cent above the five-year average for the month. It is also worth noting that mutton slaughter has also been strong throughout February, with combined sheep and lamb slaughter consistently exceeding 700 thousand head per week – highlighting how strong Australia's processing capacity is currently.

Lamb prices are expected to be relatively steady throughout March, as continued strong supply and dry seasonal conditions will limit upside. Moving through to the end of June, lamb prices should see support as the supply of lamb and mutton starts to slow and processors have to compete harder to secure stock. Although the impacts of the ongoing trade conflict may see consumer demand impacted from Australia's major export markets.



Source: MLA



Source: BOM

## Lamb export volumes start 2025 strong, but how vulnerable is Australia to US tariffs?

Lamb export volumes have started 2025 strong, as processors look to find a home for the surge in lambs that they are processing. Lamb export volumes totalled almost 32 thousand tonnes in February, up three per cent year-on-year, while year-to-date volumes are currently in line with 2024.

The US continues to be the largest individual market for Australian lamb, taking a record 8,621 tonnes in February, and accounting 26 per cent of the total volume of lamb exported so far this year.

However, there remains a lingering threat that the US could impose tariffs on Australian lamb. Given the low level of the US beef herd and the US relying on imports to meet their protein demand, it may not see demand for Australian lamb impacted as much as some may think.

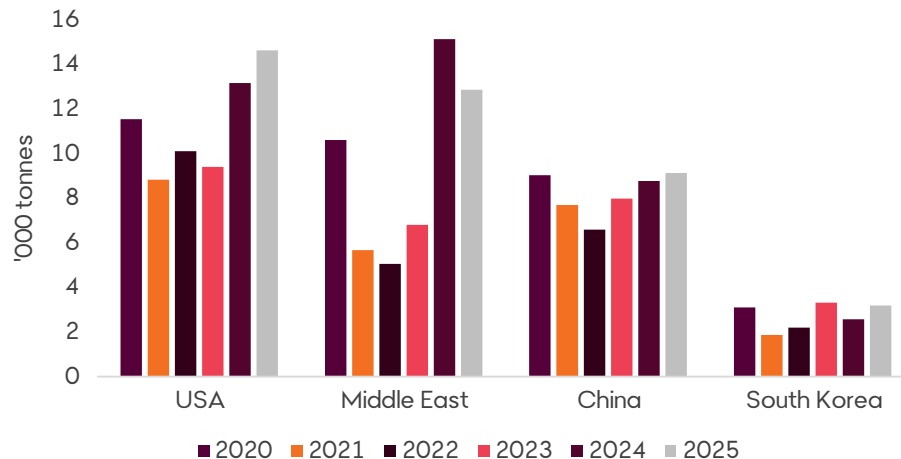
## Mutton markets lift but continue to sit well below average.

Mutton prices found support throughout February but continue to track well below five-year average levels. The National Mutton Indicator is currently sitting at around 380 c/kg, up 8.5 per cent from the end of January and 58 per cent higher year-on-year. The continued dry conditions highlighted earlier have seen turn-off remain elevated as growers look to manage feed availability, but strong processing capacity and favourable margins for mutton have been able to maintain some upwards pressure on prices.

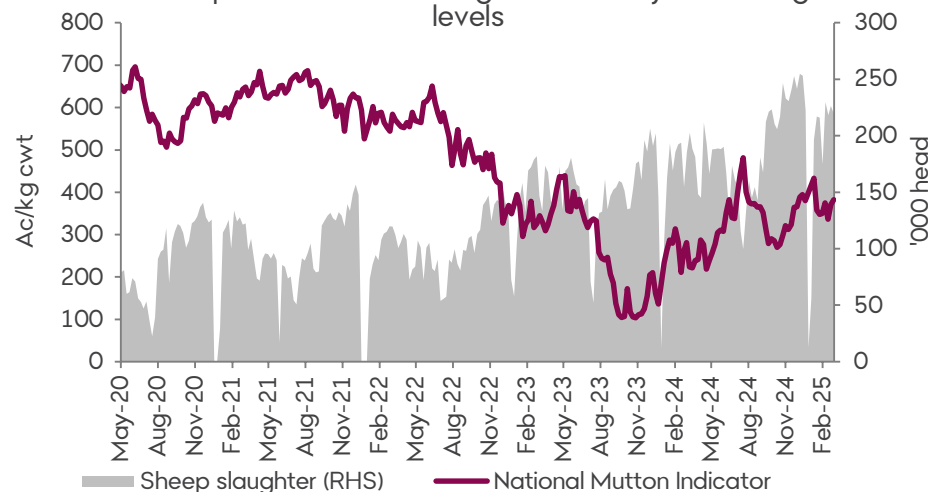
Mutton processing rates remain strong, with 223 thousand head processed per week in February, up 23 per cent compared to February 2024 and 49 per cent above the five-year average for the month.

Prices are expected to gain support over the next few months as supply starts to tighten for both sheep and lambs, although may face pressure in the near term while supply remains elevated and dry conditions continue to encourage growers to destock.

Lamb export volumes to the US have increased so far in 2025



Mutton prices continue to lag behind five-year average levels



Source: AWPFC & GTA

This report has been created by Bendigo Bank Agribusiness Insights. It is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). The information herein is believed to be reliable and includes information obtained from official or other sources considered reliable. Bendigo and Adelaide Bank makes no representation as to or accepts any responsibility for the accuracy or completeness of information contained in this report. Any opinions, estimates and projections in this report do not necessarily reflect the opinions of Bendigo and Adelaide Bank and are subject to change without notice. Bendigo and Adelaide Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth therein, changes or subsequently becomes inaccurate. Information contained in this report does not take into account your personal circumstances and should not be relied upon without consulting your legal, financial, tax or other appropriate professional.

Bendigo Bank Agribusiness Insights is a division of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/Australian Credit Licence 237879.