

# Sheep

## April Monthly Update



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### Key Watchpoints – April

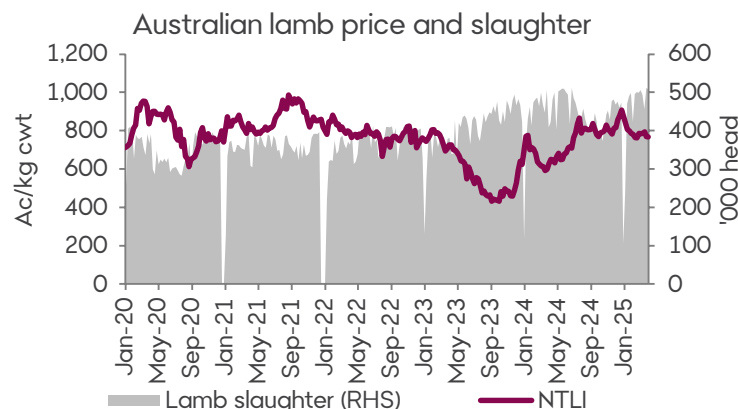
- Lamb markets have shown stability throughout March but are expected to face pressure from introduction of tariffs from the United States.
- The United States is major export market for Australian lamb, how much will the implementation of tariffs affect the industry?
- Mutton prices have strengthened throughout March, but how much further upside will we see?

### Lamb prices stabilise in March, but where to from here?

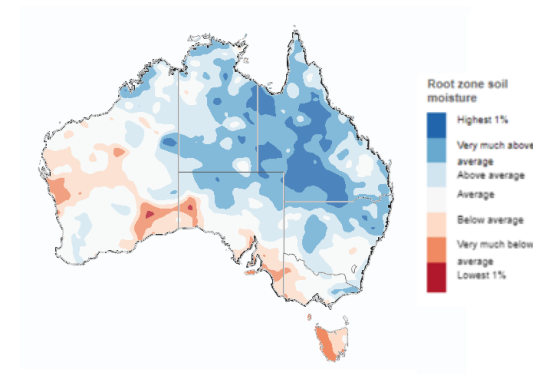
Australian lamb markets have shown relative stability throughout March, easing slightly through the latter half of the month before finishing strongly. The National Trade Lamb Indicator is now at 803 c/kg, marking a +2.4 per cent increase from the end of February and up +6.6 per cent compared to the five-year average. Prices continue to be supported by strong processing capacity, while key sheep producing regions in South Australia and western Victoria remain relatively dry which is limiting upside.

Lamb supply has remained elevated throughout March, with the average weekly slaughter totalling 492 thousand head. The average processing rates in March were slightly lower than that of February, however, this is mainly due to public holidays, but they were still up +5.7 per cent compared to March 2024 and 27.2 per cent above the five-year weekly average for the month. Supply is expected to remain heightened throughout April, although it is then expected to dwindle as we get closer to the middle of the year which is expected to coincide with a tightening of supply of mutton.

Lamb prices are forecast to ease in April as the market adjusts to the implementation of tariffs from the United States. However, the continued strong processing capacity and tightening supply are expected to limit downside, while a strong autumn break across South Australia and western Victoria will play a big role in easing supply pressure.



Source: MLA



Source: BOM

## The United States is a high value export market, what happens post tariffs?

The United States is a major export market for Australian lamb, being the largest market by both value and volume in 2024. The proposed 10 per cent tariff will apply pressure on Australian lamb markets, as over 70 per cent of Australian lamb is exported, of which over 20 per cent is exported to the United States.

The other key factor is that the United States is not only a high value market from a total value perspective, but they also pay premium prices for high quality cuts of lamb. Throughout 2024, the United States paid an average premium of almost 60 per cent compared to the overall average export unit price, which equated to an average premium of over \$5.50/kg.

The impact that the proposed 10 per cent import tariff will have on demand from the United States from both the total volume and average unit price perspective remains to be seen, but it is expected to apply downwards pressure at least in short term as the market adjusts to the new environment.

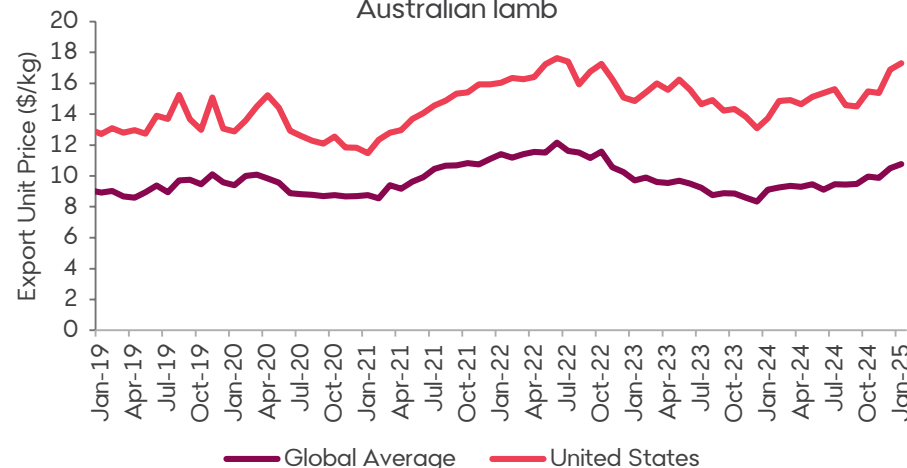
## Mutton prices surge in March, but how high will they get to?

Mutton markets have shown strength throughout March, continuing their positive run since mid-February. The National Mutton Indicator is now at 498 c/kg, marking a +30.4 per cent increase since the start of March and moving +8.8 per cent above the five-year average.

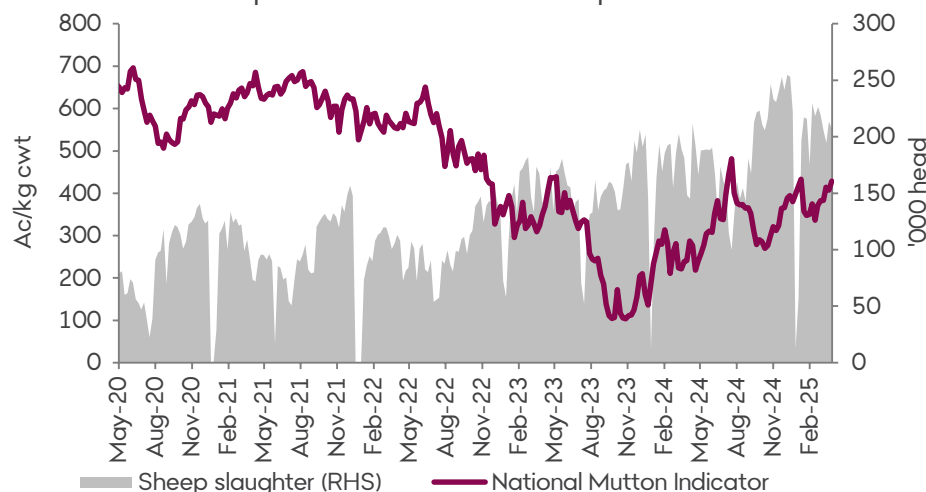
Prices are expected to be supported throughout April as supply continues to tighten, however, the ongoing dry conditions in southeast Australia is likely to put a cap on upside. The impacts of the implementation of tariffs by the United States on Australian products is expected to weigh on sheepmeat prices more broadly.

Mutton processing rates remained at their elevated level throughout March, as average weekly slaughter totalled 205 thousand head, up +13.3 per cent from March last year and +87.7 per cent above March 2022. Looking at yardings, supply has started to ease after peaking in December 2024, with average weekly sheep yardings having fallen -19.4 per cent over the past four months.

The United States is a high value export market for Australian lamb



Mutton prices have lifted over the past two months



Source: MLA & GTA

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