

# Sheep

## August Monthly Update



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### Key Watchpoints – August

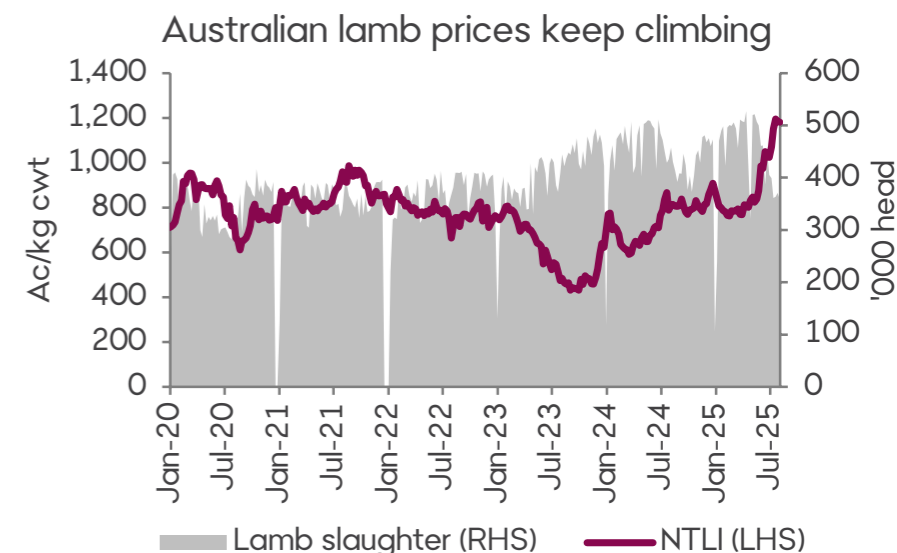
- Lamb markets keep climbing as old season lamb supply dwindles and the arrival of new season lambs remains slow.
- Australian sheepmeat export volumes have fallen as supply tightens and processor throughput eases.
- Mutton prices move into record territory as supply tightens, and the recent rainfall helps to improve grower confidence.

### Lamb prices lift as supply dries up

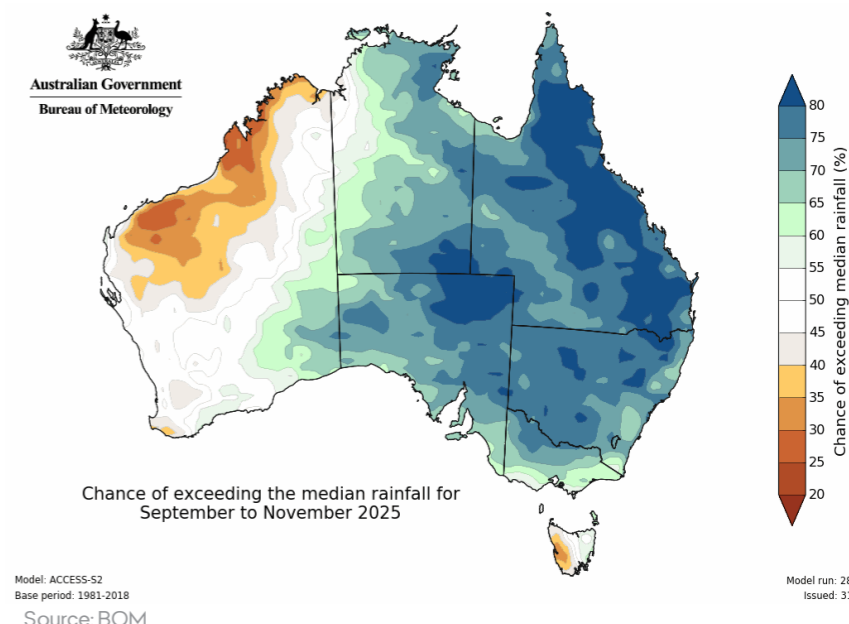
Australian lamb prices have continued to strengthen over the past couple of months, with records seemingly being topped every few weeks. The National Trade Lamb Indicator (NTLI) has now exceeded 1,230 c/kg, marking a +14.9 per cent increase month-on-month, and is now trending +61.4 per cent above the five-year average.

Lamb processing rates have slowed throughout June and July, in part due to the winter slow down and processors undergoing winter maintenance, but also on the back of the tightening supply we are now seeing of both lamb and mutton. Lamb slaughter averaged almost 374 thousand head per week in July, down -16.3 per cent compared to July last year, and -25.5 per cent below the recent high in May. This tightening of supply has been a key driver of sheepmeat markets over the past two months.

Lamb prices are forecast to be relatively steady throughout August, but prices are expected to face some downwards pressure as we move into spring, as new season lambs start to flow into markets. However, given the tough conditions in key producing regions across the southeast of the country, as well as the heightened turn off rates over the past 18 months, new season lamb supply is expected to be significantly lower this season. The recent rainfall is also expected to support grower confidence, and assuming conditions remain favourable, we may see producers begin rebuilding once pasture growth speeds up in spring. As result, lamb prices are expected to maintain a considerable premium compared to the five-year average.



Source: MLA



## Australian sheepmeat exports ease in July

Australia's export data has shown a decline in volumes over the past few months, with lamb volumes easing to the lowest level since January this year, and mutton volumes falling to the lowest point since July 2022. The decline in volumes comes on the back of the sharp decline in slaughter rates, due to both the decline in supply and processors undergoing winter maintenance.

Lamb exports totalled just over 29 thousand tonnes in July, down -9.5 per cent month-on-month and -12.6 per cent lower than July last year. Exports to the US remained relatively consistent, while exports to China fell -28.6 per cent compared to last month, however, remain +6.2 per cent higher compared to July last year. Australia's total year-to-date lamb exports are now in line with this time last year.

Australian mutton exports fell sharply in July, with the 12 thousand tonnes down -21.9 per cent from June and -35.2 per cent below July last year. Export volumes to China have declined significantly over the past few months, with under two thousand tonnes exported in July, however, exports to China are still up +4.3 per cent year-to-date so it will be interesting to see if their market share rebounds in August.

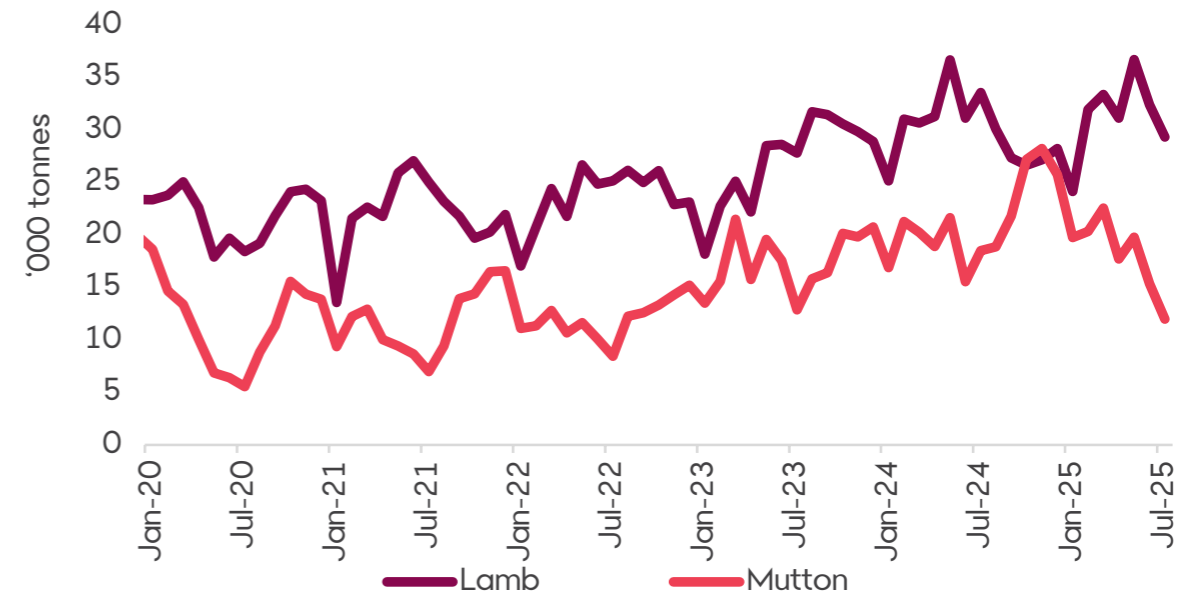
## Mutton prices moves into record territory

The National Mutton Indicator (NMI) surged into record territory at the start of August, as the tightening of supply of both lamb and mutton, as well as an improvement in seasonal conditions has given prices a boost. The NMI has jumped over +130 per cent since the middle of February and has now exceeded 770 c/kg.

Mutton processing rates have slowed considerably over the past couple of months, with weekly slaughter averaging 95 thousand head per week in July, down -39.8 per cent compared to June, and less than half of the rates seen in February and March. Mutton processing rates generally increase throughout the second half of the year. However, the prolonged period of high turn off rates and the recent improvement in seasonal conditions (hopefully paired with a favourable spring) will likely see supply remain lower compared to the usual throughput trend over the next few months.

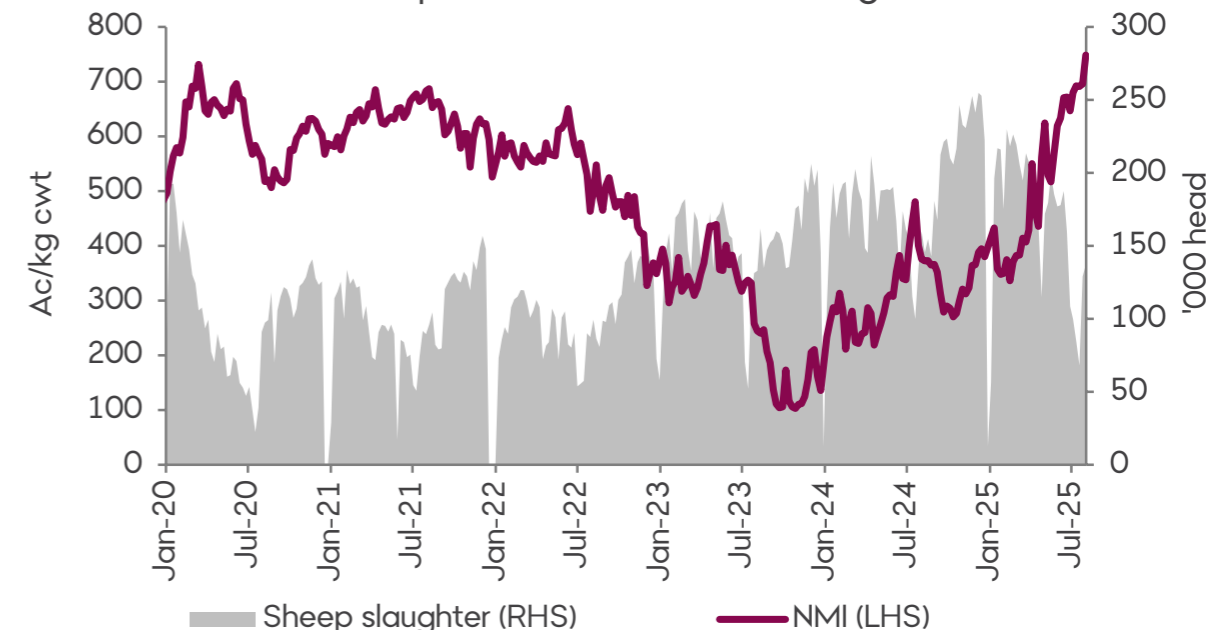
Mutton prices are expected to remain elevated throughout August, gaining support from the limited supply of both lamb and mutton available for processing. Prices may come under increased supply pressure when new season lambs arrive in the market, and when older ewes start to be turned off following weaning, but these factors are not expected to see prices fall significantly.

Australian sheepmeat exports ease in July



Source: DAFF

Mutton prices continue to move higher



Source: MLA

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