

# Sheep



## February Monthly Update



**Joe Boyle**  
Agricultural Analyst

### Key Watchpoints – February

- Lamb markets have held their ground in their return from the holiday break, before lifting towards the end of January due to ongoing tight supply.
- Dry conditions are continuing to limit restocking activity; a solid autumn break could see back-to-paddock demand take off.
- Australia's sheepmeat exports have recorded a slow start to 2026, with the expectation of tighter supply and the firmer Australian Dollar likely to result in this trend continuing throughout the year.

### Lamb prices maintain their strength

Australian lamb prices have held firm to start the new year and moved higher throughout January, in what has been a challenging period for many across the country due to extreme heat, bushfires and floods. The National Trade Lamb Indicator finished the month at 1,136 c/kg, up 5.0 per cent from the start of the holiday break and 42.4 per cent above the five-year average.

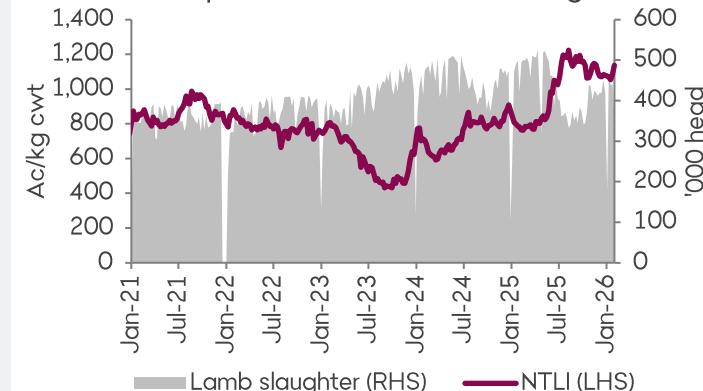
Tight supply continues to be the major driver of the market, with lamb yardings and processing rates trailing behind this time last year. Lamb yardings averaged 183 thousand head per week in January, down 32.2 per cent from December last year and 19.2 per cent lower than January 2025. Lamb slaughter averaged 376 thousand head per week for the month, approximately 45 thousand head lower compared to January in both 2024 and 2025.

Hot and dry conditions have left soil moisture levels below to very-much-below average across most sheep producing areas, while long term rainfall outlooks are indicating drier conditions ahead across most southern regions. This is expected to limit restocking activity in the short-to-medium term, although comparatively cheap livestock feed prices will encourage growers to hold on to stock rather than turn-off further.

Lamb prices are expected to remain elevated over the next few weeks until supply of finished lambs starts to pick up. However, should we see a favourable autumn break, restocking activity would see the market strengthen further.

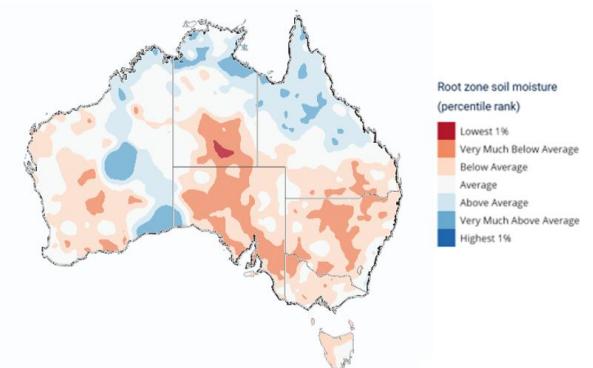


### Lamb prices remain near record highs



Source: MLA

### Root zone soil moisture at the end of January



Source: BOM

## Mutton tracks sideways to start the new year

The National Mutton Indicator (NMI) lifted compared to pre-Christmas levels, then held around the mid-700 c/kg range throughout January. The NMI finished the month at 764 c/kg, up 10.7 per cent from the end of December and 118.5 per cent higher year-on-year.

Mutton availability has fallen sharply in January, with average weekly slaughter of 122 thousand head the lowest level recorded since July 2025, and the lowest January average since 2022. Supply is expected to pick up in February, following the long-term trend, however, the prolonged period of high turn-off over the past few years is likely to limit the amount of extra stock available.

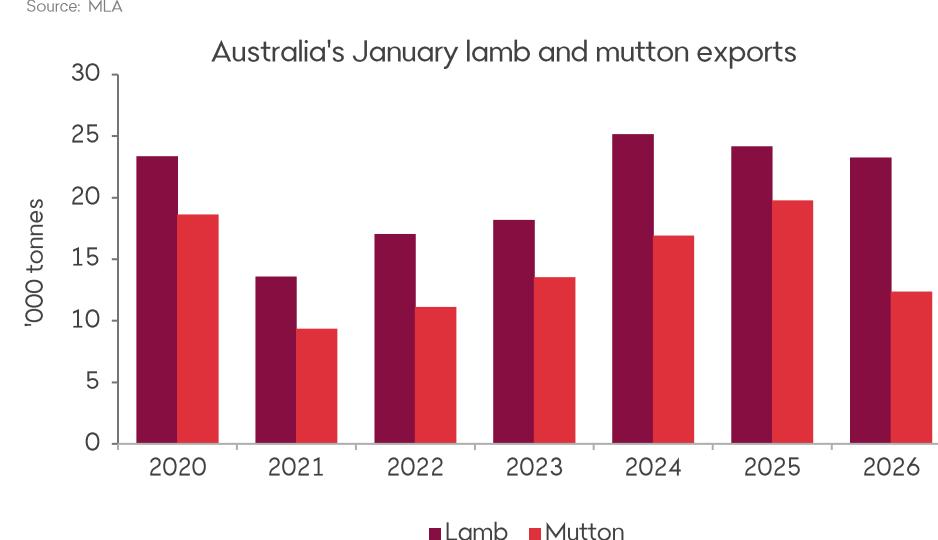
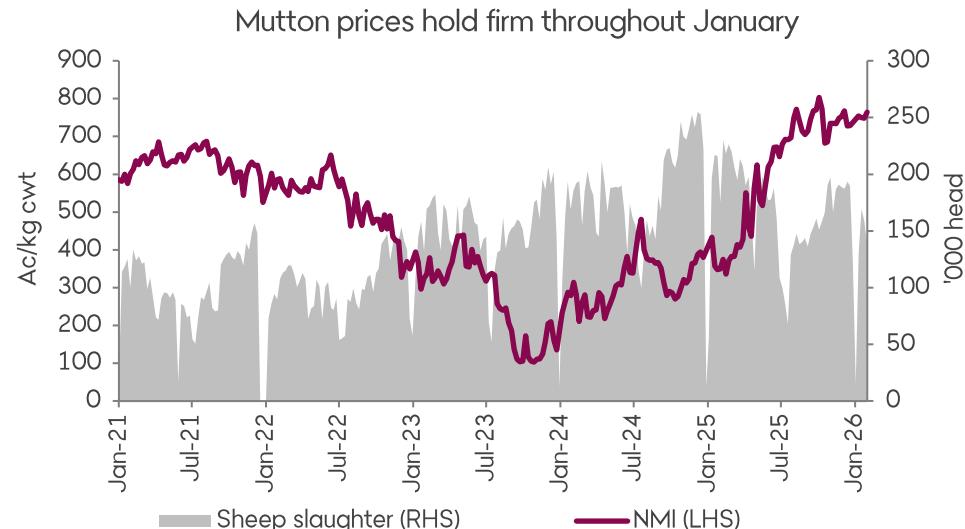
Mutton prices should hold relatively firm over the next few weeks. The increase in supply will apply some downwards pressure on sheepmeat prices more broadly, but the overall tighter supply picture should sustain prices.

## Australia's sheepmeat export volumes ease, with all eyes on the AUD going forward

The latest export data from the Department of Agriculture, Fisheries and Forestry (DAFF) has shown Australia's sheepmeat exports have had a slow start to 2026. Lamb exports totalled 23,267 tonnes, down -3.8 per cent year-on-year, while mutton exports of 12,364 tonnes was down -37.5 per cent compared to January 2025.

The Australian Dollar has also been a key focus over the past few weeks, as it jumped sharply against both the US Dollar and Chinese Yuan. China and the US are two of the largest markets for Australian sheepmeat, by volume they combined to account for almost 40 per cent of Australia's sheepmeat exports in 2025.

The Australian sheepmeat industry is heavily export focused, with over 75 per cent of production being sent overseas. The stronger Australian Dollar will make Australian product less affordable for export markets, however, the reduced supply from both Australia and New Zealand (Australia's major export competitor) should limit the impact on prices. Although export prices continue higher, substitution risk may become more apparent.



# Monthly Commodity Insights



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