

Sheep

October Monthly Update



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Key Watchpoints – October

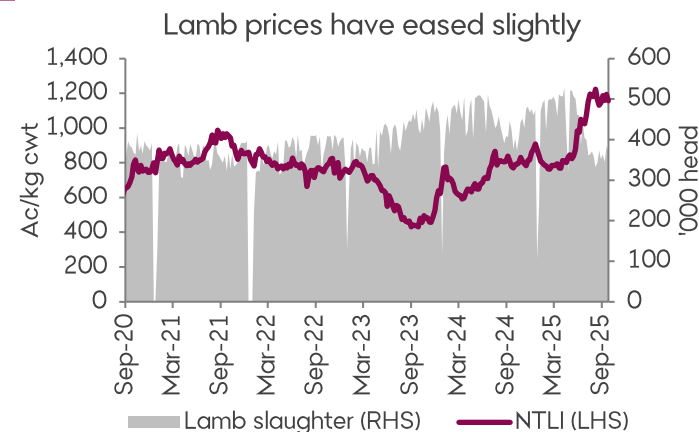
- Lamb prices have moved lower but are still managing to hold at historically high levels.
- Mutton markets have continued higher again reaching into record territory. Seasonal conditions will be the big watchpoint over the next few weeks to see if restocking activity ramps up.
- MLA has released their latest half-yearly industry projections, forecasting an increase in the national flock over the next two years.

Lamb prices ease – but remain at historically strong levels

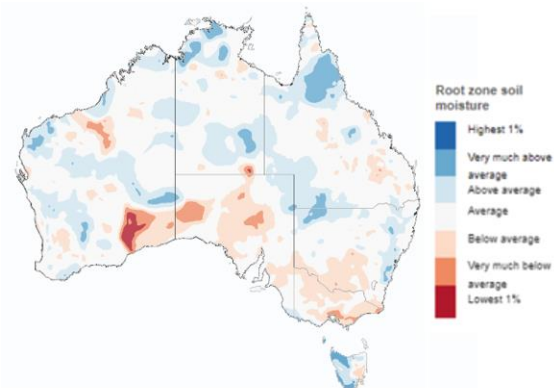
Australian lamb prices have eased slightly from the record levels seen over the past few months. The National Trade Lamb Indicator (NTLI) has fallen -7.1 per cent from the recent peak at the start of August to now sit around 1,140 c/kg. At this level, the NTLI is up +36.1 per cent from the start of the year and +46.9 per cent higher than the five-year average. The ongoing concerns regarding tighter supply and the delayed arrival of large quantities of new season lambs is continuing to keep prices elevated.

Lamb processing rates have picked up slightly throughout September. Average weekly slaughter averaged 366.1 thousand head, but this remains -6.0 per cent below September last year and -18.9 per cent below September 2023. Supply of new season lambs is expected to lift as we move further into spring, although quantities overall are forecast to be lower due to elevated destocking and unfavourable conditions over the past 18 months in key production areas.

Prices are tipped to edge marginally lower throughout the next six weeks as the supply of new season lambs applies some level of downwards pressure. The other key factor to watch will be how the season develops, as should conditions be favourable across the southeast we may see restocking begin which will add further support to prices.



Source: MLA



Source: BOM

Mutton prices continue their upwards trajectory

The National Mutton Indicator (NMI) moved higher throughout September, finishing around the 800 c/kg mark, up +13.3 per cent from the start of the month.

The recent price support continues to be driven by tighter supply of both lamb and mutton. While conditions have somewhat improved, rainfall over the next few months will be pivotal to allowing the rebuilding of flocks across the southeast to take off.

Mutton supply is expected tick upwards as we move through the next few weeks as more lambs are weaned, however, supply is not forecast to be as high as previous years and therefore will not push prices down significantly. If we see rebuilding ramp up, this will provide further upside to prices as well.

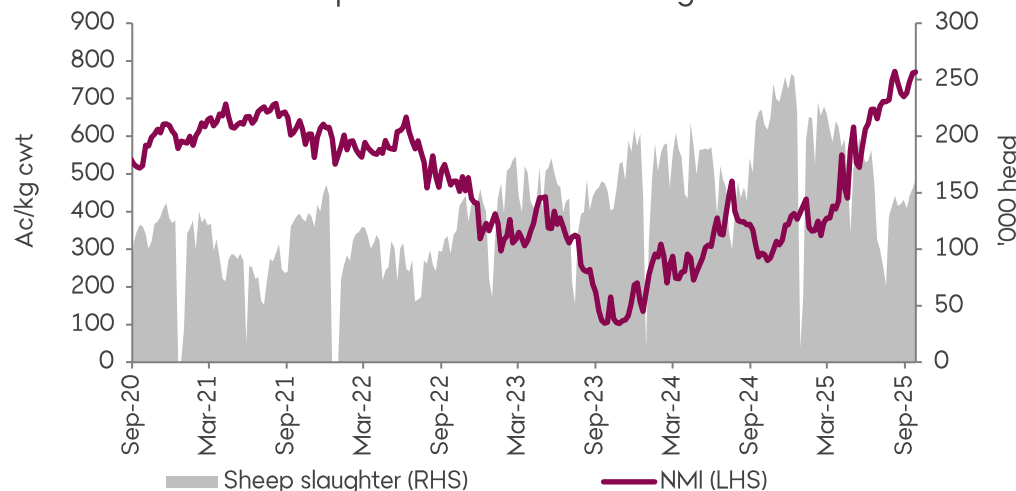
MLA releases updated flock and production outlooks

Meat & Livestock Australia has released their six-monthly industry projections, updating their forecasts for the national flock, production and exports. The report has a more positive outlook compared to the March release, with the national flock now estimated at 74.1 million head (up from 73.2 million head) and is now forecast to increase in 2026 and 2027 assuming favourable conditions over the next three-months (aligning with the BOM outlook), and then average seasonal conditions there after.

Lamb and mutton production is also tipped to decline in 2025 and 2026, before increasing in 2027 on the back of an uptick in average carcass weights and rebound in slaughter rates as flock numbers lift.

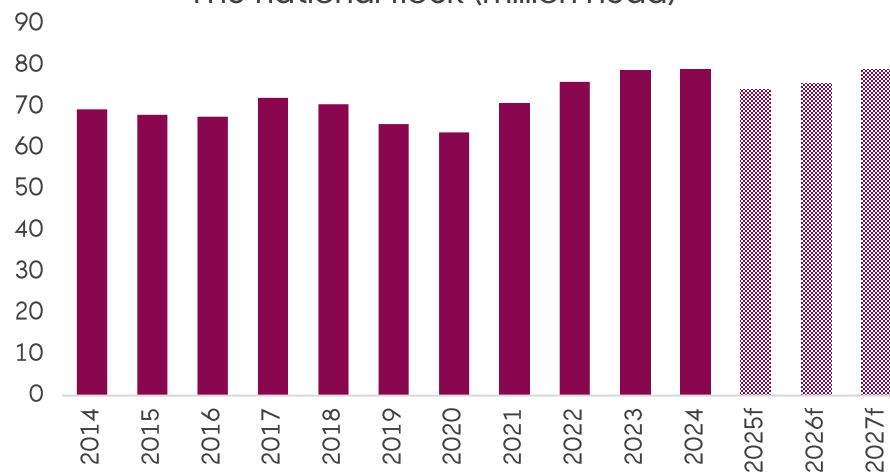
The increased flock estimate for 2025 appears to be in stark contrast to the figures released by the Australian Wool Production Forecasting Committee, noting that they release “sheep shorn” forecasts, so they are not a direct comparison. But given the elevated turn off rates over the past 18 months and unfavourable conditions across the southern regions during key periods, an increase in the flock estimate has come somewhat as a surprise.

Mutton prices continue to move higher



Source: MLA

The national flock (million head)



Source: MLA

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