



2022 Sheep Industry Review

Prepared by the American Sheep
Industry Association

February 2023

Executive Summary

- Consumers were faced with much higher prices for lamb and everything else in 2022.
- Elevated price levels in 2022, made it difficult for lamb to compete with other proteins.
- Price inflation led to a decline in consumer's real incomes.
- High production costs made it more costly to get lamb to the consumer.
- Lower lamb prices combined with higher input costs and feed prices meant profit margins were pressured in 2022.
- Lamb imports were larger in 2022, in response to elevated retail lamb prices.

Executive Summary

- Feeder and slaughter lamb prices were 14 – 20% lower in 2022, driven by large declines in the second half of 2022.
- Wholesale lamb prices adjusted downward in response to weaker consumer demand.
- Commercial slaughter was down 9% in 2022, but lamb production was only 5.4% smaller due to heavier lamb weights.
- Total lamb and mutton imports declined 1.6% in 2022, as lamb imports at 5% larger were offset by a significantly smaller mutton imports.
- In 2022, per capita lamb consumption at the retail level was 1.28 pounds per person.



Inventory

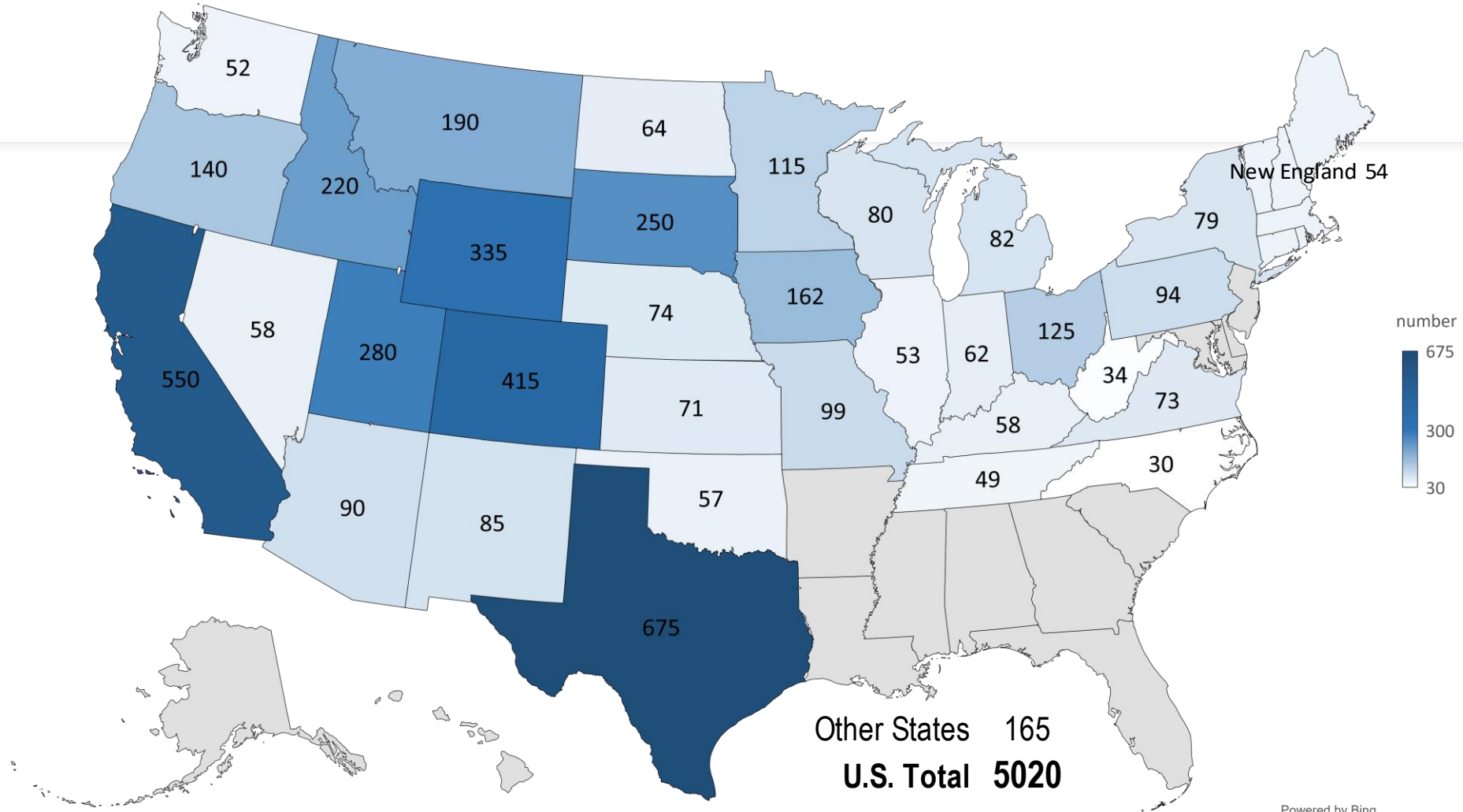


January 1 Inventory Trends

- As of January 1st, sheep & inventory totaled 5.02 million head, down 0.9% from 2022.
- Breeding sheep inventory at 3.665 million head, an annual decline of 1.2%.
- Market lambs up 3,000 head to 1.28 million head.
- The 2022 lamb crop at 3.11 million head, down 1.6% due to lower number of ewes.
- Lambing percentage was steady at 106.9% for 2022.
- Most southwestern states reported declines in the breeding flock, while some states in the middle of the country posted increases.
- Inventory report confirms lamb supplies remain on a general decline.

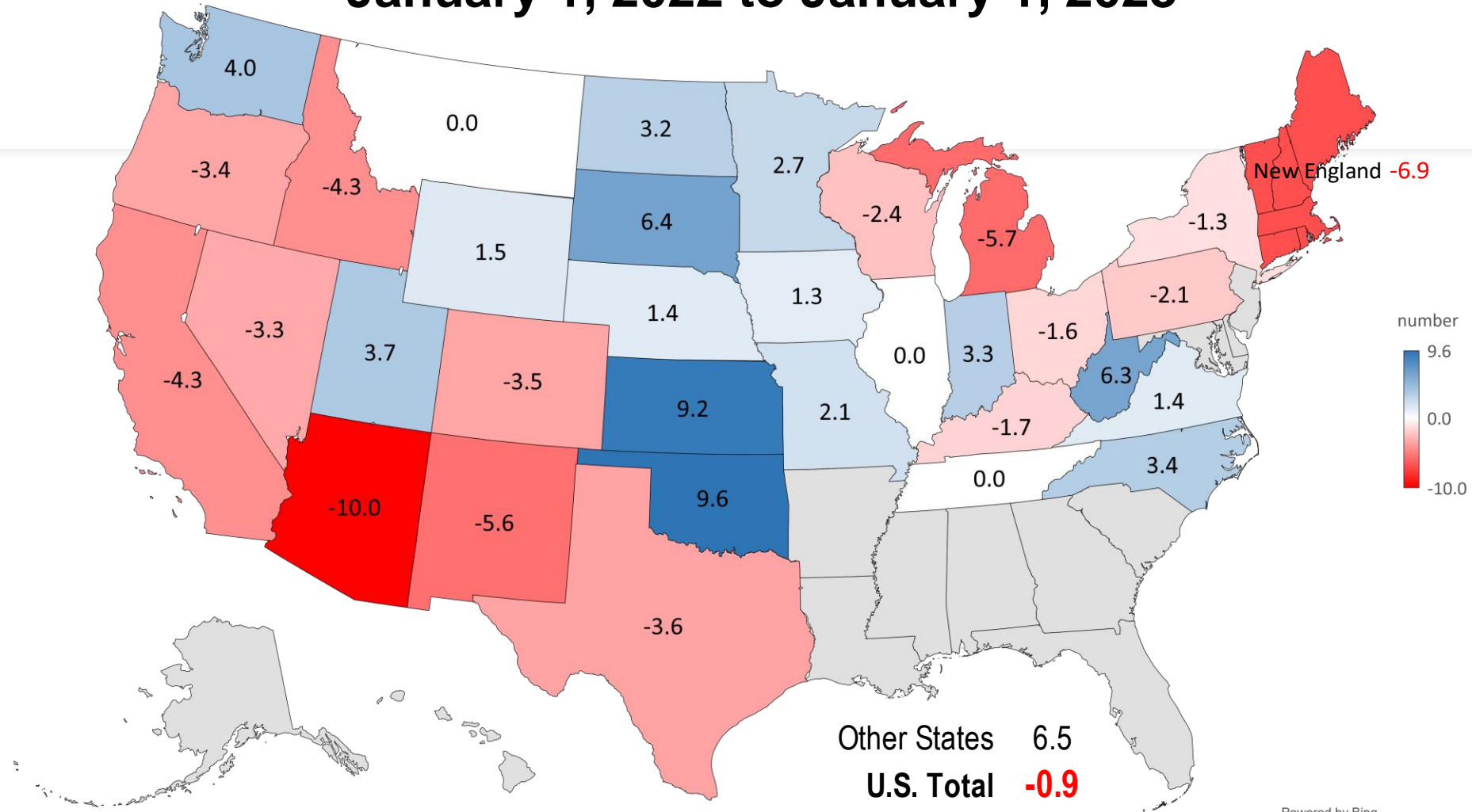
Sheep & Lamb Numbers January 1, 2023

(1000 Head)



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 Data Source: USDA/NASS
 Compiled by the Livestock Marketing Information Center

Percent Change Sheep & Lamb Inventory January 1, 2022 to January 1, 2023

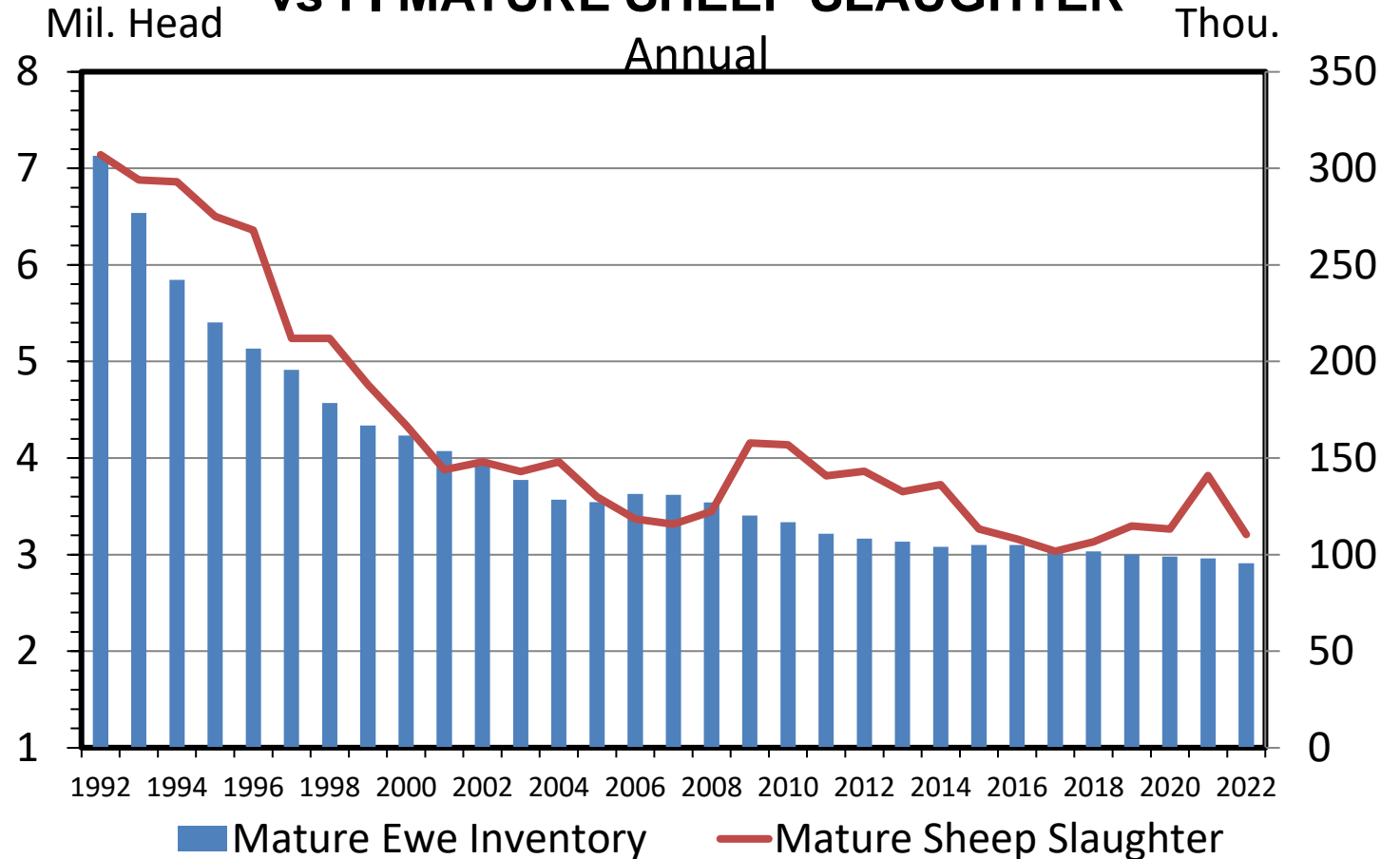


Data Source: USDA/NASS
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Ewe Flock

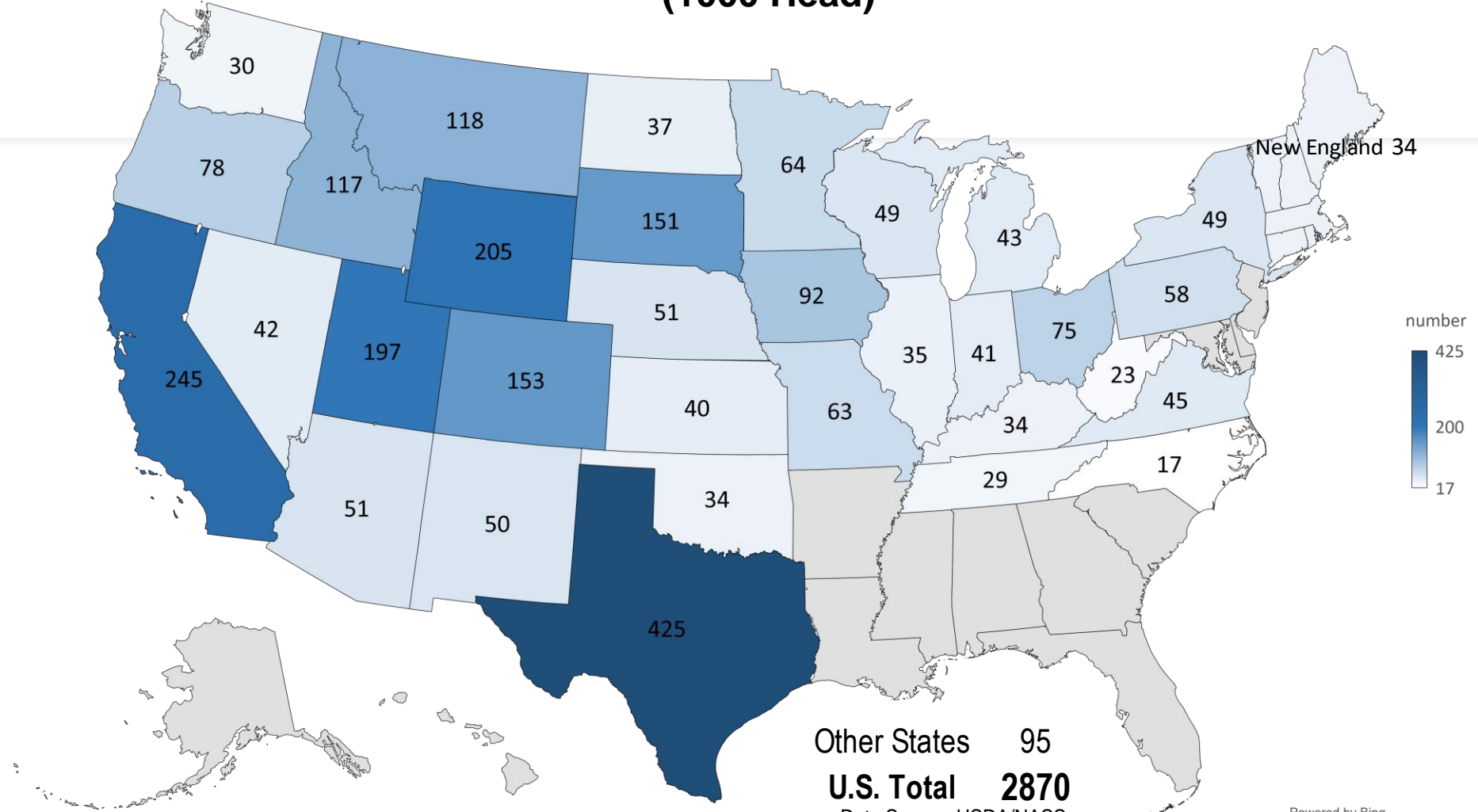
- Ewes one year & older at 2.87 million head down 1.4%.
- Mature sheep slaughter returned to normal levels.
- Sheep producers continued to face high input costs and effects of drought in 2022.
- Replacement ewe numbers at 635,000 head down 5,000 head from 2022.

US MATURE EWE INVENTORY vs FI MATURE SHEEP SLAUGHTER



Data Source: USDA/NASS, Compiled by the Livestock Marketing Information Center

Breeding Ewes One Year & Older January 1, 2023 (1000 Head)



Other States 95
U.S. Total 2870

Data Source: USDA/NASS
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Inventory Top Ten States, Ewes 1 Year & Older

	2019	2020	2021	2022	2023	2023 as % of 2022
Texas	455,000	445,000	445,000	430,000	425,000	-1.2%
California	250,000	260,000	250,000	270,000	245,000	-9.3%
Wyoming	215,000	215,000	220,000	215,000	205,000	-4.7%
Utah	210,000	195,000	195,000	194,000	197,000	1.5%
Colorado	150,000	156,000	169,000	155,000	153,000	-1.3%
South Dakota	157,000	152,000	153,000	146,000	151,000	3.4%
Montana	141,000	131,000	130,000	122,000	118,000	-3.3%
Idaho	130,000	125,000	120,000	113,000	117,000	3.5%
Iowa	80,000	85,000	90,000	87,000	92,000	5.7%
Oregon	95,000	89,000	85,000	82,000	78,000	-4.9%

Data Source: USDA/NASS, Compiled by ASI

Inventory Top Ten Growth States, Ewes 1 Year & Older, Percent of Prior Year

	2022	2023	2023 as % of 2022
Kansas	35,000	40,000	14.3%
Oklahoma	31,000	34,000	9.7%
Washington	28,000	30,000	7.1%
Iowa	87,000	92,000	5.7%
Indiana	39,000	41,000	5.1%
West Virginia	22,000	23,000	4.5%
Nebraska	49,000	51,000	4.1%
Idaho	113,000	117,000	3.5%
South Dakota	146,000	151,000	3.4%
Missouri	62,000	63,000	1.6%

Data Source: USDA/NASS, Compiled by ASI

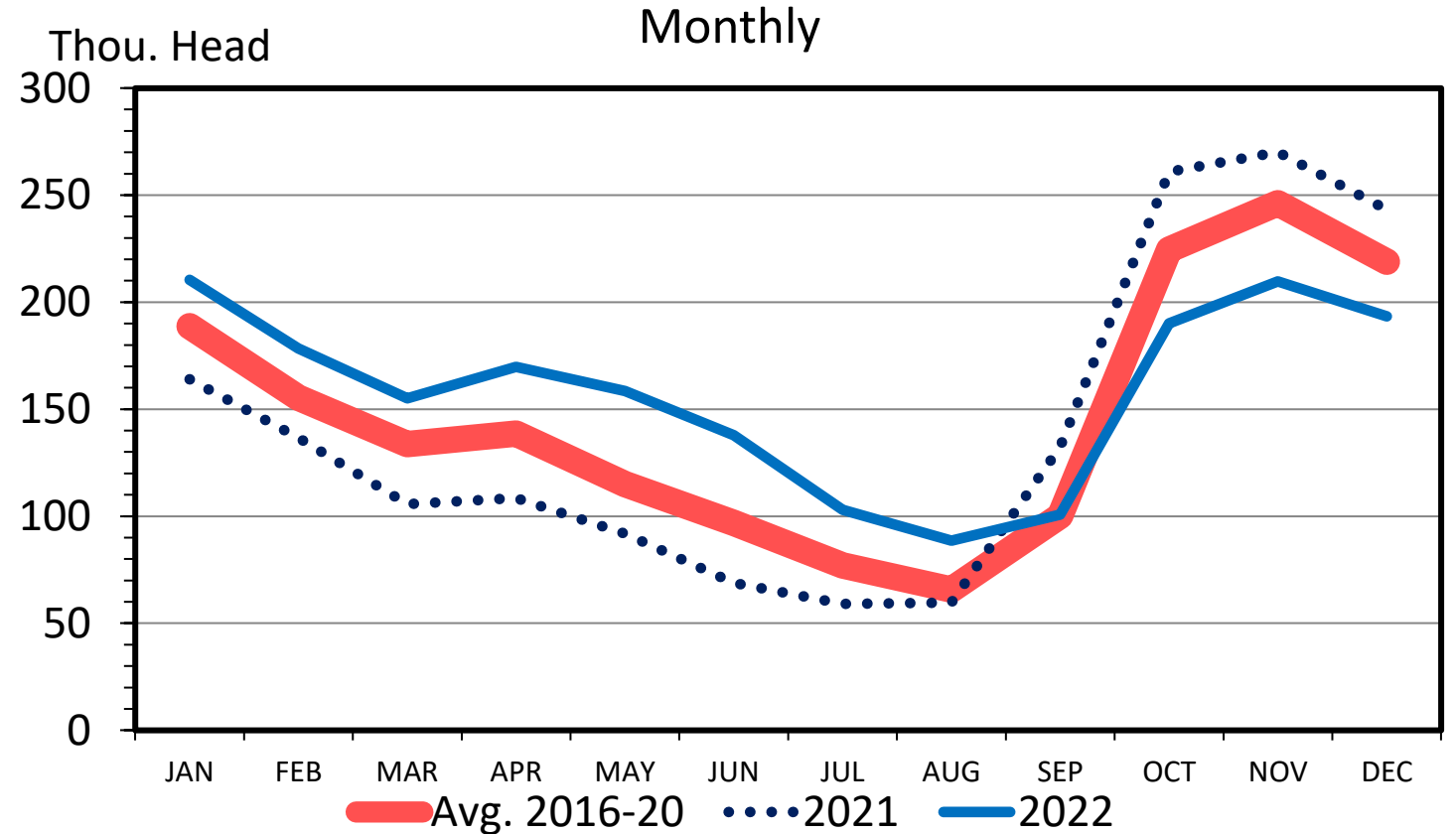


Slaughter & Production

Lambs on Feed

- Weaker consumer demand reduced the demand for live lambs.
- This resulted in:
 - Lambs on-feed longer than normal
 - Large supply of old crop, over-finished lambs
 - Heavier lamb weights
 - High feeding costs
- On average, the number of lambs on-feed was 11% larger in 2022.

COLORADO LAMBS ON FEED



Note: Current as of the first day of each month. Inventory data is collected from feedlots with a capacity of 5,000 head or greater in Colorado.

Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Slaughter

- Federally Inspected (FI) slaughter was down 8.8% in 2022 to 1.76 million head.
- Lamb & yearling and mature ewe slaughter were down in 2022.
- Commercial slaughter was down 9.1% to 2.06 million head in 2022.
- FI slaughter accounted for 85.4% of commercial slaughter in 2022.

	Commercial	% of Previous Year	Federally Inspected (FI)	% of Previous Year	Non-Federally Inspected (NFI) ¹	% of Previous Year
2016	2,238	0.6%	2,010	0.6%	228	1.4%
2017	2,178	-2.7%	1,937	-3.6%	241	5.6%
2018	2,265	4.0%	2,000	3.2%	265	10.0%
2019	2,322	2.5%	2,020	1.0%	301	13.6%
2020	2,225	-4.1%	1,895	-6.2%	331	9.7%
2021	2,263	1.7%	1,927	1.7%	336	1.7%
2022	2,058	-9.1%	1,759	-8.8%	300	-10.8%

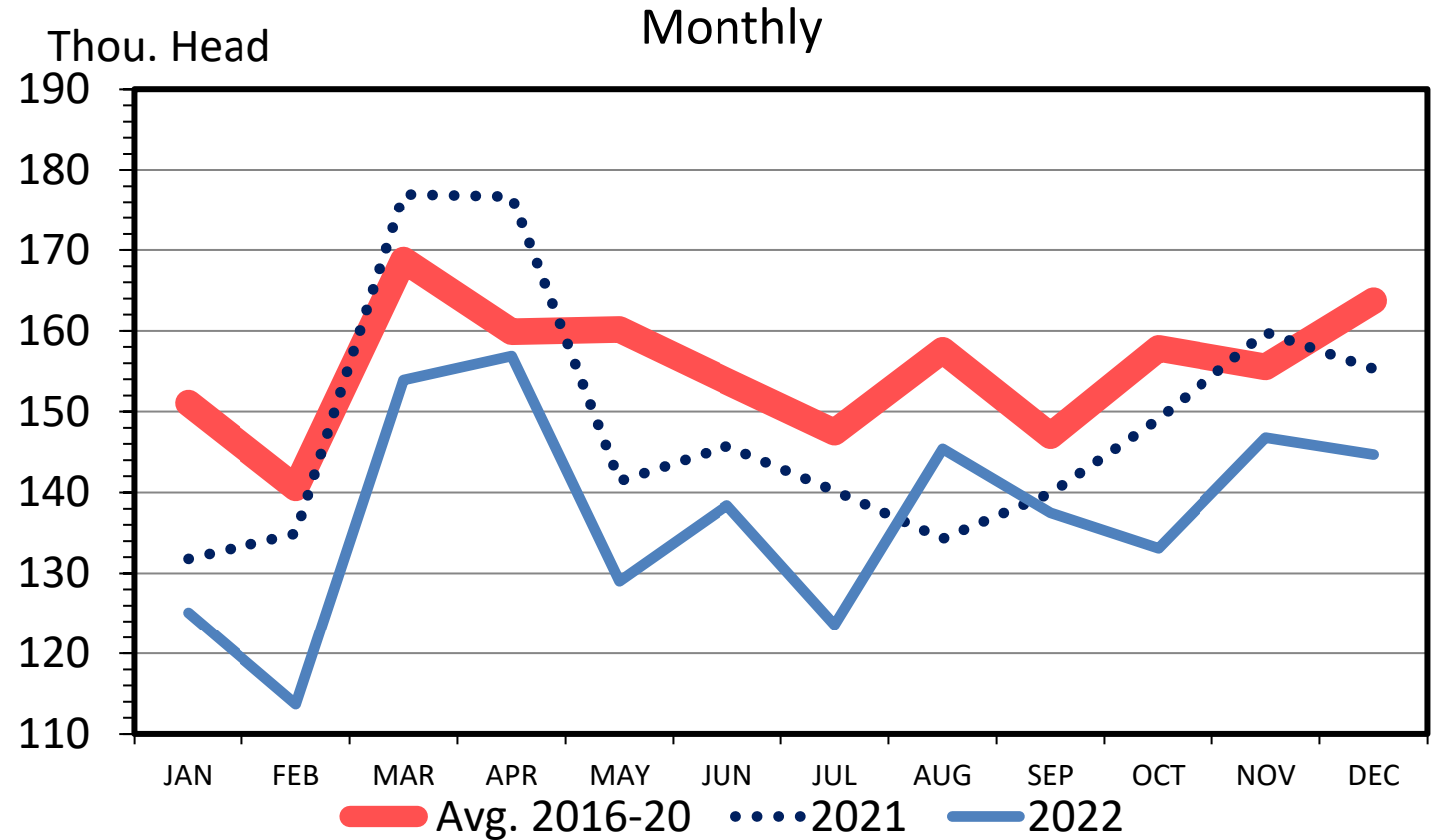
¹Non-Federally Inspected (NFI) Plants sell and transport only intrastate. State inspectors assure compliance with individual state standards. Mobile slaughtering units are excluded and are considered farm slaughter.

Data Source: USDA/NASS, Compiled by ASI

Federally Inspected Slaughter

- FI lamb & yearling slaughter down 7.7%, in 2022.
- Slaughter levels were 12% lower than the 2016 – 2020 average.

FI LAMB & YEARLING SLAUGHTER

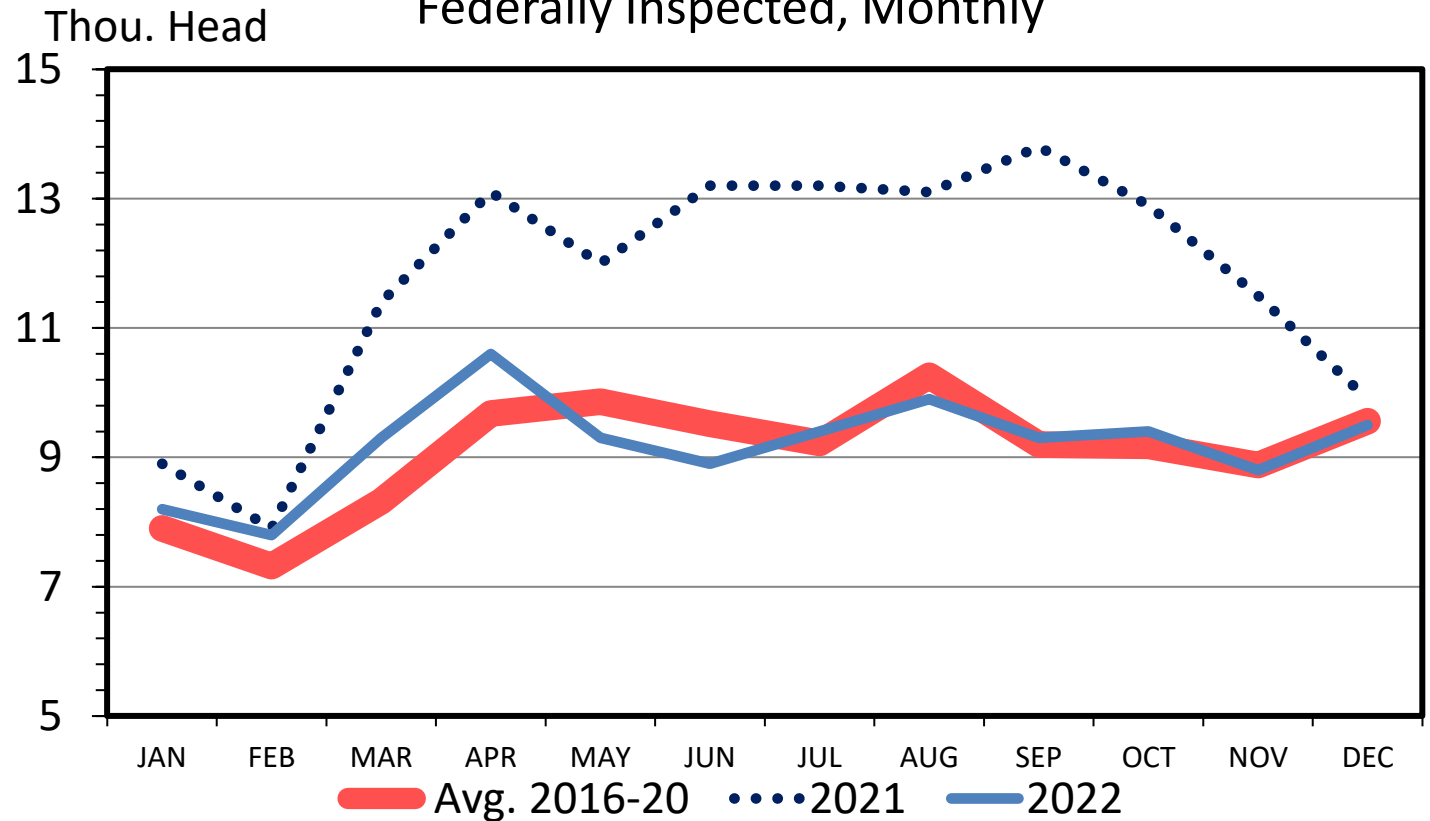


Data Source: USDA/NASS, Compiled by the Livestock Marketing Information Center

Federally Inspected Slaughter

- FI mature sheep slaughter 21.6% smaller in 2022.
- Slaughter returned to more normal levels in response to lower prices.
- Mature sheep slaughter was higher in regions impacted by drought such as in Texas.

MATURE SHEEP SLAUGHTER Federally Inspected, Monthly



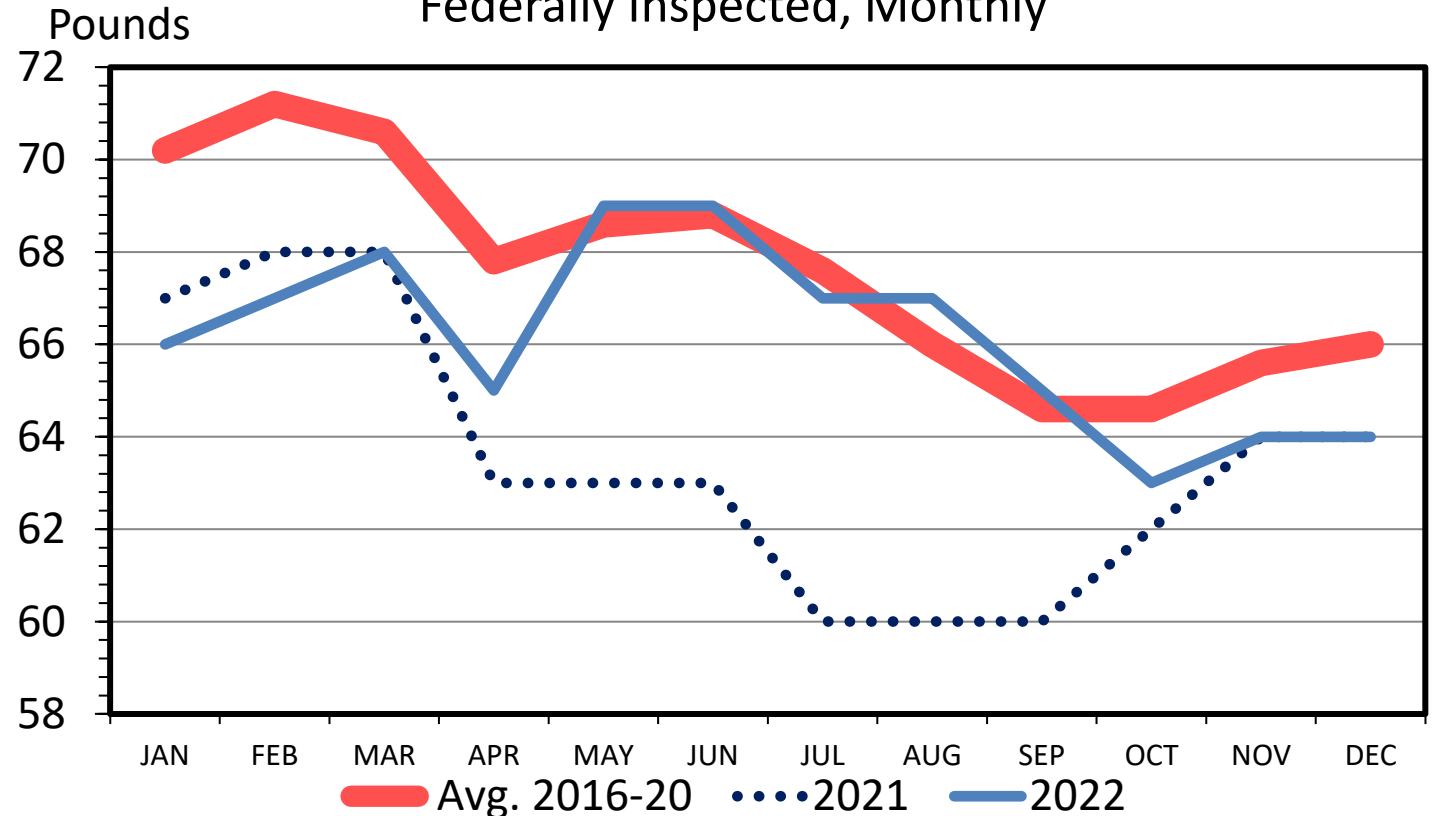
Data Source: USDA/NASS, Compiled by the Livestock Marketing Information Center

Federally Inspected Slaughter

- Lamb weights were 4% heavier in 2022 due to a slowdown in slaughter lamb marketings.
- Compared to the 2016 – 2020 average, weights were 2% lower in 2022.
- Heavier weights compensated for the smaller lamb supply in 2022.

AVG. DRESSED WEIGHT - SHEEP & LAMBS

Federally Inspected, Monthly

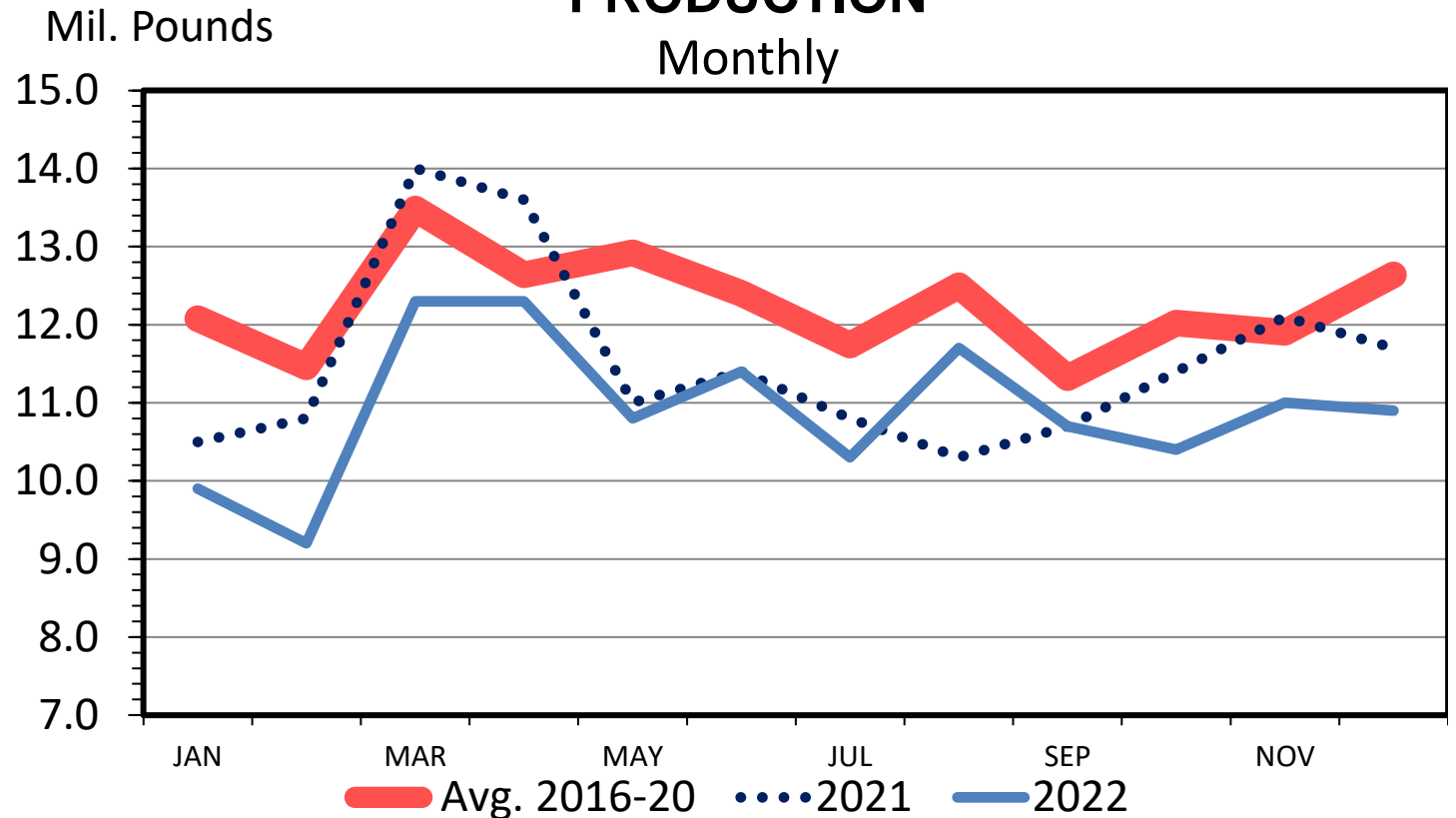


Data Source: USDA/NASS, Compiled by the Livestock Marketing Information Center

Production

- Commercial lamb production down 5.4% in 2022, 11% lower than the 2016 – 2020 average.
- Federally Inspected (FI) lamb production down 4.6% in 2022.
- Lower production due to the smaller lamb supply.

COMMERCIAL LAMB AND MUTTON PRODUCTION

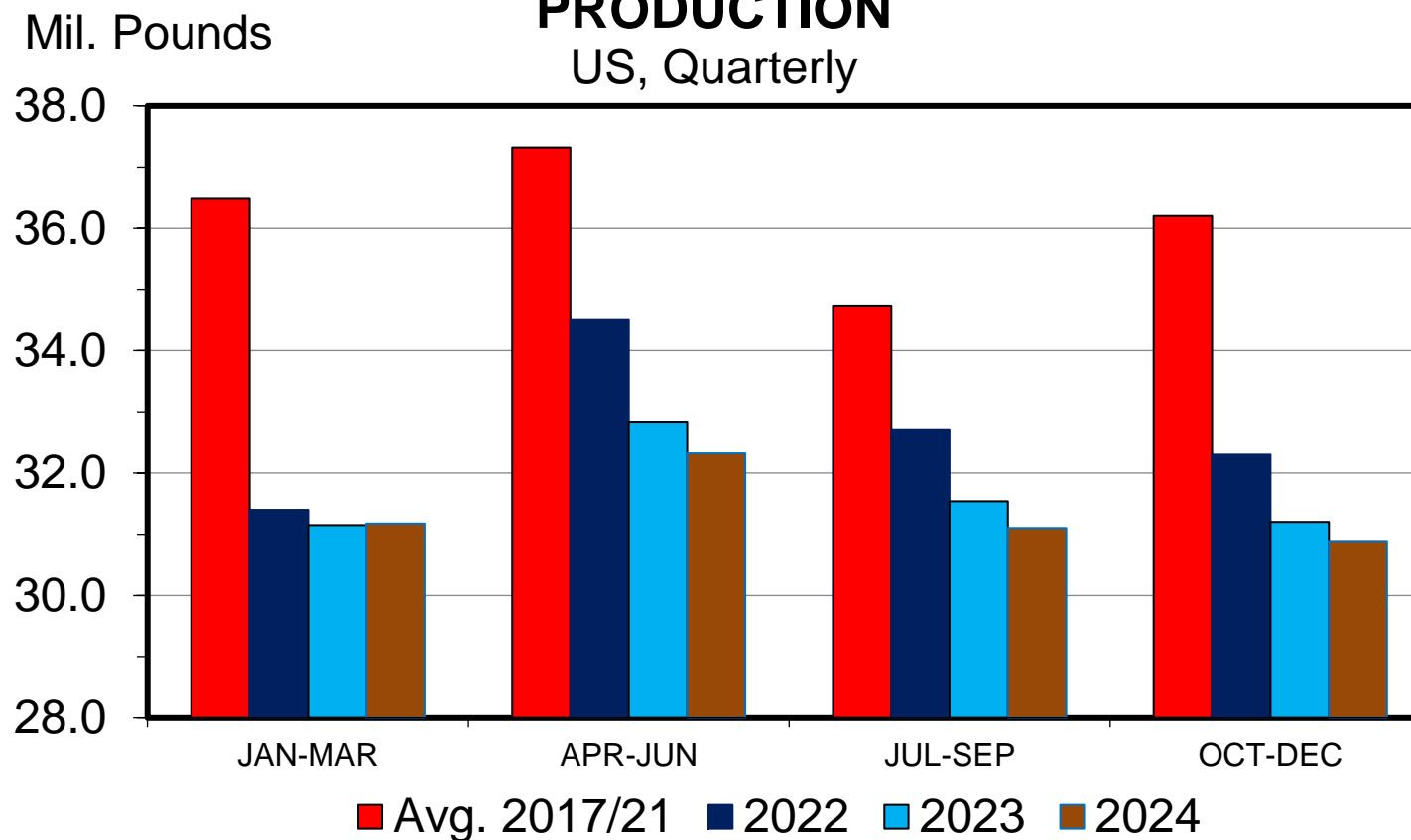


Data Source: USDA/NASS, Compiled by the Livestock Marketing Information Center

Lamb & Mutton Production

- Lamb and mutton production seasonally largest in the second quarter when spring holiday demand is at its peak.
- Commercial lamb production down 5.4% in 2022.
- Production expected to be down about 3% in 2023.

COMMERCIAL LAMB AND MUTTON PRODUCTION US, Quarterly



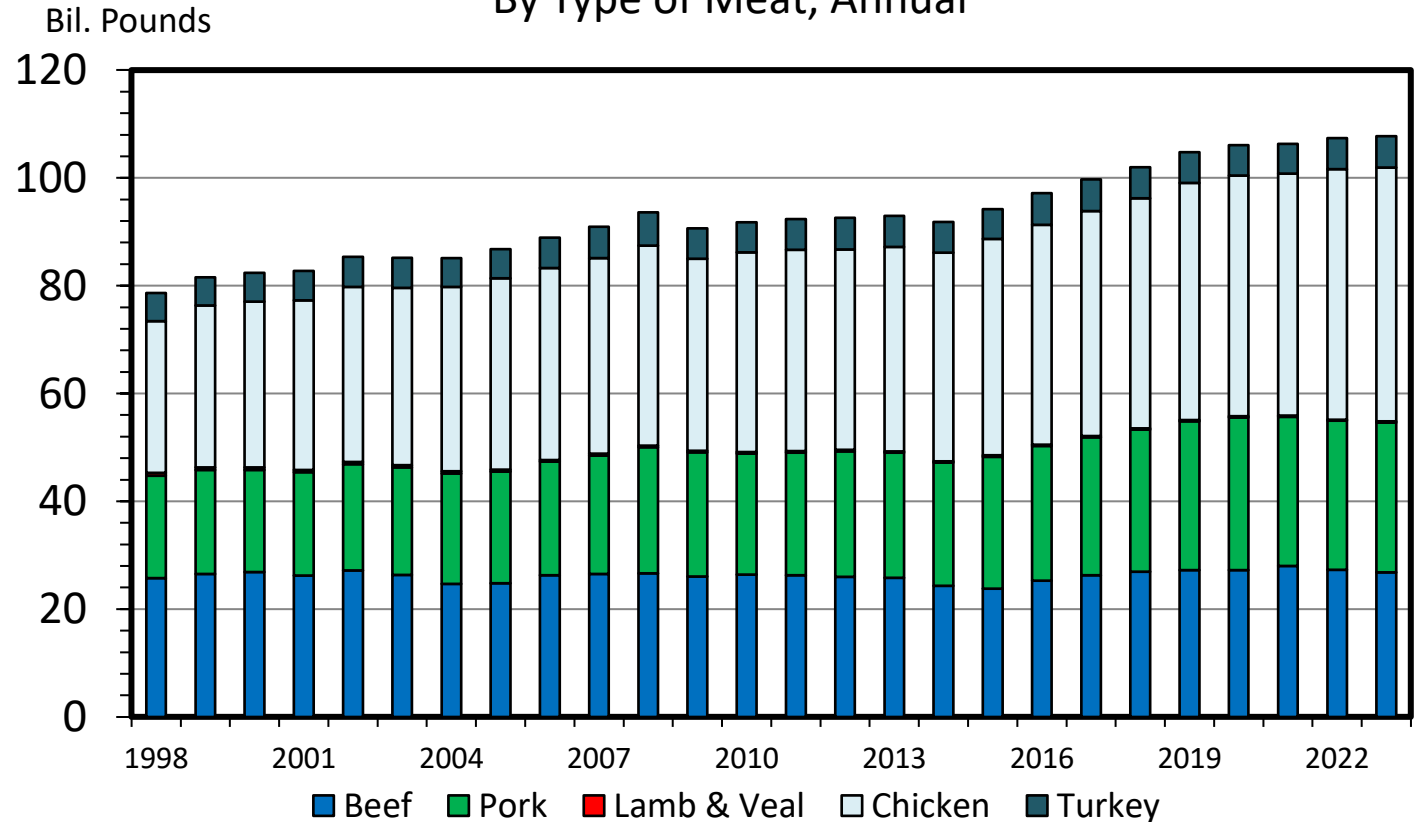
Data Source: USDA/NASS, Compiled & Forecasts by the Livestock Marketing Information Center

Meat & Poultry Production

- Meat and poultry production has increased over the last 25 years.
- Total meat and poultry supplies in 2022 were a tad higher than in 2021.
- Meat and poultry supplies are expected flatten in 2023 which will impact prices.

COMMERCIAL MEAT & POULTRY PRODUCTION

By Type of Meat, Annual



Data Source: USDA/NASS, Compiled & Forecasts by the Livestock Marketing Information Center



Feeder & Slaughter Lamb Prices

Feeder Lamb Prices (60 – 90 lbs.)

- 3-Market Average (CO, SD, TX) feeder lamb price averaged \$233.85 per cwt.
- Price declines due to:
 - Softer consumer demand for lamb
 - Large supply of slaughter ready-lambs on-feed
- Prices still high compared to previous year price levels.

	San Angelo, TX (\$/cwt.)	Ft. Collins, CO (\$/cwt.)	Sioux Falls, SD (\$/cwt.)	3-Mkt Avg. (CO, SD, TX) (\$/cwt.)	% of Previous Year
2016	180.45	182.71	191.81	184.99	-3.8%
2017	191.27	182.26	204.60	192.71	4.2%
2018	171.09	154.35	186.94	177.46	-7.9%
2019	177.97	165.22	184.77	177.29	-0.1%
2020	191.17	176.08	202.28	191.75	8.2%
2021	267.37	253.53	286.50	271.26	41.5%
2022	223.93	223.86	237.98	233.85	-13.8%

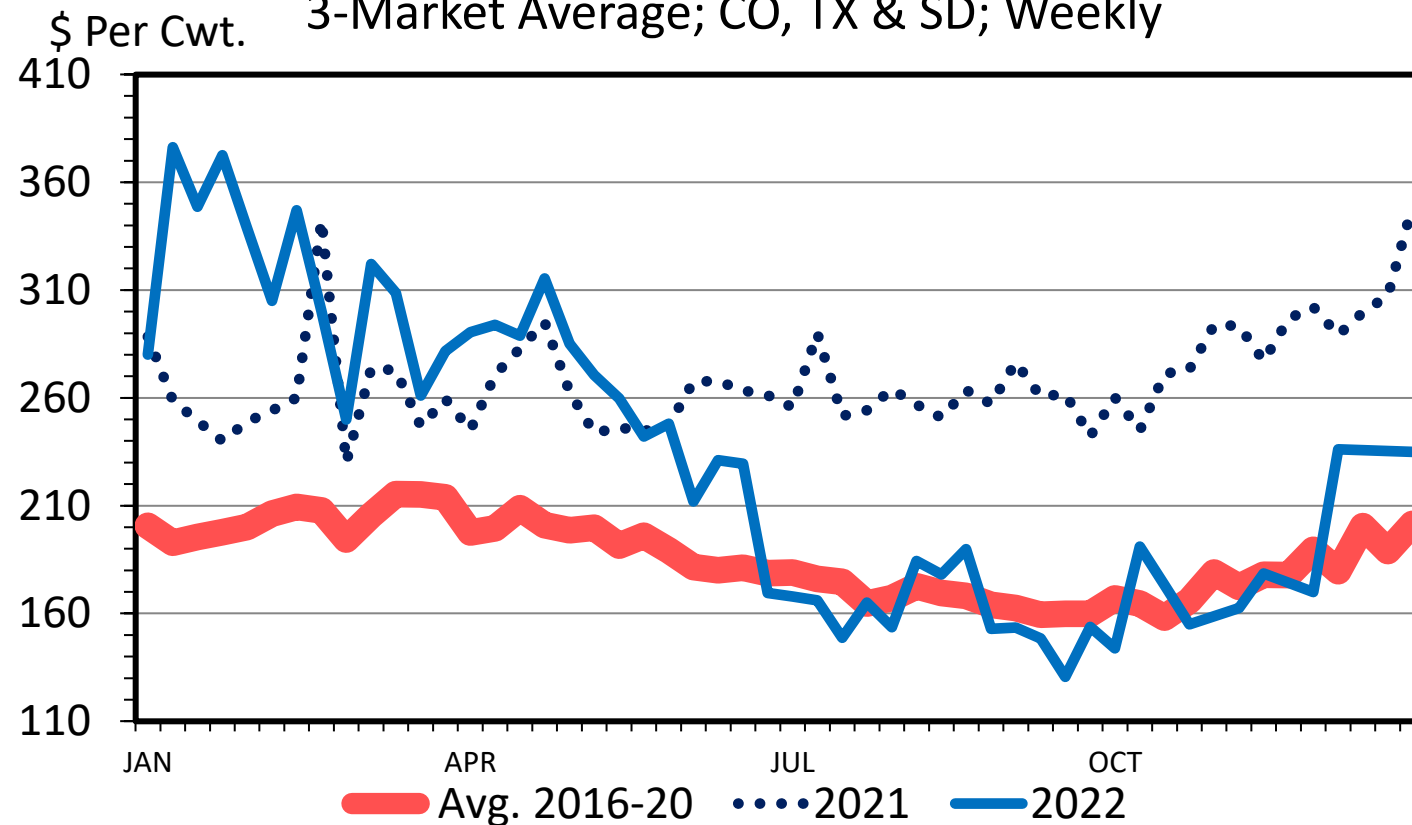
Data Source: USDA/AMS, Compiled by ASI & the Livestock Marketing Information Center

Feeder Lamb Prices

- Feeder lamb prices below year-ago during the second half of 2022.
- Lower prices attributed to high feed costs and large supplies of slaughter lambs.
- 3-Market Average (CO, SD, TX) price averaged \$233.85 per cwt. 2022.
- Lightweight feeder lamb prices remained strong in 2022.

FEEDER LAMB PRICES

3-Market Average; CO, TX & SD; Weekly



Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Slaughter Lamb Prices

- Slaughter lamb prices down 20% from the record levels of 2021.
- Prices declined in 2022 due to:
 - High lamb prices and inflation resulting in a decline in consumer demand for lamb
 - Large supply of slaughter-ready lambs in feedlots
- Formula Prices on a carcass basis were not reported due to USDA/AMS confidentiality guideline.

	Formula Carcass Basis ¹ (\$/cwt.)	% of Previous Year	Formula Live Equivalent (\$/cwt.)	% of Previous Year	Negotiated Live ¹ (\$/cwt.)	% of Previous Year
2016	285.25	-4.6%	143.37	-4.7%	145.50	-3.3%
2017	300.21	5.2%	151.05	5.4%	151.81	4.3%
2018	272.95	-9.1%	137.63	-8.9%	143.05	-5.8%
2019	287.63	5.4%	144.06	4.7%	149.70	4.7%
2020	250.93	-12.8%	125.14	-13.1%	150.04	0.2%
2021	NQ	NQ	NQ	NQ	217.25	44.8%
2022	NQ	NQ	NQ	NQ	173.72	-20.0%

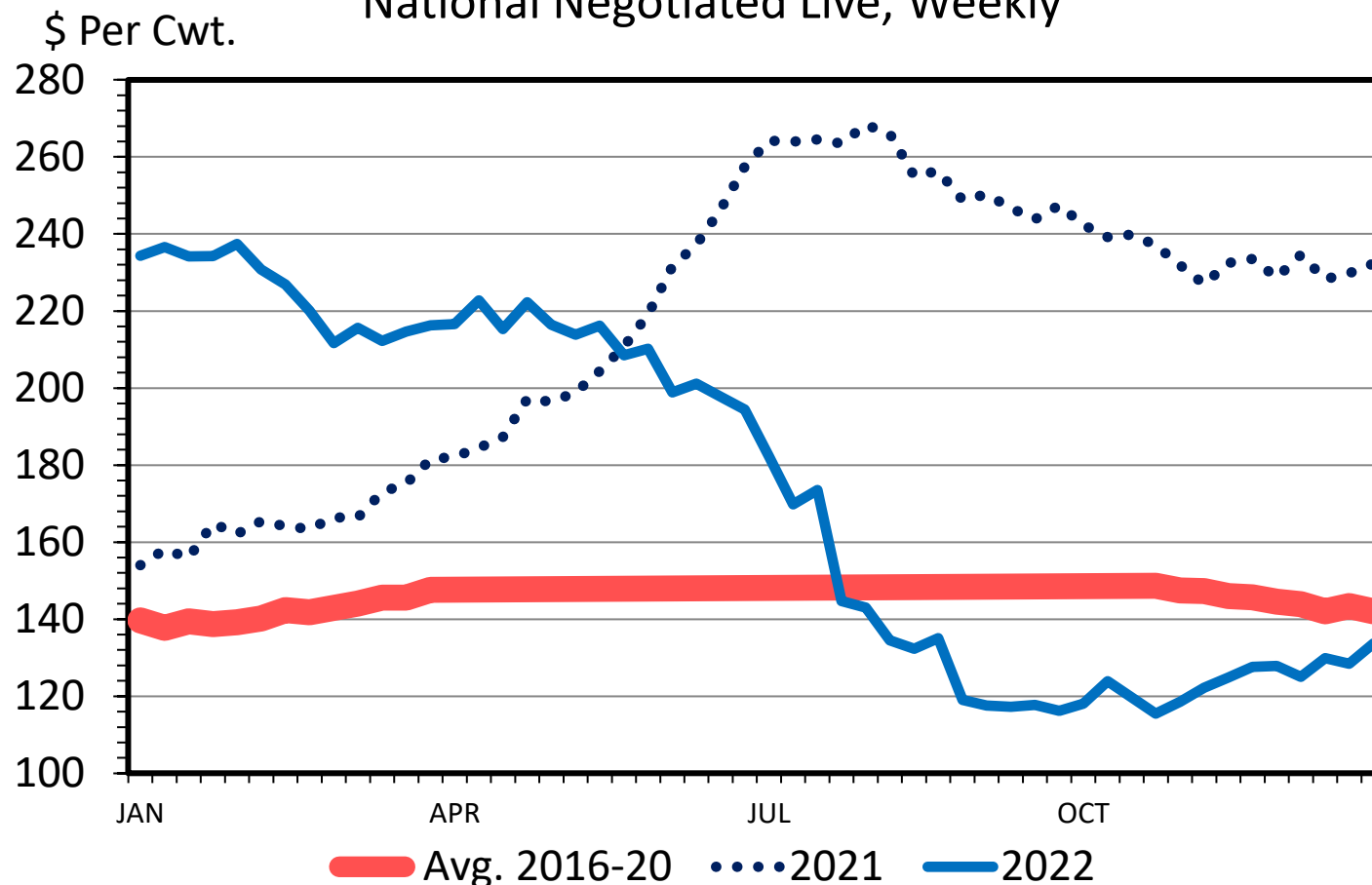
¹Prices for 2020 are calculated from incomplete weeks of data due to confidentiality.

Data Source: USDA/AMS, Compiled by ASI & the Livestock Marketing Information Center

Slaughter Lamb Prices

- Slaughter lamb prices declined in 2022.
- Lack of demand drove prices down during the second half of the year.
- Slaughter lamb price averaged \$173.72 per cwt. 2022.

SLAUGHTER LAMB PRICES National Negotiated Live, Weekly



Data Source: USDA/AMS, Compiled by ASI & the Livestock Marketing Information Center

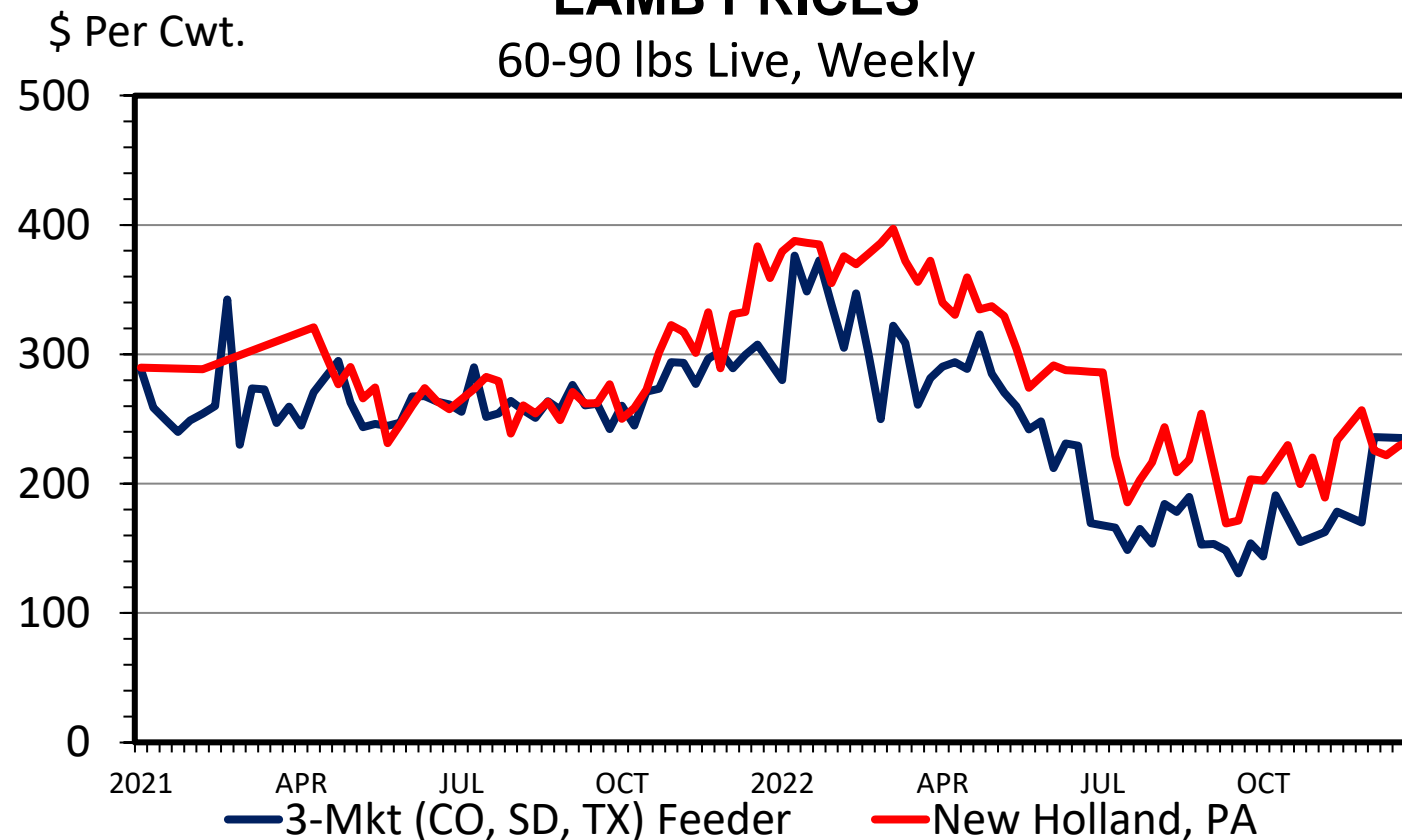
Light-Weight Lamb Market Trends

- Characterized by a lighter-weight lamb, around 100 lbs. based on the preferences of the ethnic market.
- The number of wool-breed lambs sold into this marketing channel increased in 2022 in response to market demand, price, and supply conditions.
- Largest auction markets are New Holland, PA & San Angelo, TX, but markets exists in all regions of the U.S.
- Lambs are processed by State Inspected & Federally Inspected processing plants.
- The number of lambs sold as light-weight slaughter lambs continued to impact the available supply of lambs for the feeding sector and the mainstream lamb market.

Light-Weight Slaughter Lamb Prices

- The light-weight slaughter market and feeder lamb market are correlated and follow the same price trends.
- Light-weight slaughter lamb prices averaged \$50 per cwt. higher than feeder lambs prices in 2022.

TRADITIONAL vs NON-TRADITIONAL LAMB PRICES



Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Light-Weight Slaughter Lamb Prices

- Prices down from 2022.
- Price decline not as large as feeder lamb prices due to a demand premium from the ethnic market.

Light-Weight Slaughter Lamb Prices 60 – 90 Lbs.

	New Holland, PA (\$/cwt)	% of Previous Year	San Angelo, TX (\$/cwt)	% of Previous Year
2019	227.65	-2.3%	181.31	
2020	256.09	12.5%	213.47	17.7%
2021	349.42	36.4%	287.59	34.7%
2022	298.61	-14.5%	270.78	-5.8%

Data Source: USDA/AMS, Compiled by ASI & the Livestock Marketing Information Center



Pelt Values



Pelt Prices

- Pelt values declined over 4% in 2022 due to economic conditions.
- Export values still stronger than the market lows of 2019 and 2020.
- Rising costs and supply chain disruptions plus the effects of inflation weighed on the pelt market in 2022.

	Average Export Value (\$/piece)	% of Previous Year
2016	\$ 14.25	29.3%
2017	\$ 15.30	7.4%
2018	\$ 12.88	-15.8%
2019	\$ 8.05	-37.5%
2020	\$ 7.80	-3.1%
2021	\$ 10.78	38.3%
2022	\$ 10.31	-4.4%

Data Source: USDA/FAS, Compiled by ASI

Note: Estimated pelt credits paid to producers were not reported by USDA/AMS in 2022 due to confidentiality guidelines.



Replacement Sheep Prices

Replacement Ewe Prices

- Ewe Lamb, Yearling, Middle Aged, and Aged Ewe prices were stronger in 2022.
- Young Ewe prices declined some but still higher than historical price levels.
- Prices trends similar to live lamb and wholesale lamb prices with large year-over-year gains during the first half of 2022, and declining prices during the latter half of the year.

	Ewe Lambs (\$/head)	Yearling Ewes (\$/head)	Young Ewes (\$/head)	Middle Aged Ewes (\$/head)	Aged Ewes (\$/head)
2016	NQ	225.99	186.36	151.34	96.30
2017	294.50	256.00	181.37	147.60	95.40
2018	275.78	242.07	189.30	141.10	92.09
2019	164.97	234.33	178.25	141.36	95.83
2020	185.26	193.06	181.83	160.03	127.13
2021	284.38	287.34	257.23	212.22	192.77
2022	296.63	311.14	248.52	219.83	198.67
% of Previous Year	4.3%	8.3%	-3.4%	3.6%	3.1%

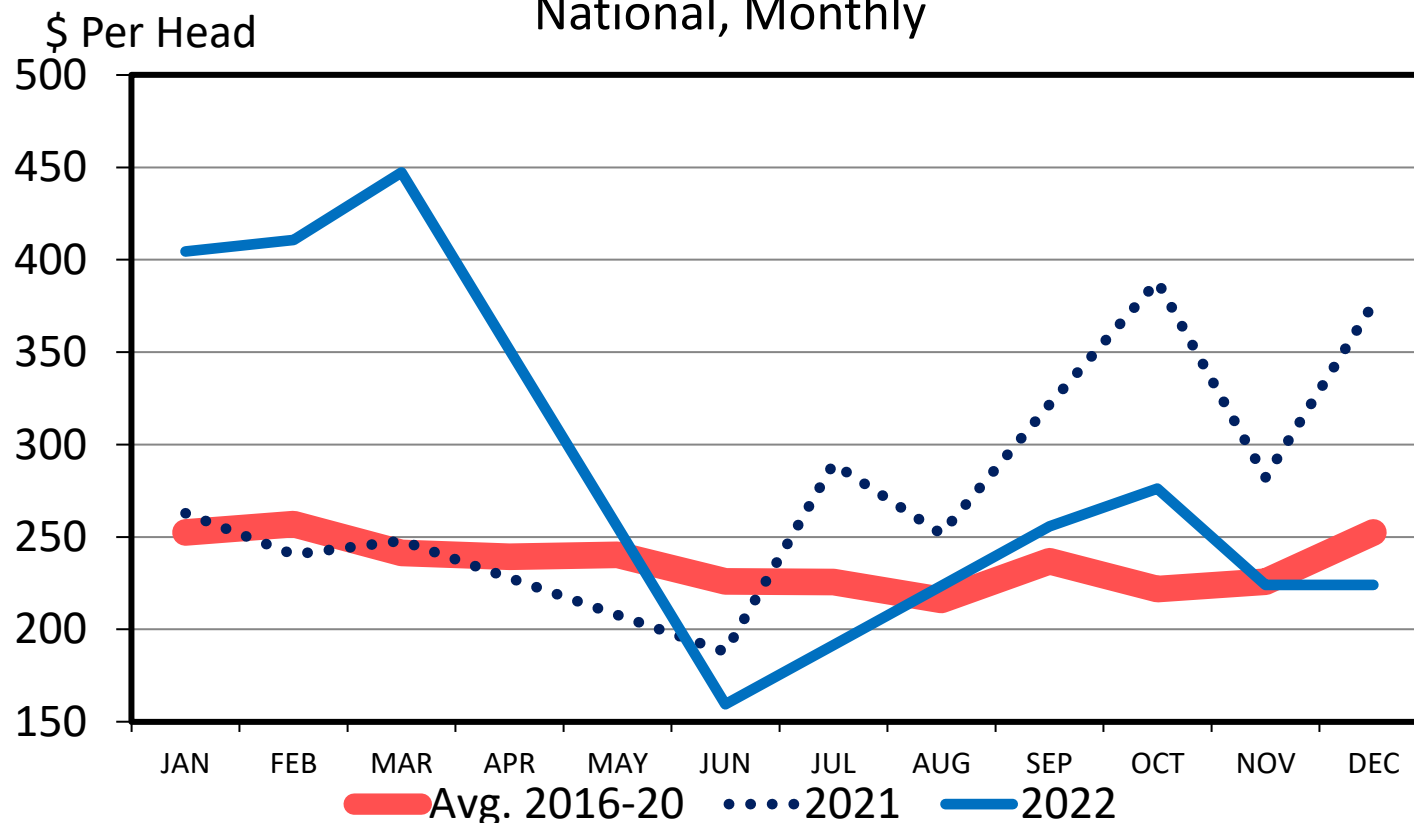
Data Source: USDA/AMS, Compiled by ASI

Replacement Ewe Prices

- Yearling Ewe prices hit record levels in early 2022 before declining through the second quarter.
- Prices during 2021 and 2022 exhibited large price swings given lamb market conditions, high production costs, and ongoing impacts of drought.

YEARLING EWE REPLACEMENT PRICE

National, Monthly



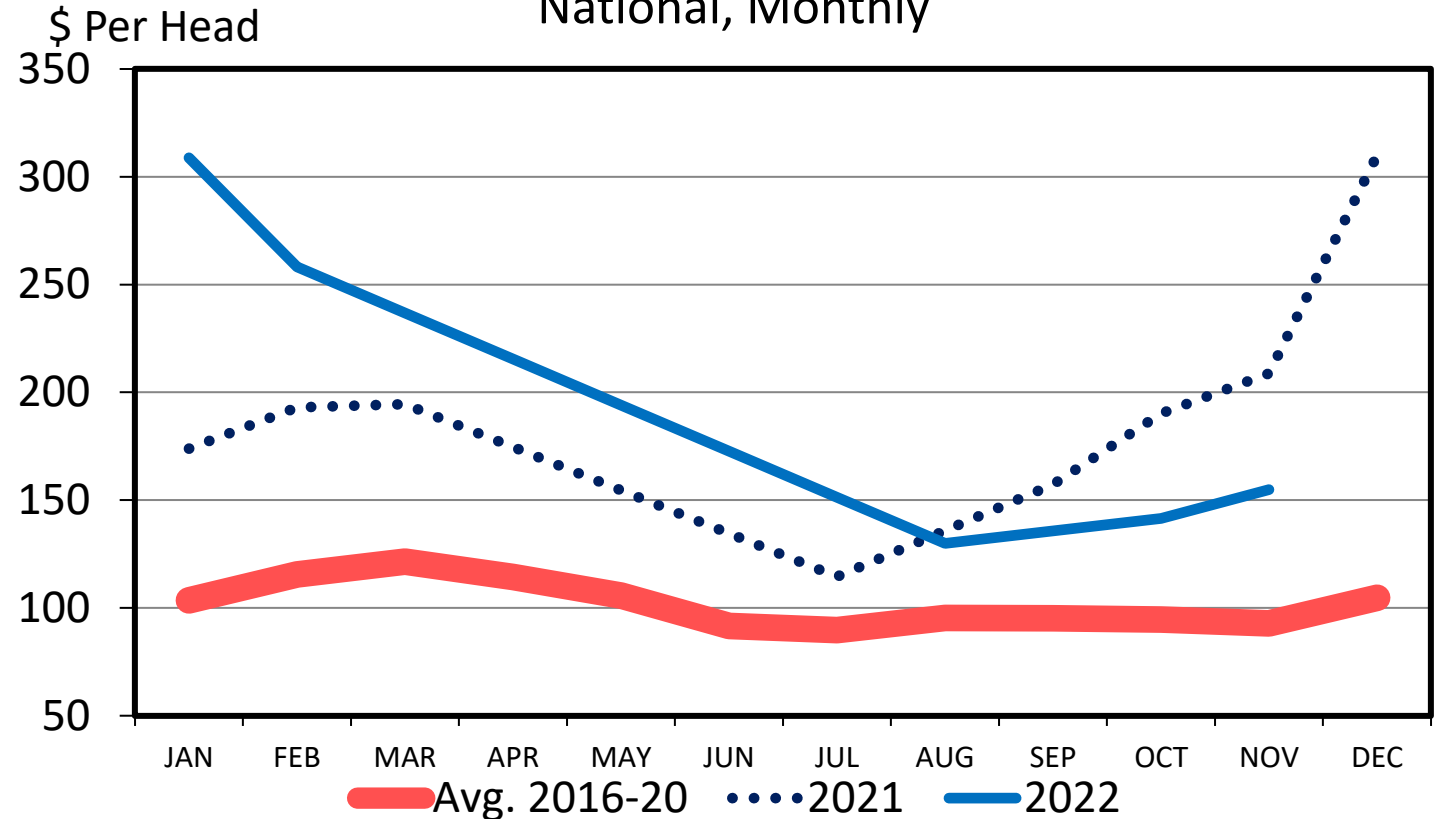
Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Replacement Ewe Prices

- Aged Ewe prices averaged slightly higher in 2022.
- Prices declined for most of the year but did post a modest increase during the fall months.

AGED EWE REPLACEMENT PRICE

National, Monthly



Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center



Wholesale Lamb Values



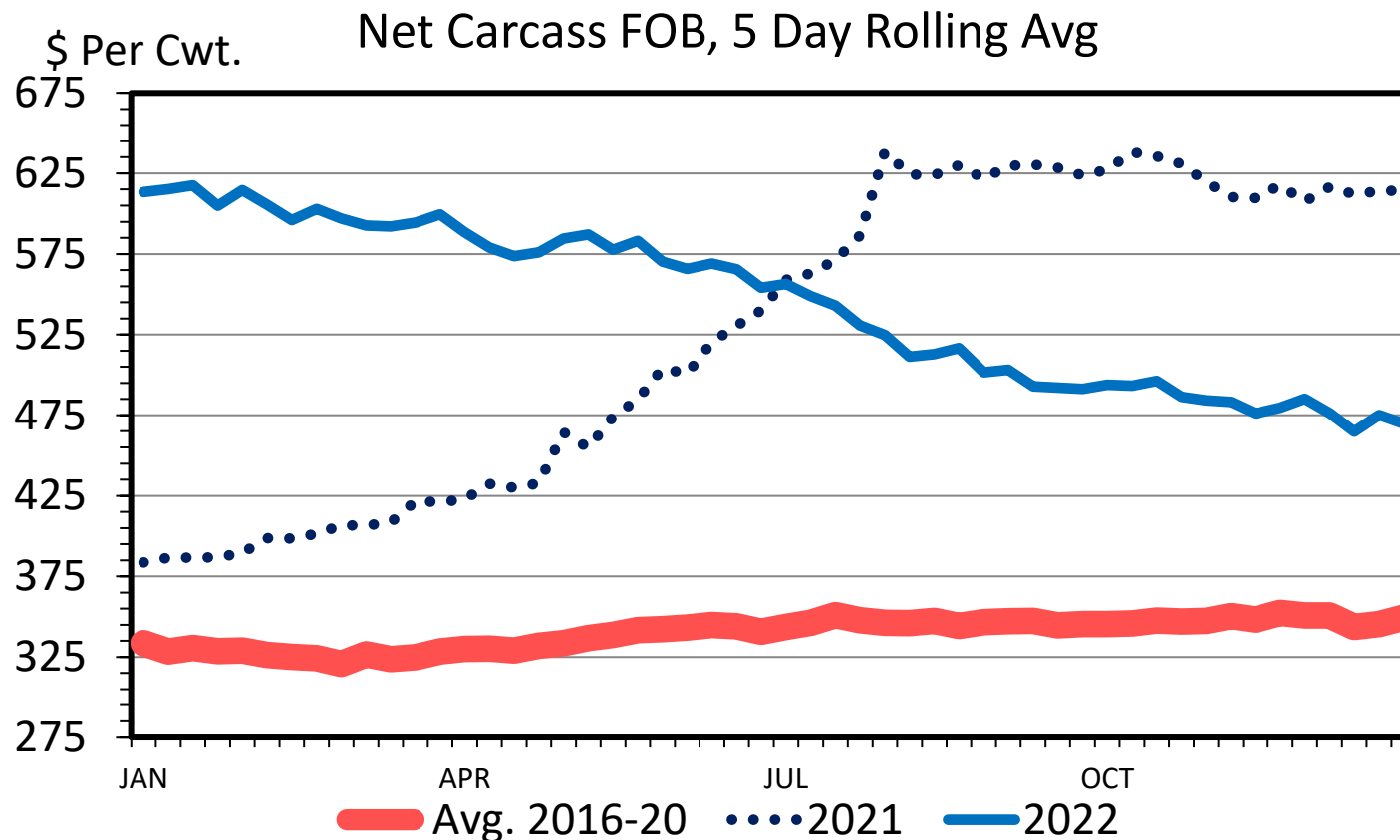
Wholesale Lamb Market Trends

- Wholesale lamb values started 2022 above normal price levels but slowly trended lower by the end of the year.
- The wholesale market was impacted by:
 - Weak consumer demand.
 - Higher input costs and inflation, requiring higher margins.
 - Continued disruptions in the economy and the labor market.
 - The price spread between domestic and imported lamb widen beyond typical levels due to domestic prices skyrocketing to record levels in late 2021 and into 2022.

Lamb Carcass Cutout Value

- Represents the estimated value of a lamb carcass based on the prices paid for individual items.
- The net cutout value averaged \$544.56 per cwt. in 2022, 3.7% higher than 2021.
- Disruptions in the economy and the labor market impacted the processing and foodservice sector.

NATIONAL LAMB CUTOUT VALUE



Note: The Net Carcass Cutout Value deducts \$62.00 per cwt. for processing and packaging based on an average cost paid by firms covered under Livestock Mandatory Reporting (LMR).

Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Lamb Carcass Cutout Values

	Net Value ¹ (\$/cwt.)	% of Previous Year	Foresaddle Value (\$/cwt.)	% of Previous Year	Hindsaddle Value (\$/cwt.)	% of Previous Year
2016	316.53	-12.5%	360.13	-6.4%	371.92	0.3%
2017	340.33	7.5%	413.15	14.7%	404.25	8.7%
2018	331.29	-2.7%	406.63	-1.6%	391.92	-3.0%
2019	342.13	3.3%	430.49	5.9%	395.05	0.8%
2020	368.84	7.8%	453.72	5.4%	400.97	1.5%
2021	524.96	42.3%	593.77	30.9%	579.73	44.6%
2022	544.56	3.7%	628.69	5.9%	583.06	0.6%

¹The Net Carcass Cutout Value deducts \$62.00 per cwt. for processing and packaging based on an average cost paid by firms covered under Livestock Mandatory Reporting (LMR).

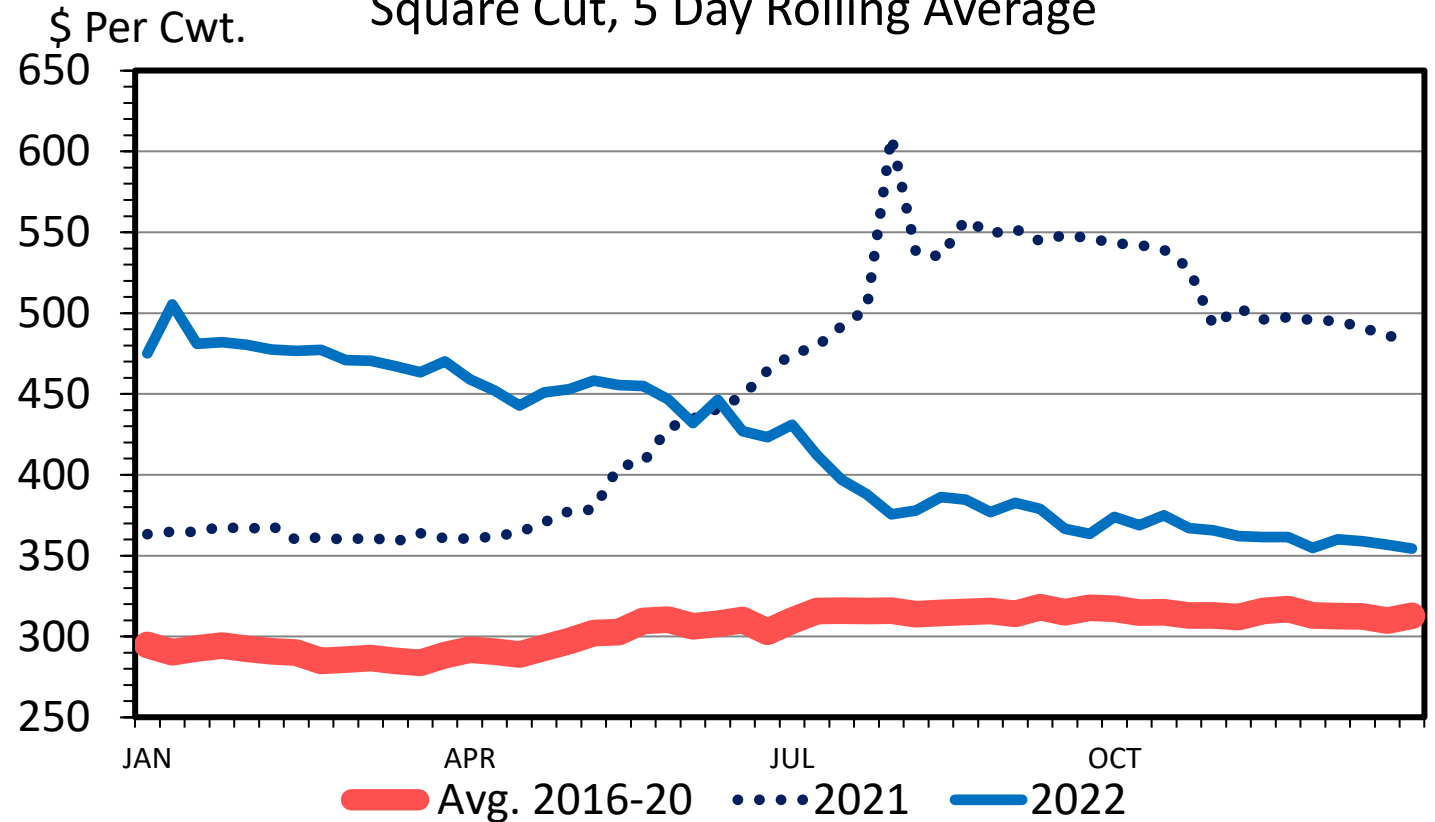
Data Source: USDA/AMS, Compiled by ASI

Lamb Carcass Values - Shoulder

- Declines in consumer demand due to price inflation drove wholesale lamb prices lower in 2022.
- For 2022, shoulder prices averaged \$418.28 per cwt., a decline of 7.2%.
- Shoulder, Square Cut, prices still stronger than 2021 and prior year price levels.

BOXED LAMB SHOULDER PRICES

Square Cut, 5 Day Rolling Average

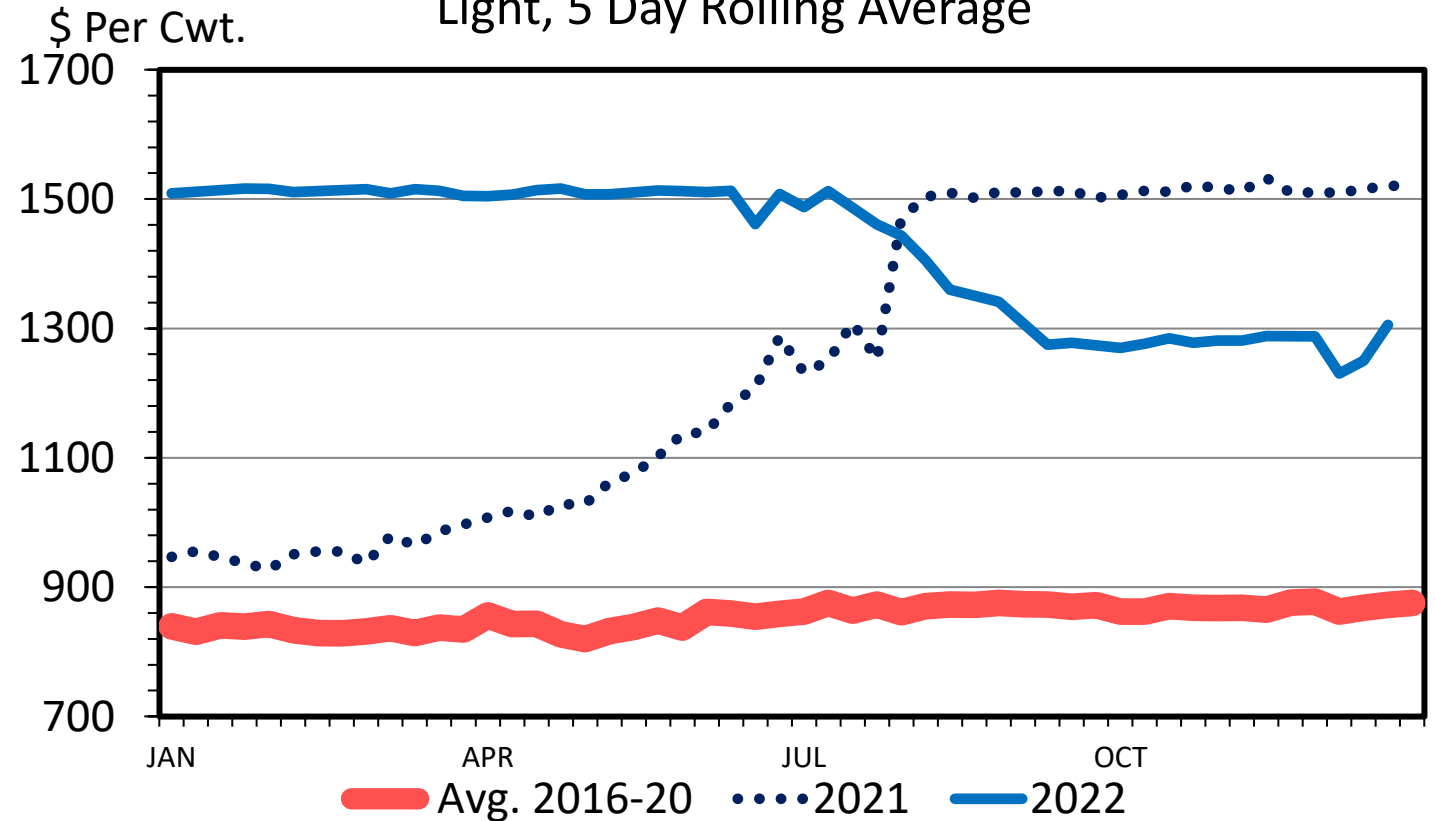


Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Lamb Carcass Values - Rack

- For 2022, the Rack, 8-Rib Medium price averaged \$1,291 per cwt., 7% above 2021.
- Rack, Roast Ready, Frenched prices averaged \$2,562.79 per cwt., 16.7% higher in 2022.
- Rack prices lost, an average, \$264 per cwt. in value between January and December of 2022.

BOXED LAMB RACK PRICES Light, 5 Day Rolling Average

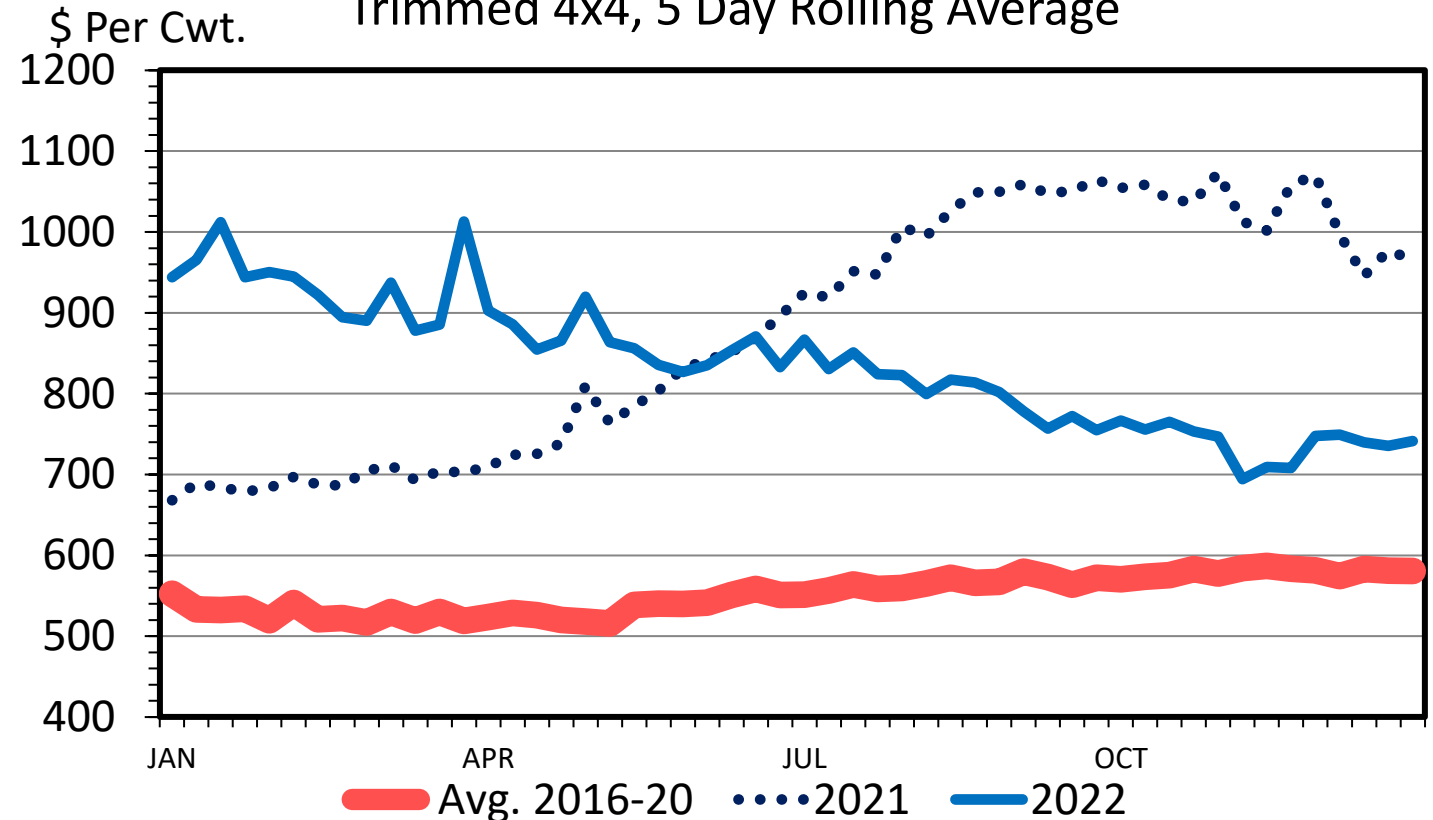


Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Lamb Carcass Values - Loin

- For 2022, the Loin 4x4 price averaged \$836.95 per cwt., 4.6% less than in 2021.
- The price for 1x1 Loins posted a 3% annual gain, averaging \$1,211.66 per cwt. in 2022.
- Loin prices on a monthly basis started to decline in June and remained below the prior year for the balance of 2022.

BOXED LAMB LOIN PRICES Trimmed 4x4, 5 Day Rolling Average



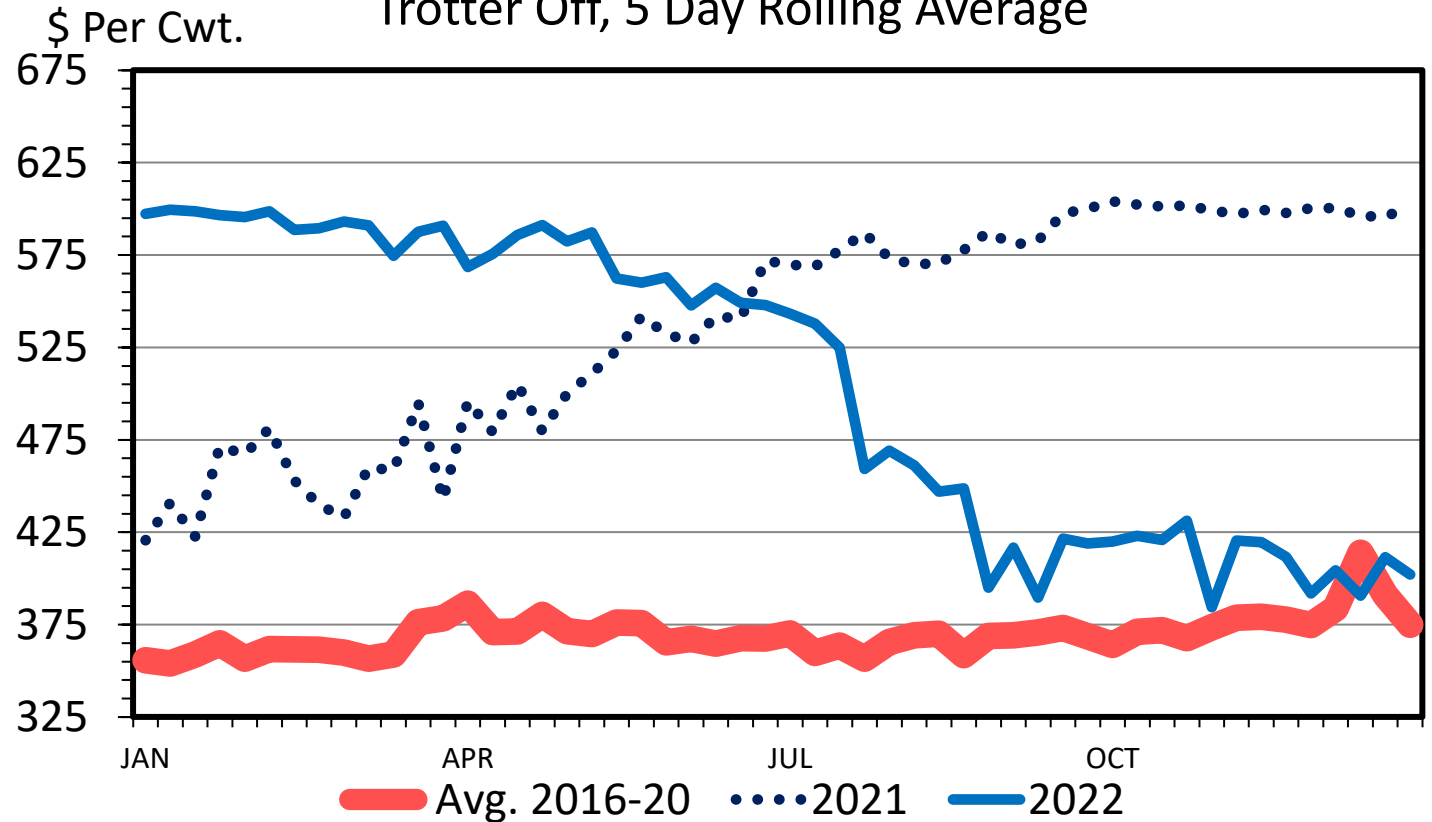
Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Lamb Carcass Values - Leg

- The price for Legs, Trotter Off averaged \$529.45 per cwt. in 2022, a tad lower than the prior year.
- Legs, Boneless Tied averaged \$804.34 per cwt. in 2021, a 2% gain over the prior year.
- Leg prices declined, on average, \$168 per cwt. in value between January and December 2022.

BOXED LAMB SINGLE LEG PRICES

Trotter Off, 5 Day Rolling Average



Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Summary of Lamb & Mutton Graded

- In 2022, 44.4% of Federally Inspected (FI) lambs were graded.
- Percent Yield Grade 4 & 5 increased due to a large supply of heavyweight lambs.
- Percent Yield Grades 1 – 3 declined in 2022.
- 90% graded Choice, 10% graded Prime in 2022.

	Yield Grade 1	Yield Grade 2	Yield Grade 3	Yield Grade 4	Yield Grade 5	% Lambs Graded of FI Lamb Slaughter
2016	6.5%	30.3%	39.5%	16.0%	7.7%	61.3%
2017	5.8%	31.1%	41.4%	14.8%	7.0%	58.6%
2018	5.0%	27.1%	39.3%	17.9%	10.7%	57.3%
2019	4.8%	26.6%	41.6%	18.9%	8.2%	55.8%
2020	4.6%	29.1%	44.7%	16.5%	5.1%	50.4%
2021	6.2%	37.4%	40.8%	12.7%	2.9%	49.5%
2022	5.4%	30.8%	36.2%	20.2%	7.4%	44.4%

Data Source: USDA/AMS, Compiled by ASI

Imports & Exports

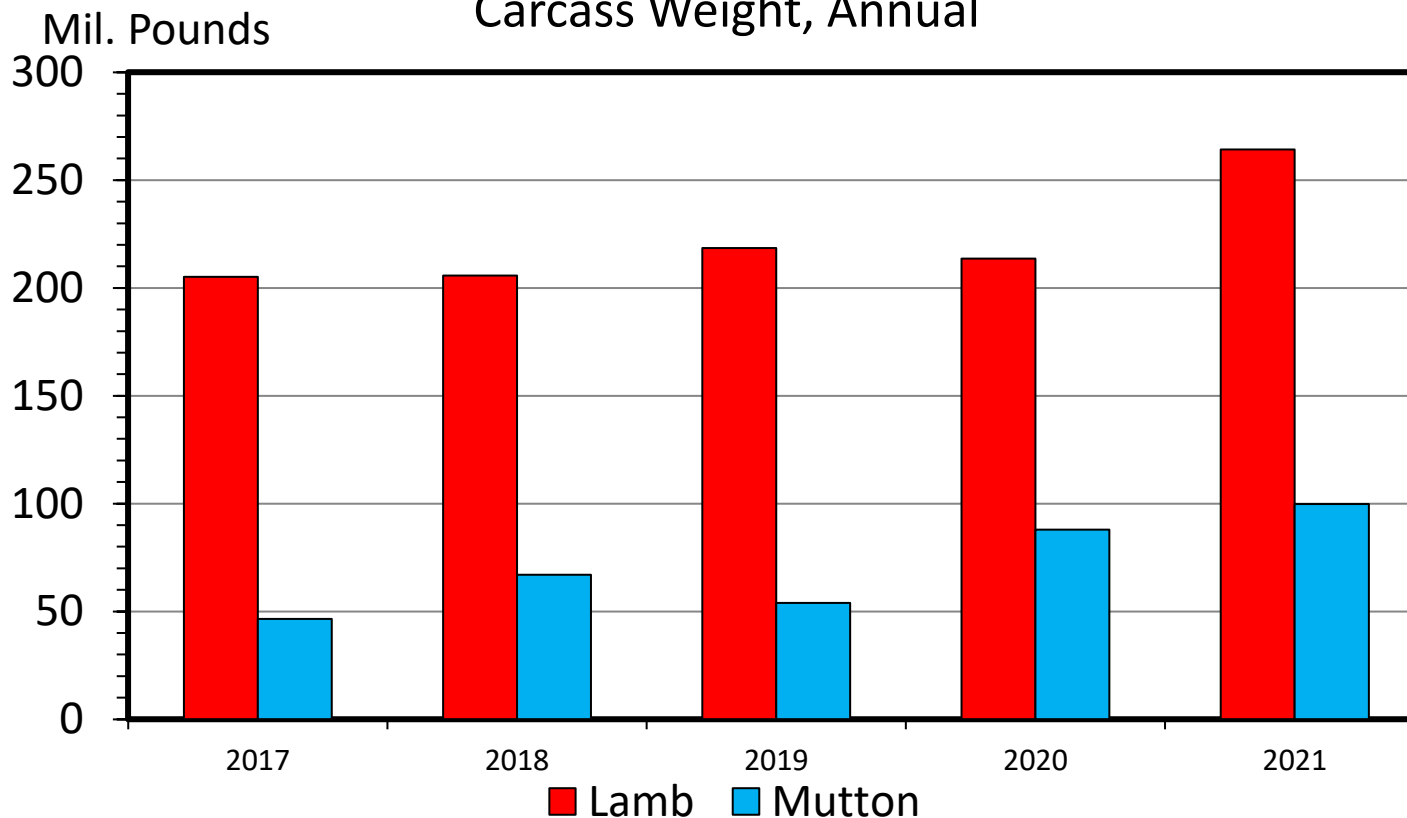


Lamb & Mutton Imports

- Strong U.S. lamb prices provided an attractive market for lamb imports.
- Lamb imports up 5.2% at 278.0 million pounds in 2022.
- Mutton imports down 19.6% to 80.13 million pounds.
- Total lamb and mutton imports at 358.1 million pounds, down 1.6% from 2021.

US LAMB & MUTTON IMPORTS

Carcass Weight, Annual



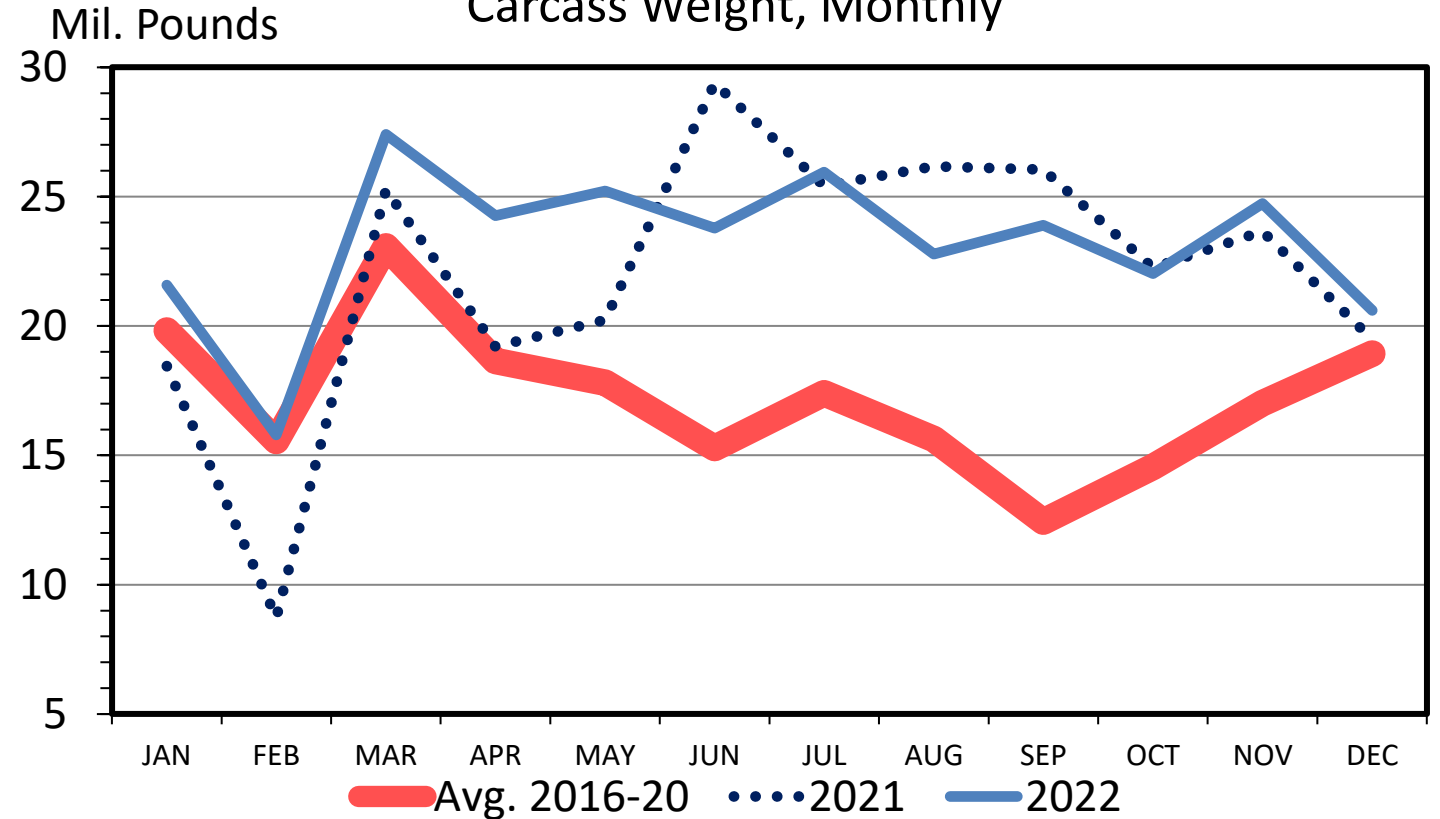
Data Source: USDA/ERS & USDA/FAS, Compiled by the Livestock Marketing Information Center

Lamb Imports

- Imports from Australia at 207.8 million pounds were up 6.2% in 2022.
- Imports from New Zealand were 0.8% above 2021 at 64.9 million pounds.
- Imports responded to elevated U.S. retail lamb prices in 2022.

US LAMB IMPORTS

Carcass Weight, Monthly



Data Source: USDA/ERS & USDA/FAS, Compiled by the Livestock Marketing Information Center

Lamb & Mutton Imports

(1,000 lbs. carcass weight basis)

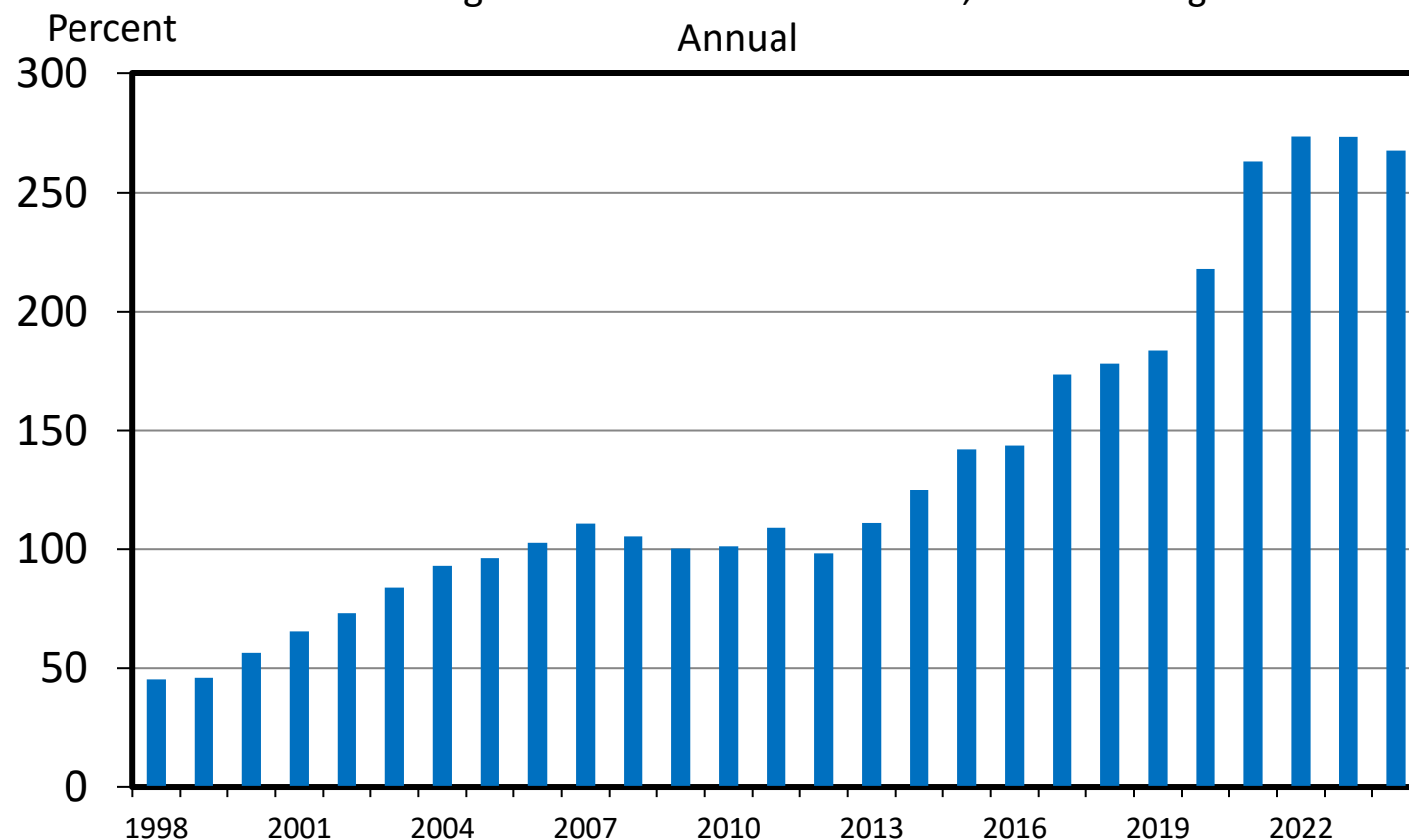
	Lamb	% of Previous Year	Mutton	% of Previous Year	Total Lamb & Mutton	% of Previous Year
2016	187,896	5.1%	28,024	-19.9%	215,920	1.0%
2017	205,222	9.2%	46,494	65.9%	251,716	16.6%
2018	205,678	0.2%	66,961	44.0%	272,639	8.3%
2019	218,510	6.2%	53,911	-19.5%	272,421	-0.1%
2020	213,634	-2.2%	87,916	63.1%	301,550	10.7%
2021	264,241	23.7%	99,664	13.4%	363,905	20.7%
2022	278,003	5.2%	80,133	-19.6%	358,135	-1.6%

Data Source: USDA/ERS & USDA/FAS, Compiled by ASI

Lamb & Mutton Imports

- Total imports as a percent of U.S. commercial production was 274% in 2022.
- Imports accounted for more than 70% of total U.S. lamb and mutton disappearance in 2022.
- The decline in U.S. lamb and mutton production was greater than the decline in total imports in 2022.

U.S. LAMB AND MUTTON IMPORTS
As a Percentage of Commercial Production, Carcass Weight

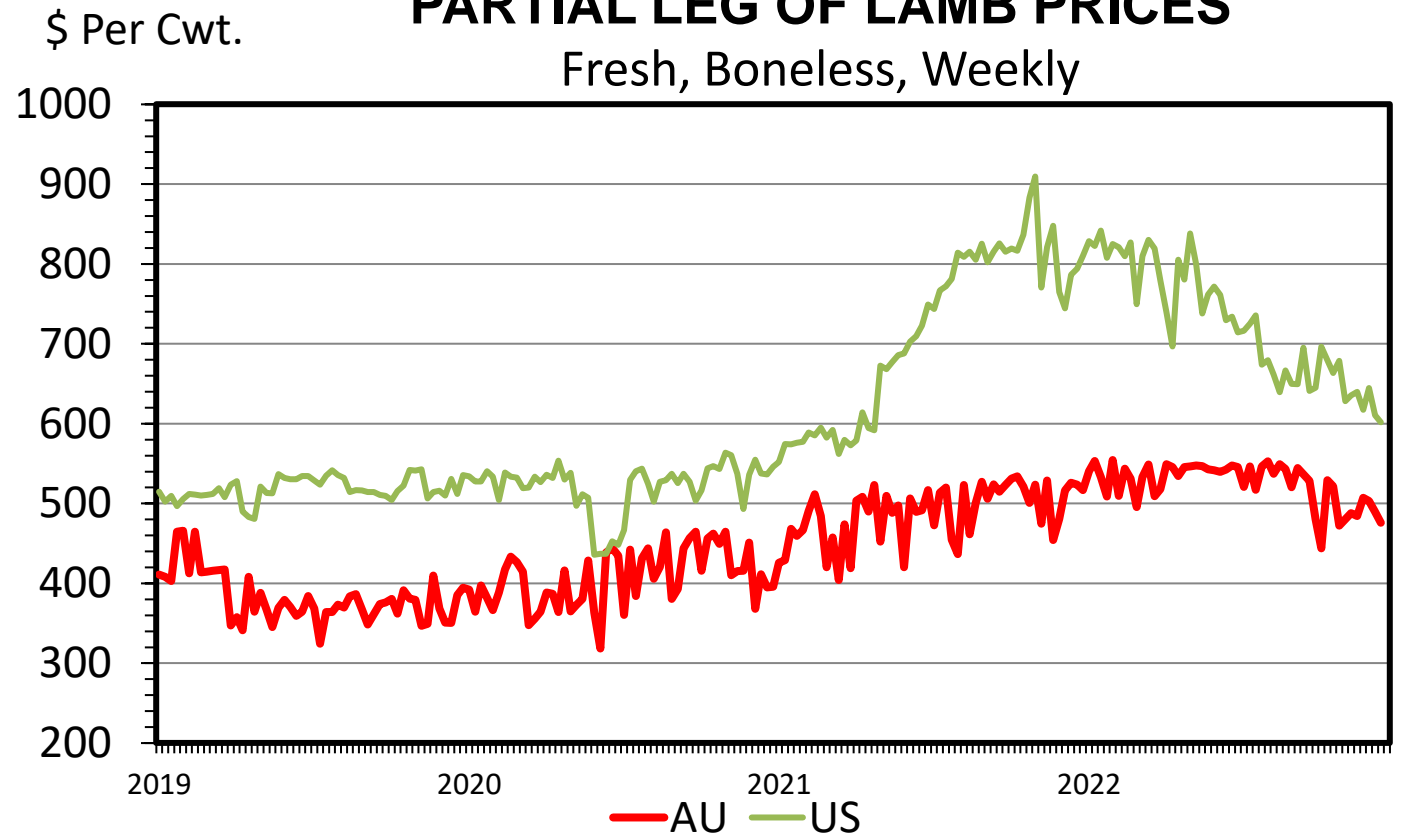


Data Source: USDA/ERS, USDA/FAS & USDA/NASS, Compiled & Forecasts by the Livestock Marketing Information Center

Lamb Imports

- High domestic prices led to an increase in imports in 2022.
- The price spread between domestic and imported prices widened as domestic prices rose to record high price levels.

AUSTRALIA vs U.S. PARTIAL LEG OF LAMB PRICES Fresh, Boneless, Weekly

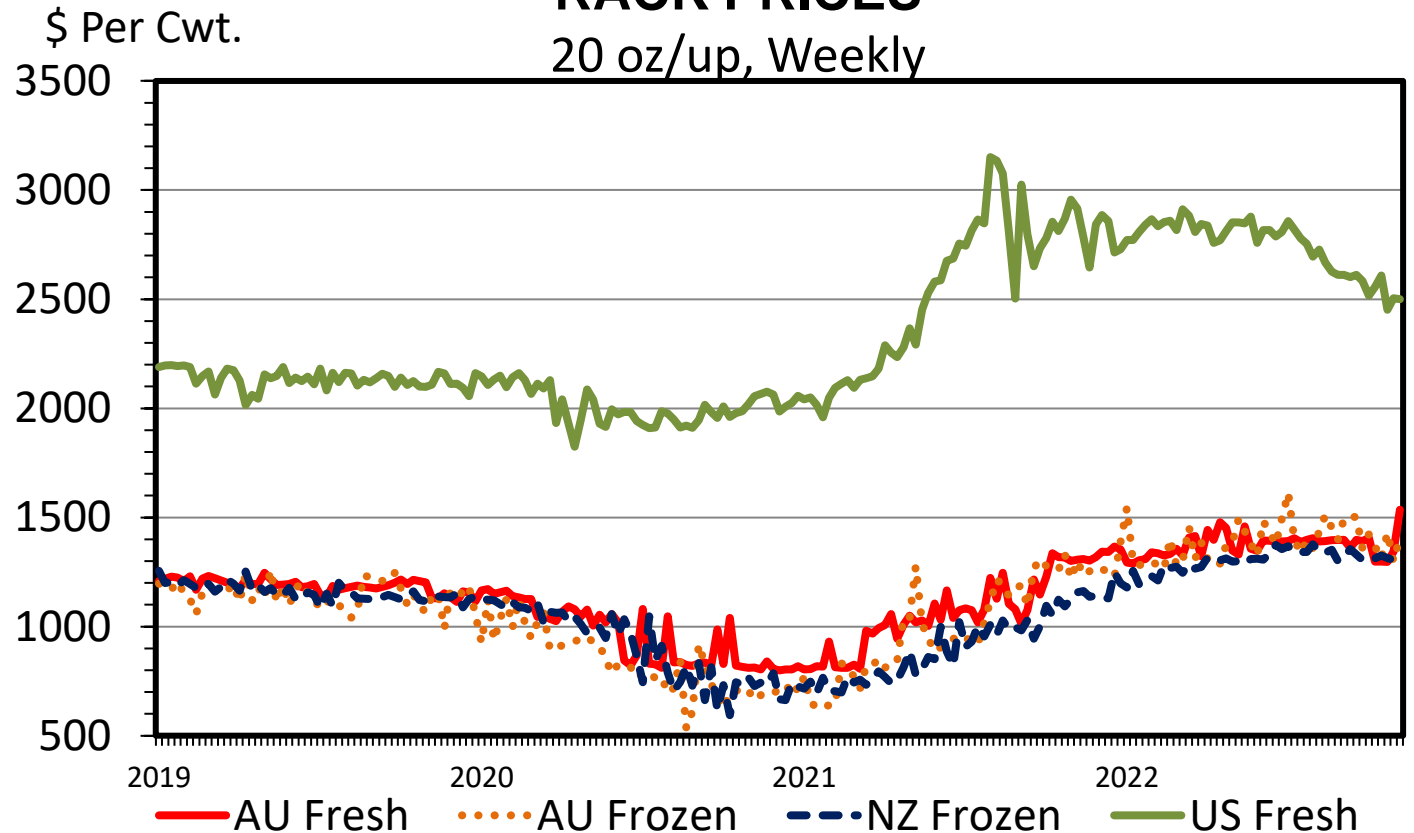


Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Lamb Imports

- American lamb prices posted larger annual gains than imported lamb during 2022.
- The margin between domestic and imported prices widen in 2022.

AUSTRALIA vs. NEW ZEALAND vs. U.S. RACK PRICES



Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Lamb & Mutton Exports

- Lamb and mutton exports totaled 5.83 million pounds, 68% higher than in 2021 and the largest since 2019.
- Export volume growth was driven primarily by stronger demand in the Caribbean.
- Exports to Mexico, Canada, the Philippines and Taiwan posted year-over-year gains.
- Export value increased 49% to \$13.2 million, the highest since 2019.
- In 2022, lamb exports as a percent of lamb and mutton production was 4.5%, slightly higher than in 2021.

Lamb & Mutton Exports

(1,000 lbs. carcass weight basis)

	Lamb	% of Previous Year	Mutton	% of Previous Year	Total Lamb & Mutton	% of Previous Year
2016	828	93.4%	4,593	13.5%	5,420	21.2%
2017	922	11.4%	4,982	8.5%	5,905	8.9%
2018	785	-14.9%	5,111	2.6%	5,896	-0.1%
2019	737	-6.1%	4,958	-3.0%	5,695	-3.4%
2020	537	-27.2%	2,701	-45.5%	3,237	-43.2%
2021	477	-11.1%	3,002	11.2%	3,479	7.5%
2022	530	11.2%	5,303	76.6%	5,834	67.7%

Data Source: USDA/ERS & USDA/FAS, Compiled by ASI



Consumer Market



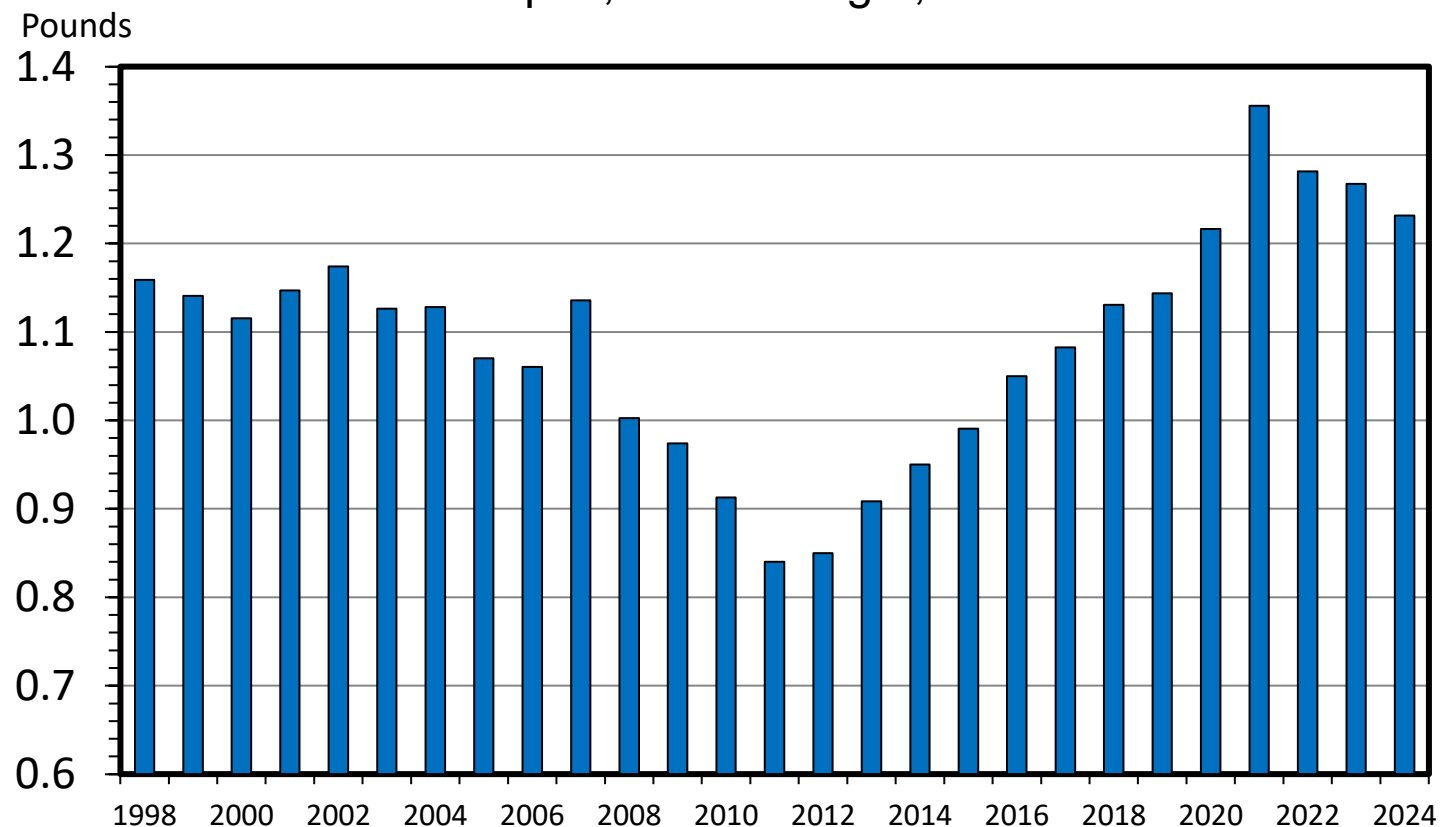
Consumer Market Trends

- Supply chain issues, particularly rising costs for such factors as transportation, labor, and processing, factored into higher prices for consumers.
- Consumer purchasing behavior changed as the cost of living increased more than earnings, due to inflation.
- Consumers were more price sensitive to higher lamb prices compared to 2021.
- Consumers pushed-back on high lamb prices in the meat case and on menus.
- Inflationary pressure has triggered money saving measures when buying groceries among a large percentage of Americans.

Lamb Consumption

- In 2022, per capita lamb consumption at the retail level was 1.28 pounds per person.
- This is the second highest since the earlier 1990's, only behind 1.36 pounds per person in 2021
- The relationship between lamb prices and per capita availability indicates that consumer demand for lamb weakened in 2022.

US LAMB & MUTTON CONSUMPTION Per Capita, Retail Weight, Annual

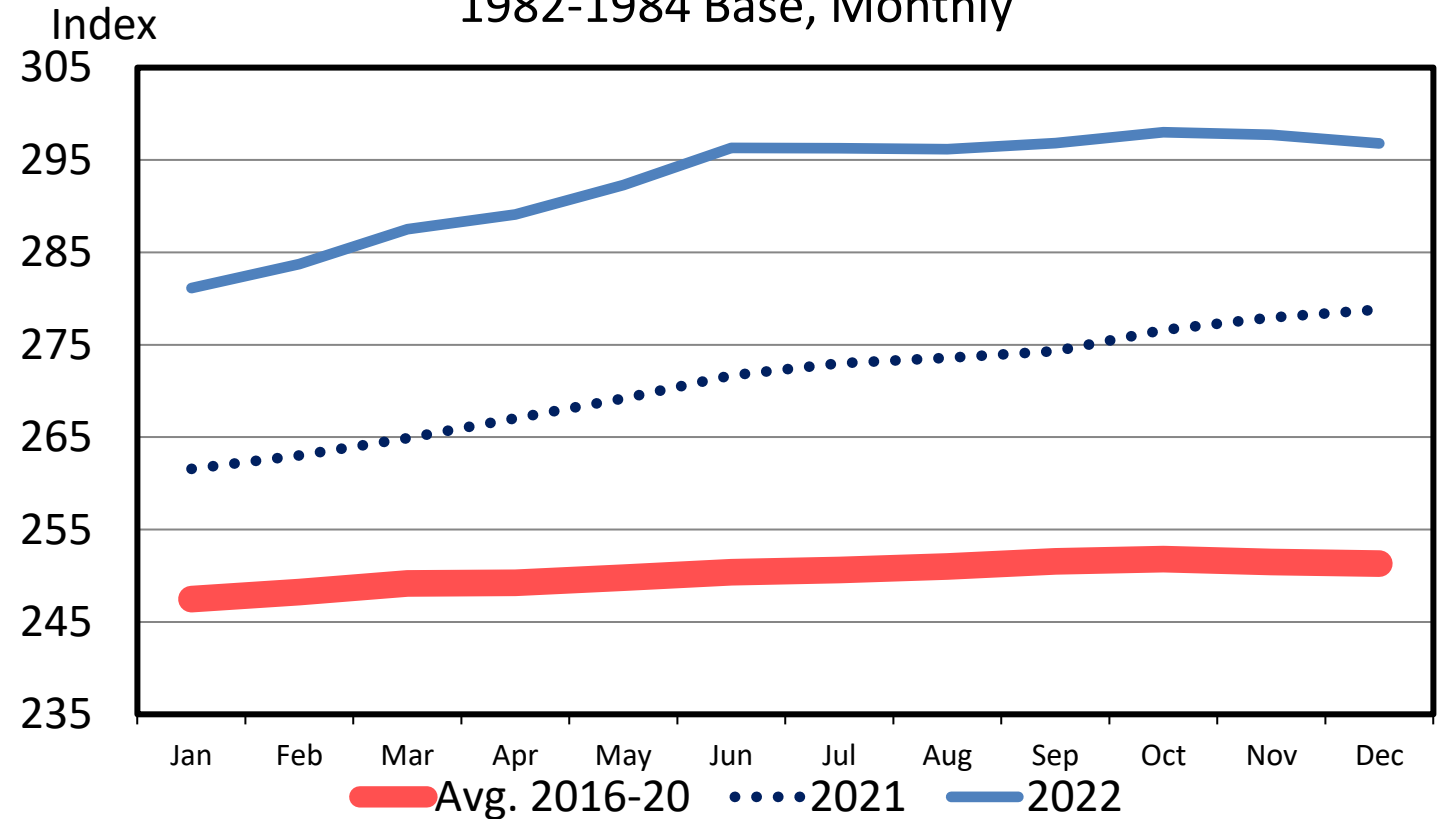


Data Source: USDA/NASS, Compiled & Forecasts by the Livestock Marketing Information Center

Inflation

- Consumer prices rose in 2022 due to inflation.
- The Consumer Price Index (CPI) averaged 8% higher in 2022 due to higher prices for gasoline, housing, and food.
- Inflation reduced consumer real and disposable incomes which contributed to weaker lamb demand.

CONSUMER PRICE INDEX – ALL ITEMS 1982-1984 Base, Monthly



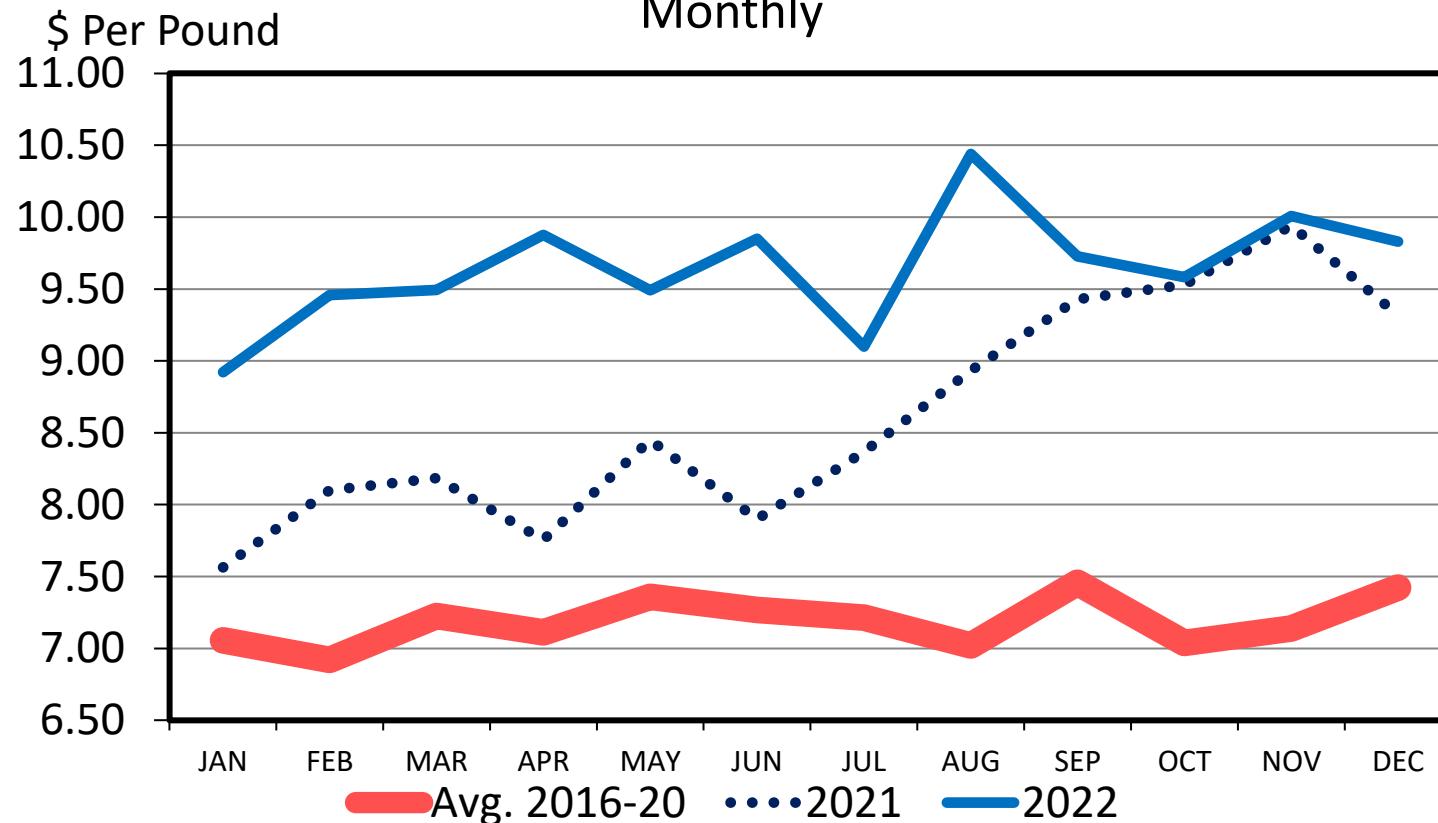
Data Source: Bureau of Labor Statistics, Compiled by the Livestock Marketing Information Center

Retail Feature Activity

- Retail prices remained elevated in 2022.
- Prices averaged a \$1.00 per lb higher than in 2021 and more than \$2.00 per lb higher than in 2020.
- Consumers were more sensitive to high retail prices in 2022 because of inflationary pressure on their purchasing power.

RETAIL ALL LAMB FEATURE PRICE

Monthly



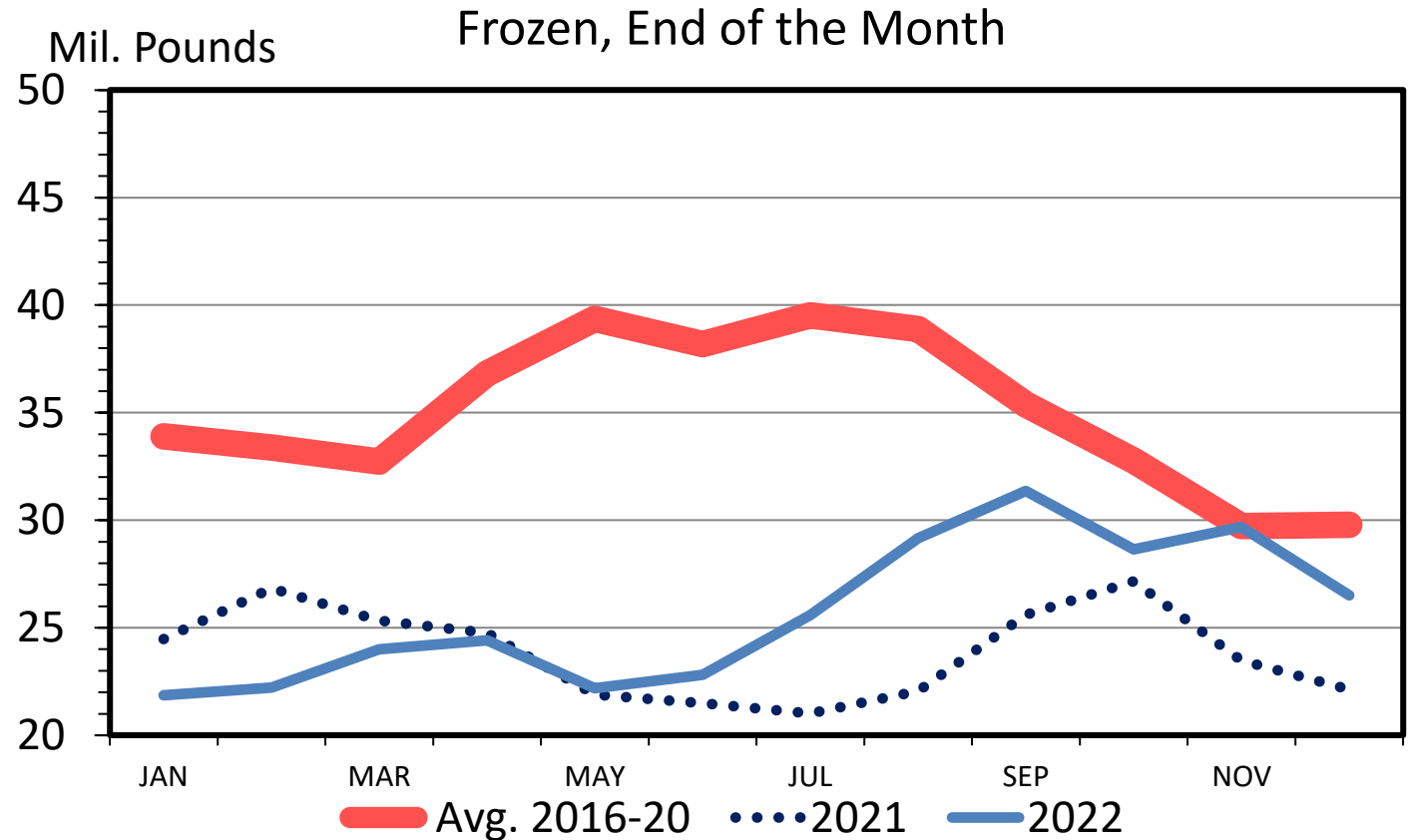
Note: Advertised Prices for Lamb and Veal at Major Retail Supermarket Outlets.

Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Cold Storage

- Cold storage levels provide an insight into consumer demand.
- As consumer demand declined due to high prices, supplies of lamb and mutton in cold storage increased.
- Large cold storage stocks contributed to lower lamb prices in 2022.

LAMB AND MUTTON IN COLD STORAGE



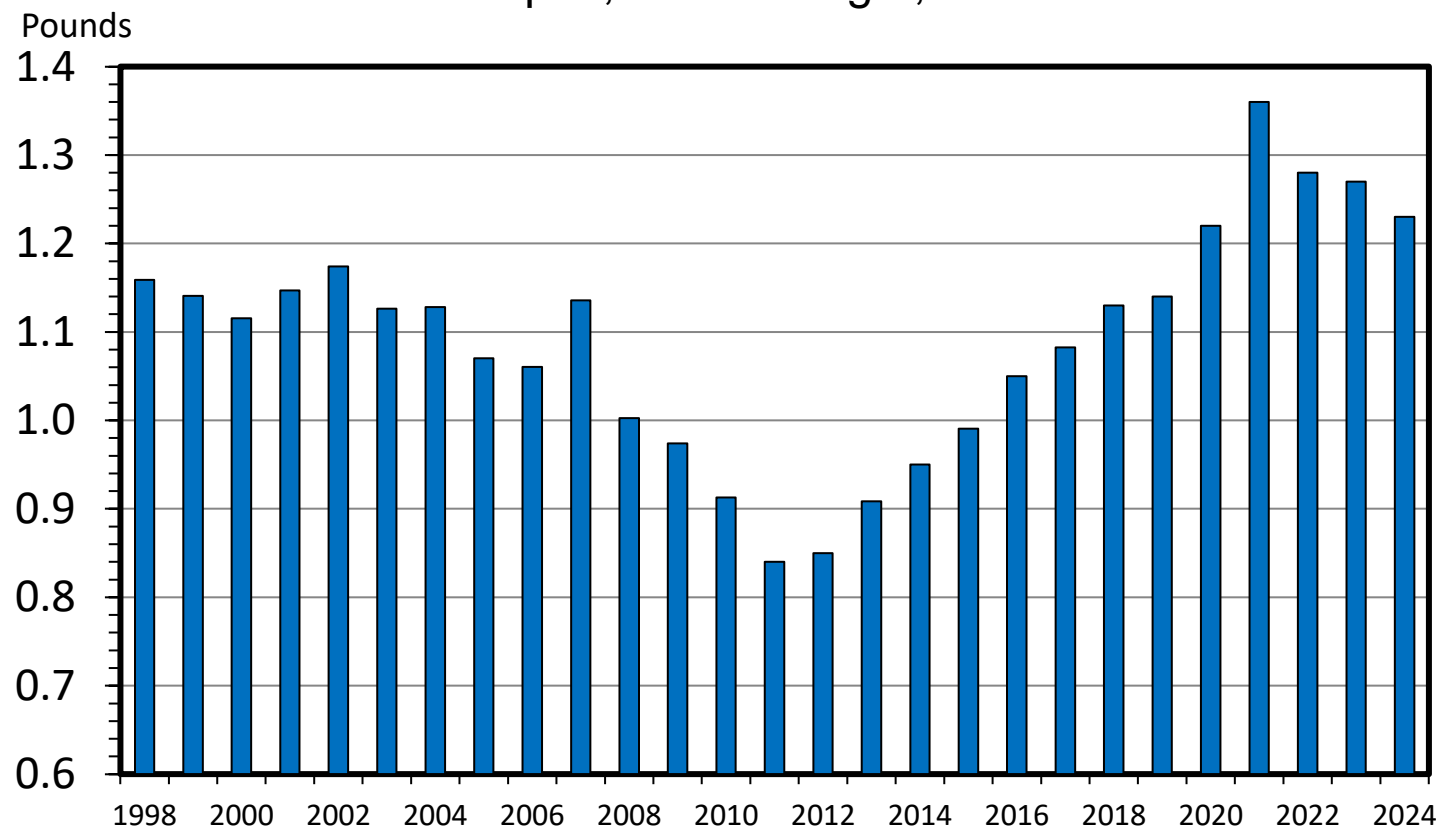
Note: Cold storage data is reported on a total basis for product stored for 30 days or longer.

Data Source: USDA/NASS, Compiled by the Livestock Marketing Information Center

Lamb Consumption

- Per capita lamb consumption over 1.28 pounds per person.
- Record high prices relative to the available supply of lamb implies a decline in consumer demand in 2022.

US LAMB & MUTTON CONSUMPTION Per Capita, Retail Weight, Annual



Data Source: USDA/NASS, Compiled & Forecasts by the Livestock Marketing Information Center



Sheep & Lamb Market Outlook

Sheep & Lamb Market Outlook

- While inflation appears to be moderating and supply chains are improving, there are still concerns of a slowing U.S. economy in 2023
- Rising interest rates and high prices for housing, groceries and other items could further impact consumer incomes and challenge lamb demand in 2023.
- Wholesale lamb prices are still strong relative to pre-pandemic levels as consumers continue to demand American lamb.
- There is optimism for higher live lamb prices in 2023, with consumer demand being a key factor underlying upward movement in slaughter and feeder lamb prices.

Sheep & Lamb Market Outlook

- Drought is expected to continue into 2023.
- Much of the U.S. continues to face drought effects on feed and forage supplies, particularly hay.
- Forage availability is limited which will increase feed costs and potentially limit profitability in 2023.
- Australia is projecting record lamb production in 2023 which will translate into higher export levels.
- The U.S. market will remain an attractive market for Australia lamb in 2023.

Sheep & Lamb Market Outlook

- For 2023, the Livestock Marketing Information Center is forecasting:
 - Commercial sheep and lamb slaughter to decrease slightly to 2.06 million head.
 - Lamb production to decline to 127 million lbs., down 2.8% year-on-year.
 - Imports expected to fall 2% to 349 million lbs. due to lower demand and prices.
 - Total lamb availability is expected to contract, with a decline in per capita availability to 1.27 lbs. per person.
 - Forecasts call for a return to pre-pandemic live lamb price levels in 2023.
- *Forecasts as of February 10, 2023, and subject to change.*



Thank You

