



- Feeder and slaughter lamb prices moved higher in March – likely prompted by tighter supplies.
- The wholesale cutout value, less processing and packaging costs, averaged \$288.12 per cwt. in March, down 2% monthly and down 8% year-on-year.

Tighter commercial supplies reflect lower inventory numbers and production and perhaps strong demand in the non-traditional lamb market. In the year through mid-April lamb harvest was down 1.4 percent to 464,032 head and estimated lamb production was 32.8 million lbs., also down 1.4 percent.

In 2016, it was estimated that for every 3 lambs that were harvested in the commercial market, one lamb was sold in the non-traditional market. At the New Holland Sales Stable auction slaughter lamb prices were relatively high. In March Choice and Prime 2 3 woolled lambs weighing 90-110 lbs. averaged \$229.70 per cwt., 11-percent higher monthly and 7-percent above a year ago.

Feeder prices at auction for a 3-market average were \$218.92 per cwt. for 60 to 90-lb. lambs in March, 5-percent higher monthly and 13-percent higher year-on-year.

Meat Market Lower

The cutout value, less processing and packaging costs—averaged \$288.12 per cwt. in March, down 2 percent monthly and down 8 percent year-on-year. This was the first drop in value below \$300 per cwt. since late 2013. Among lamb primals, the rack and loin saw gains in March, but the leg and shoulder were lower.

New AMS Slaughter Lamb Price Report

After more than a year of suspending the price report for slaughter lambs on formula, the U.S. Department of Agriculture Agricultural Marketing Service (AMS) reinstated the series. However, AMS withdrew reporting of the total volume of lambs sold on formula, a report utilized to assess available supplies and forecast prices. AMS also added a new report it calls “Comprehensive Information.” This report is a combination of slaughter lambs sold on a live, negotiated basis in addition to formula transactions.

Feeder and Slaughter Lamb Market Saw March Lift

On April 7, slaughter lambs on formula were reported at \$283.56 per cwt. (about \$141.78 per cwt. live weight) for an 83.9-lb. carcass weight (168 lbs. live weight). The carcass weight translates to about 168 lbs. live weight. The Comprehensive Information prices for live, negotiated and formula lambs was \$290.61 per cwt. for an 81.71-lb. carcass (\$145.31 per cwt. live).

These weights are relatively heavy in an industry that averages about 140 lbs. in federally-inspected (FI) harvest. It suggests that supplies were tight, pointing to unavailable market-ready lighter-weight lambs and that packers/processor might have to incur additional trimming costs at harvest.

Slaughter lamb prices at auction averaged \$148.36 across San Angelo, Ft. Collins, Sioux Falls, and Kalona markets, up 4-percent monthly and 11-percent higher year-on-year.

LMIC Forecasts:

After forecasting a sharp draw down in freezer inventory and a modest supply contraction, the Livestock Market Information Center (LMIC) forecasted higher lamb prices this year.

In early April, the LMIC forecasted that on a carcass basis slaughter lambs could see \$277-\$281 per cwt. in the second quarter, up 8% from a year ago.