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Record Meat Market

July was a momentous month for lamb. The wholesale composite--gross carcass value—hit a record high of \$428.96 per cwt., exceeding the last record set in November 2011 of \$409.76 per cwt.

In March, the wholesale market did an abrupt turnaround, posting month-to-month gains after two years of trending downward.

The lamb market may have reached a new level of maturity, characterized by a higher level of demand for a high-quality, luxury offering. Strong lamb demand in recent years could be paying off.

The net carcass value--after processing and packaging--was \$384.11 per cwt. in July, up 5% monthly and up 23% year-on-year.

All primals were higher in July, with the stronger rack leading the way. The rack, 8-rib, medium, averaged \$922.53 per cwt., up 6% monthly and up 37% year-on-year. The shoulder, square-cut, averaged \$354.95 per cwt., up 2% monthly and up 25% year-on-year. The loin, trimmed 4x4, was \$616.41 per cwt., up 4% monthly and up 16% year-on-year. The leg, trotter-off, saw \$416.16 per cwt., up 4% monthly and up 20% year-on-year.

The rack, roast-ready, frenched averaged \$1,656 per cwt. in July and the rack, roast-ready, frenched, special (cap-off) posted \$2,331 per cwt.

Packer Spreads Widened

The live-to-cutout packer lamb spread widened by more than 100% in the last year. In July, the average was \$91 per head, up from \$42 per head a year ago. The meat market gain of 24% far surpassed the 4-percent gain in slaughter lamb prices at auction. Not since March 2015 have we seen the spread reach near this level.

The rack-loin spread is also higher than it's been since early 2015. In July, the spread hit \$3.06 per cwt., up from \$1.44 per cwt. year-on-year.

Estimated Production Down

Estimated lamb harvest in the year through July was 1.05 million head, down 4% year-on-year. Estimated lamb production was 72.8 million lbs., down 5% from a year ago. Dressed weights averaged 69 lbs. from January-July, down from 70 lbs. a year ago.

Lamb imports were up 2% year-on-year through May with Australian lamb steady and New Zealand lamb up 9% year-on-year.

Live Lambs Mixed

Feeder lamb prices at auction averaged \$183.34 per cwt. in July, down 12% monthly and down 2% year-on-year. Prices were averaged over the San Angelo, Ft. Collins, and Sioux Falls auctions.

Live, slaughter lamb prices at auction averaged \$159.32 per cwt. in July, 14% lower monthly, and 4% higher year-on-year. Lambs on formula averaged \$338.53 per cwt. in July, down 0.2% monthly. Dressed weights were up 6% to 89.65 lbs. which put the live equivalent price at \$172.10 per cwt.