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- ✓ Estimated U.S. lamb harvest numbers in the first eight months of the year totaled 1.18 million head, down 4% year-on-year.

Fresh Australian Imports Down

In recent data from the Australian Government Department of Agriculture and Water Resources, Australian fresh lamb exports to the U.S. were down 2% through August. Frozen exports were up 8% and total lamb exports were up 3%.

It is the downturn in fresh Australian lamb imports that could have contributed to this summer's price rally. Furthermore, August prices reflected future expectations: Meat & Livestock Australia's (MLA) August forecast reported 2017 lamb exports down 6% annually. The 2017 MLA national lamb slaughter forecast is also lower: 21.5 million head, 6% lower annually.

Lower imports coupled with lower domestic production puts pressure on prices. Estimated U.S. lamb harvest numbers in the first eight months of the year totaled 1.18 million head, down 4% year-on-year. Estimated production through August totaled 81.9 million lbs., down 5% year-on-year.

Looking forward, Australian lamb harvest is expected to rise in 2018 and continue on a long-term growth trajectory (8/2017). If domestic supplies maintain, U.S. lamb prices might soften somewhat toward its 5-year average.

Live Market Down 2%

Live, slaughter lamb prices at auction averaged \$156.81 per cwt. in August, slipping 2% monthly and about even with a year ago. Slaughter lamb prices on a carcass-based formula averaged \$325.83 per cwt. in August, down 4% monthly. The equivalent live, converted price was \$164.80 per cwt. Live, negotiated slaughter lamb prices averaged \$171.13 per cwt., down 6 percent monthly, but still 5% higher than a year ago.

Market Cools

The hot lamb market cooled in August. After reaching significant gains from a year ago, and setting new record highs, the meat market weakened in August. This summer, the meat market surpassed the previous record high in November 2011 by 3%.

A tight supply situation and uncertainty regarding the upcoming December holidays might have played a role in the run-up, but equally important are effects of a concentrated market, and market expectations of its key players.

The gross carcass value averaged \$421.48 per cwt. in August, down 2% monthly and up 19% year-on-year. After processing and packaging is deducted, the net carcass value averaged \$376.63 per cwt.

In August, all primals were down 1-3% monthly, yet were up to 30% higher year-on-year, as in the case of the rack. The 8-rib, medium, rack posted \$909.33 per cwt., the loin, trimmed 4x4, averaged \$608.72 per cwt., the leg, trotter-off, saw \$405.60 per cwt., and the shoulder, square-cut, was \$348.14 per cwt.