2021 Sheep Industry Review

Prepared by the American Sheep Industry Association

March 2022

Executive Summary

- The sheep and lamb industry saw prices reach historic levels in 2021.
- Persistent drought, higher feed costs and other production constraints, as well strong slaughter ewe prices resulted in significantly large mature sheep slaughter in 2021.
- The continuing the downward trend in the U.S. sheep flock has resulted in a smaller lamb crop and lamb supply.
- Cold storage inventories in 2021 were below year ago levels which provided further support to lamb prices.
- Lamb and mutton imports set new record levels of 2021, in response to record lamb prices and outstanding domestic demand for lamb.

Executive Summary

- The pandemic continued to bring uncertainty during 2021, which drove shifts in consumer food consumption and buying patterns.
- Per capita lamb consumption was 1.36 pounds per person for 2021, the highest level since the early 1990’s.
- Gains in lamb consumption has been linked to the year-round availability of more lamb cuts in grocery stores meat cases and direct sales, a result of the pandemic.
- Economic uncertainty continued in 2021, with focus on price inflation and consumer response to higher prices for meat and other goods.

Executive Summary

- The feeder and slaughter lamb prices record high with prices gains of more than 40% in 2021.
- The wholesale lamb market saw record highs in response to strong consumer demand and tighter available supplies.
- Commercial slaughter up 1% in 2021, driven by large mature sheep slaughter.
  - Lamb & Yearling slaughter up 0.3% but 5% lower than the 2015 – 2019 average.
  - Mature sheep slaughter 24% higher in 2021.
- Lamb and mutton imports record large at 364 million pounds in 2021.
  - Mutton imports continue to post large volume gains in recent years.

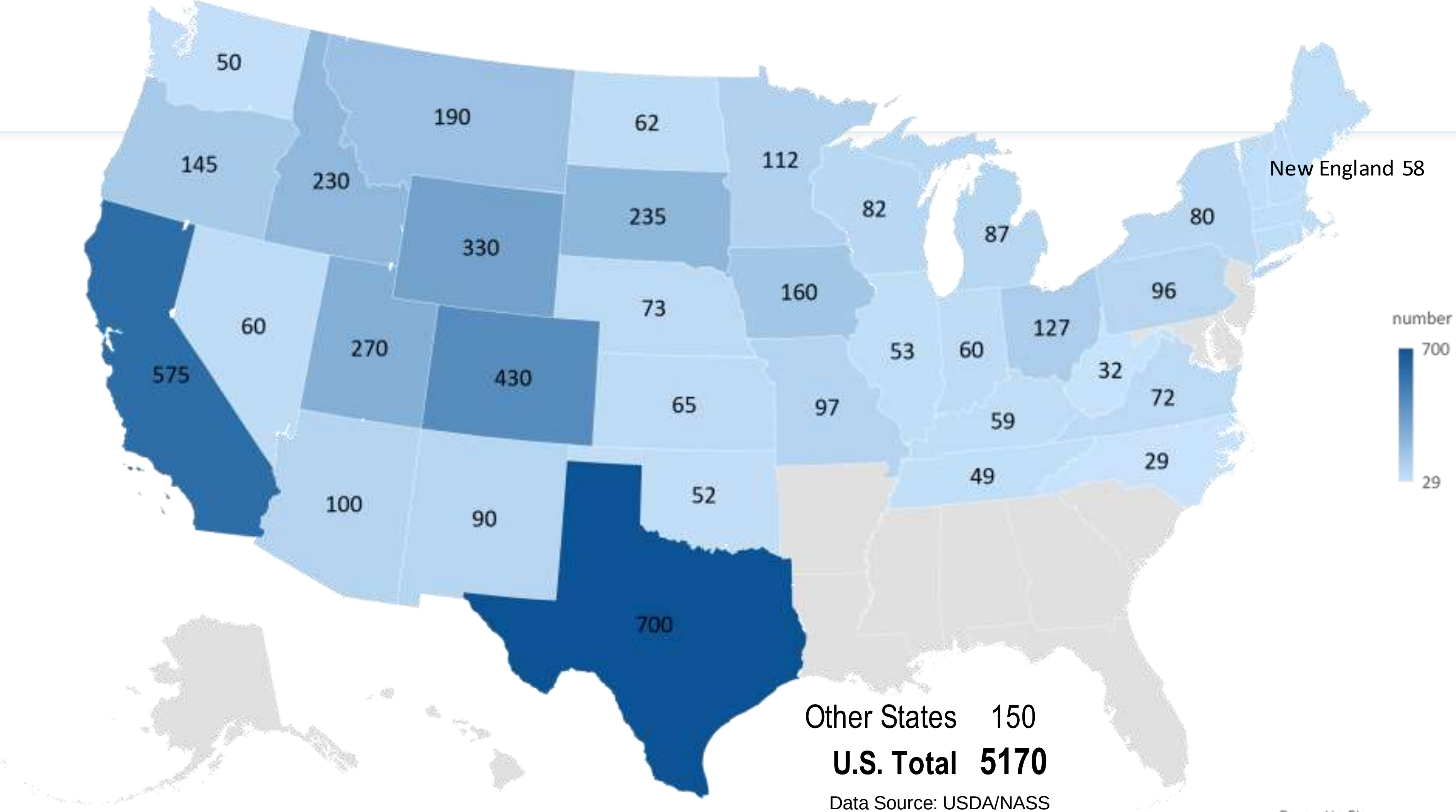
Inventory

January 1 Inventory Trends

- Sheep & lamb inventory continued declining trend.
- As of January 1st, sheep & inventory totaled 5.065 million head, down 2% from 2021.
- Breeding sheep inventory at 3.71 million head down 2%.
- Market lambs down 2.4% to 1.28 million head.
- The 2021 lamb crop at 3.16 million head down 2% due to lower number of ewes.
- Lambing percentage at 106.8% for 2021.
- Inventory report confirms expectations for a smaller lamb supply.

Sheep & Lamb Numbers January 1, 2022

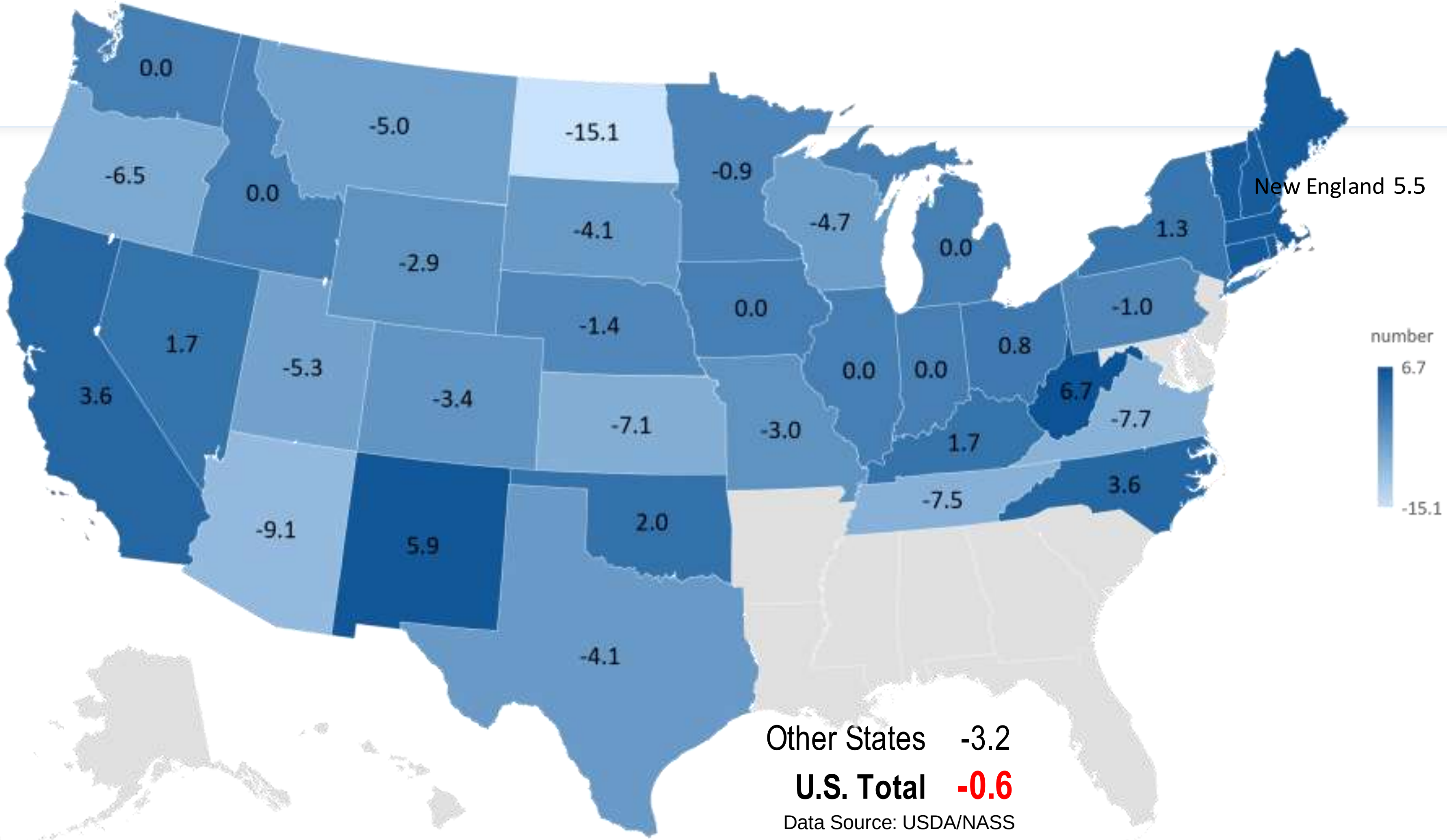
(1000 Head)



Data Source: USDA/NASS

Compiled by the Livestock Marketing Information Center

Percent Change Sheep & Lamb Inventory
January 1, 2021 to January 1, 2022



Other States -3.2

U.S. Total -0.6

Data Source: USDA/NASS

Compiled by the Livestock Marketing Information Center

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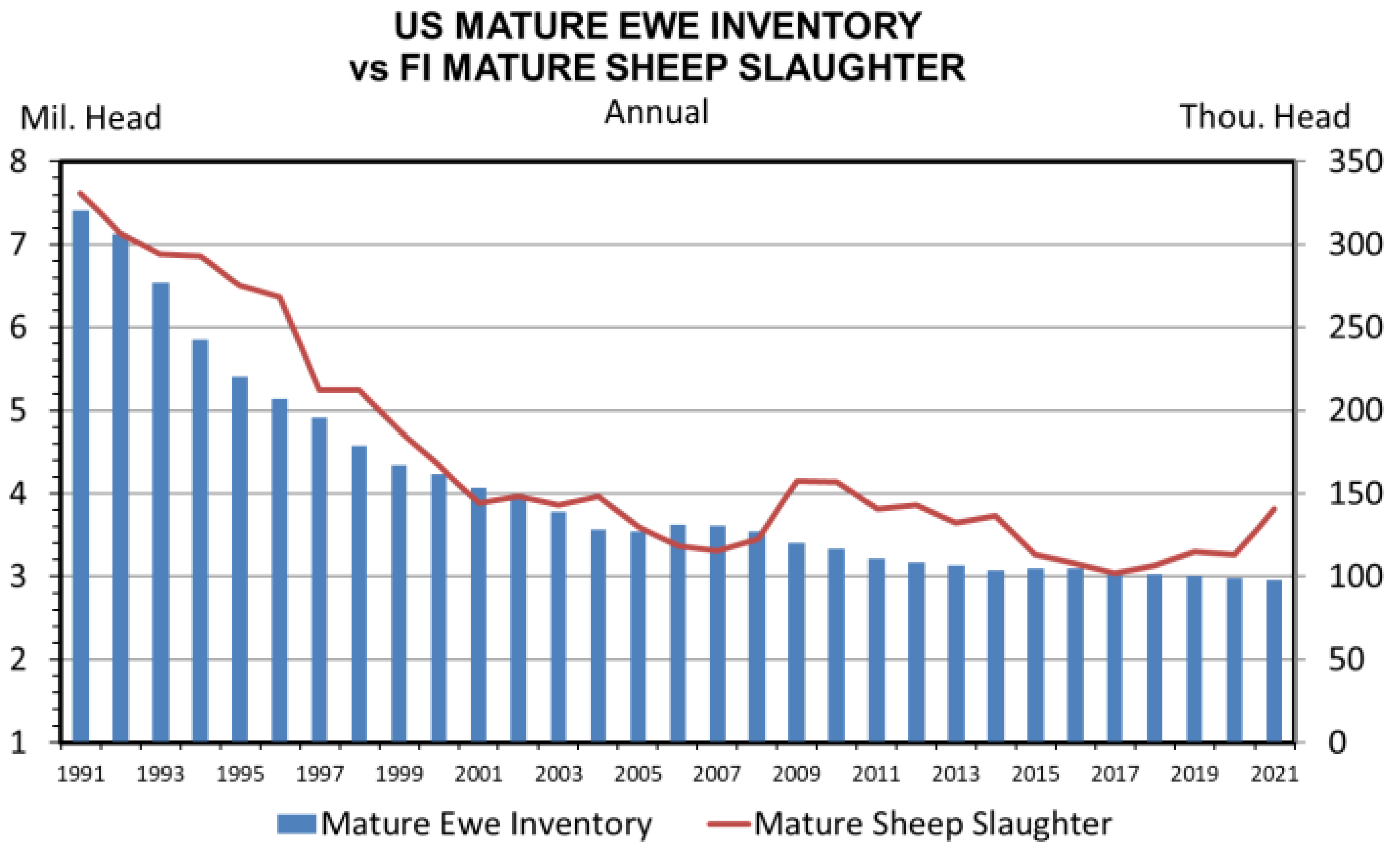
Ewe Flock

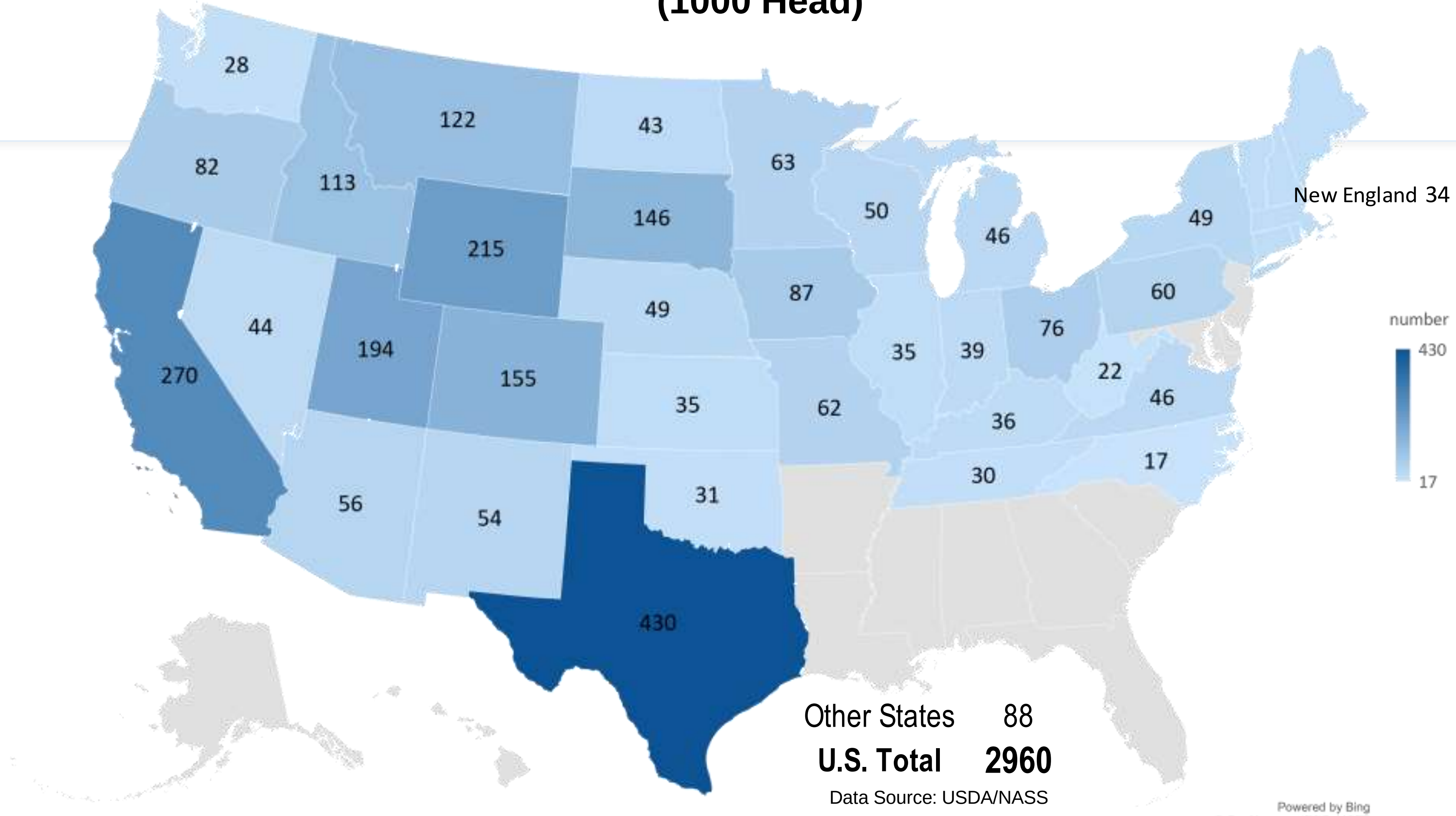
- Ewes one year & older at 2.91 million head down 1.7%.
- Largest mature sheep slaughter since 2011.
- Decline in ewe numbers driven by drought, higher costs and other production constraints, as well as high mature ewe prices.
- Replacement ewe numbers at 640,000 head down 1.5% from 2021.



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

ASI

Breeding Ewes One Year & Older January 1, 2022
(1000 Head)



Other States 88
U.S. Total 2960

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

Inventory Top Ten States, Ewes 1 Year & Older

	2018	2019	2020	2021	2022	2022 as % of 2018	2022 as % of 2021
Texas	465,000	455,000	445,000	445,000	**430,000**	-7.5%	**-3.4%**
California	260,000	250,000	260,000	250,000	**270,000**	3.8%	**8.0%**
Wyoming	210,000	215,000	215,000	220,000	**215,000**	2.4%	**-2.3%**
Utah	200,000	210,000	195,000	195,000	**194,000**	-3.0%	**-0.5%**
Colorado	156,000	150,000	156,000	169,000	**155,000**	-0.6%	**-8.3%**
South Dakota	153,000	157,000	152,000	153,000	**146,000**	-4.6%	**-4.6%**
Montana	150,000	141,000	131,000	130,000	**122,000**	-18.7%	**-6.2%**
Idaho	141,000	130,000	125,000	120,000	**113,000**	-19.9%	**-5.8%**
Iowa	91,000	80,000	85,000	90,000	**87,000**	-4.4%	**-3.3%**
Oregon	94,000	95,000	89,000	85,000	**82,000**	-12.8%	**-3.5%**

Data Source: USDA/NASS, Compiled by ASI

Inventory Top Ten Growth States, Ewes 1 Year & Older

	2018	2019	2020	2021	2022	2022 as % of 2018	2022 as % of 2021
California	260,000	250,000	260,000	250,000	**270,000**	3.8%	**8.0%**
New Mexico	58,000	61,000	57,000	50,000	**54,000**	-6.9%	**8.0%**
North Carolina	16,000	18,000	17,000	16,000	**17,000**	6.3%	**6.3%**
Nevada	43,000	44,000	46,000	42,000	**44,000**	2.3%	**4.8%**
West Virginia	23,000	21,000	22,000	21,000	**22,000**	-4.3%	**4.8%**
Washington	27,000	28,000	27,000	27,000	**28,000**	3.7%	**3.7%**
Oklahoma	31,000	30,000	33,000	30,000	**31,000**	0.0%	**3.3%**
New England[1]	30,000	30,000	31,000	33,000	**34,000**	13.3%	**3.0%**
Kentucky	36,000	37,000	37,000	35,000	**36,000**	0.0%	**2.9%**
Illinois	36,000	35,000	36,000	35,000	**35,000**	-2.8%	**0.0%**

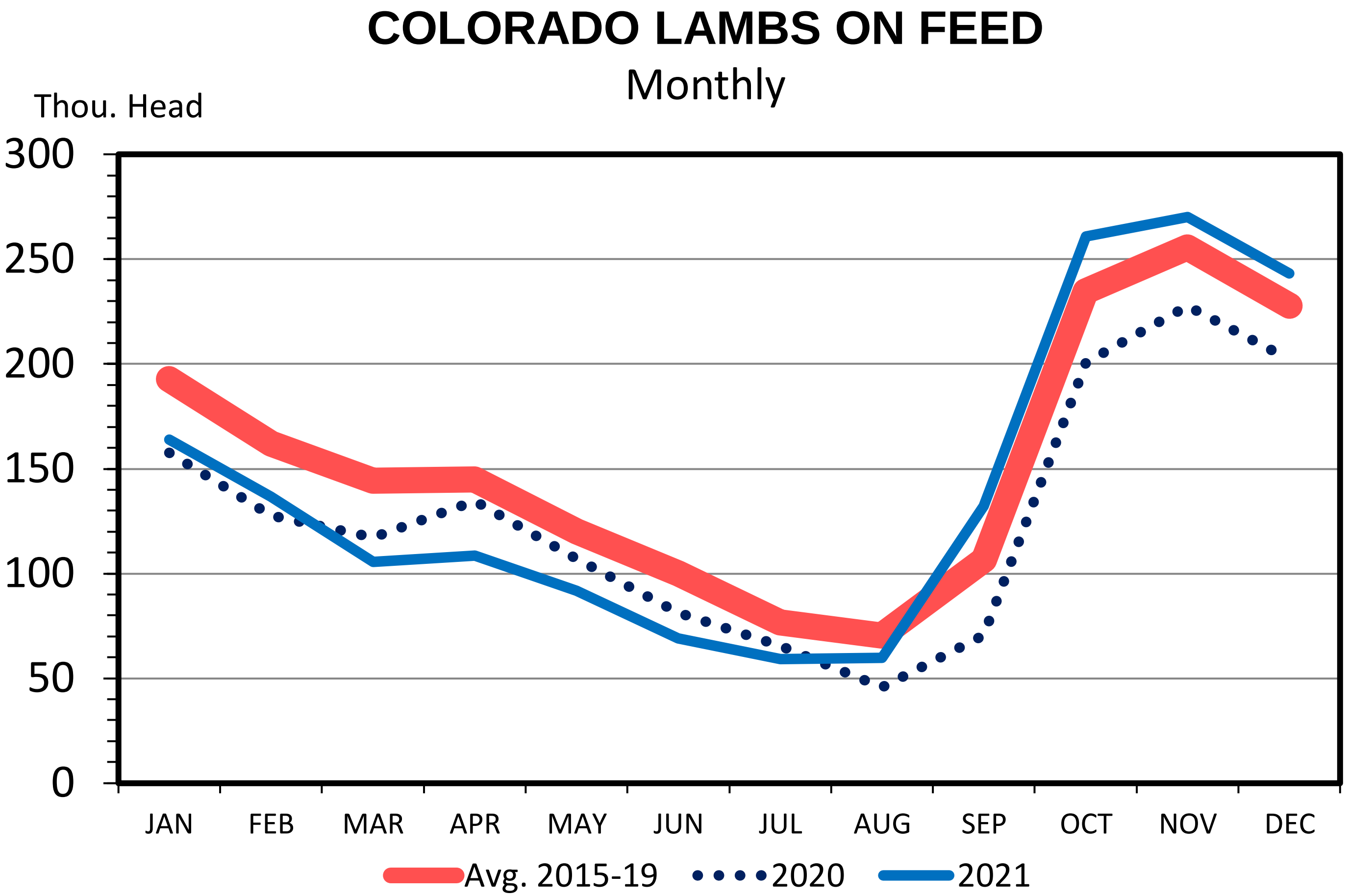
[1]New England includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, & Vermont.

Data Source: USDA/NASS, Compiled by ASI

Slaughter & Production

Lambs on Feed

- Tighter supplies of feeder lambs evidenced in lower on-feed numbers during spring and summer months.
- Feedlot inventories seasonally climbed into the fall.
- Compared to 2015 – 2019 average, on-feed supplies averaged 7% lower.
- Currentness in feeding sector reflected in lower lamb weights.



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 up 1.7% in 2021 to 1.93 million head.
- Slaughter levels driven by large mature sheep slaughter.
- Commercial slaughter was rose 1% in 2021 to 2.25 million head.
- FI slaughter accounted for 85.8% of commercial slaughter in 2021.

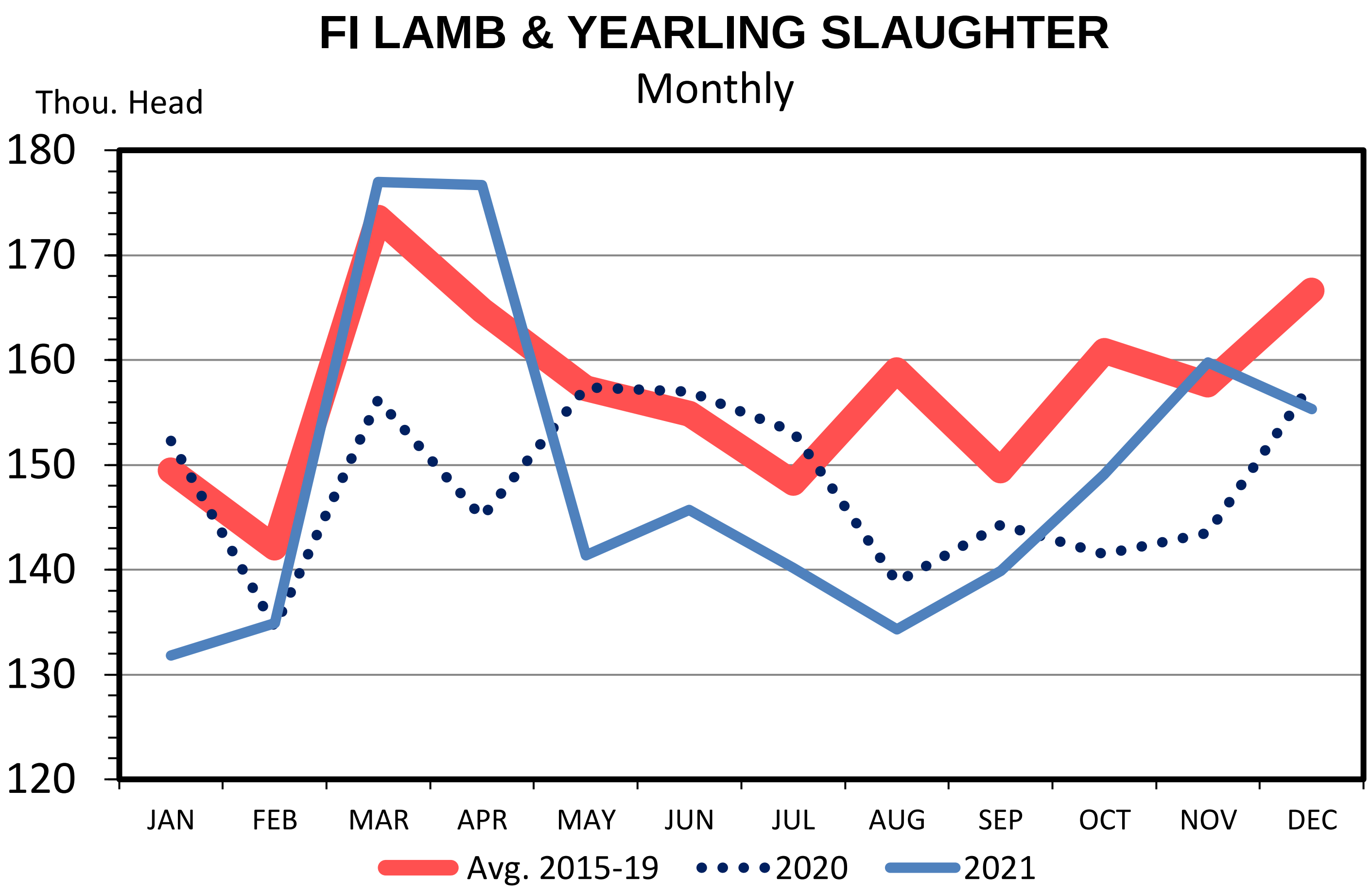
	Federally Inspected (FI)	% of Previous Year	Commercial	% of Previous Year	Non-Federally Inspected (NFI)[1]	% of Previous Year
2015	1,998	-5.0%	2,224	-3.7%	225	9.8%
2016	2,010	0.6%	2,238	0.6%	228	1.4%
2017	1,937	-3.6%	2,178	-2.7%	241	5.6%
2018	2,000	3.2%	2,265	4.0%	265	10.0%
2019	2,020	1.0%	2,322	2.5%	301	13.6%
2020	1,895	-6.2%	2,225	-4.1%	331	9.7%
2021	**1,927**	**1.7%**	**2,247**	**1.0%**	**320**	**-3.3%**

[1]Non-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

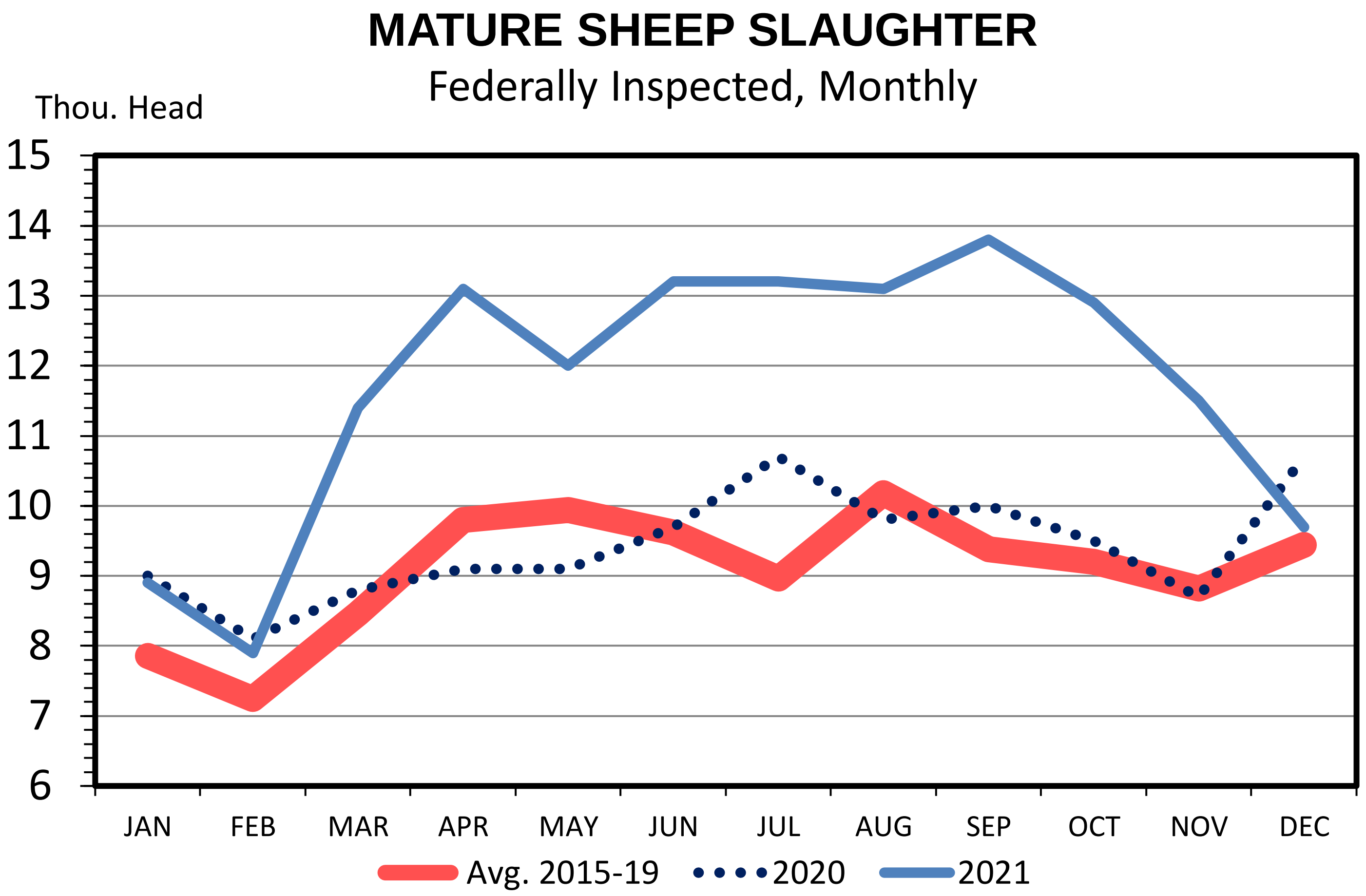
- FI lamb & yearling slaughter slightly higher, 0.3%, in 2021.
- Slaughter levels were 5% lower than the 2015 – 2019 average.



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

Federally Inspected Slaughter

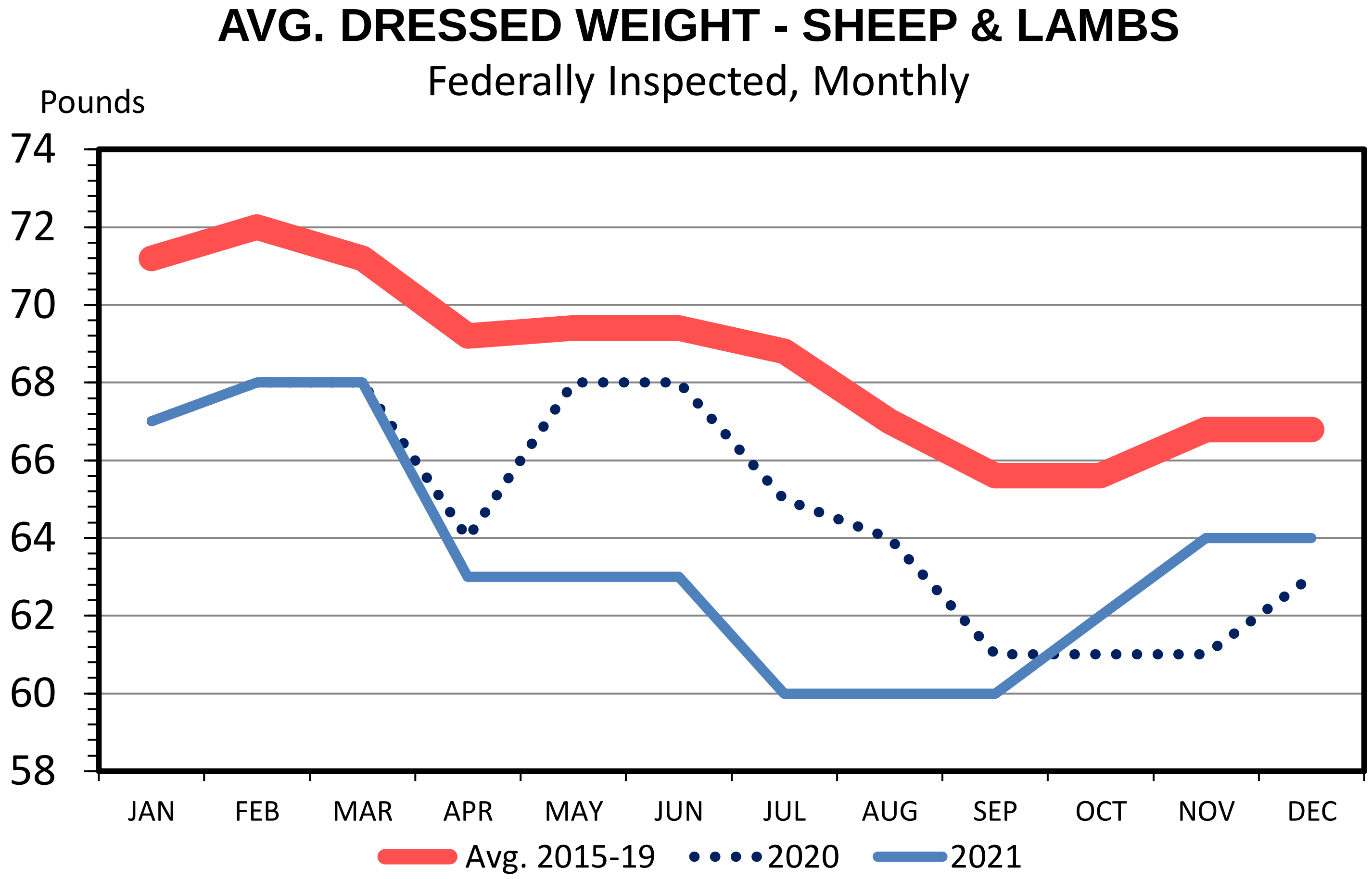
- FI mature sheep slaughter 24.3% larger in 2021.
- Large slaughter due to drought, higher production costs, and very strong slaughter ewe prices.



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

Federally Inspected Slaughter

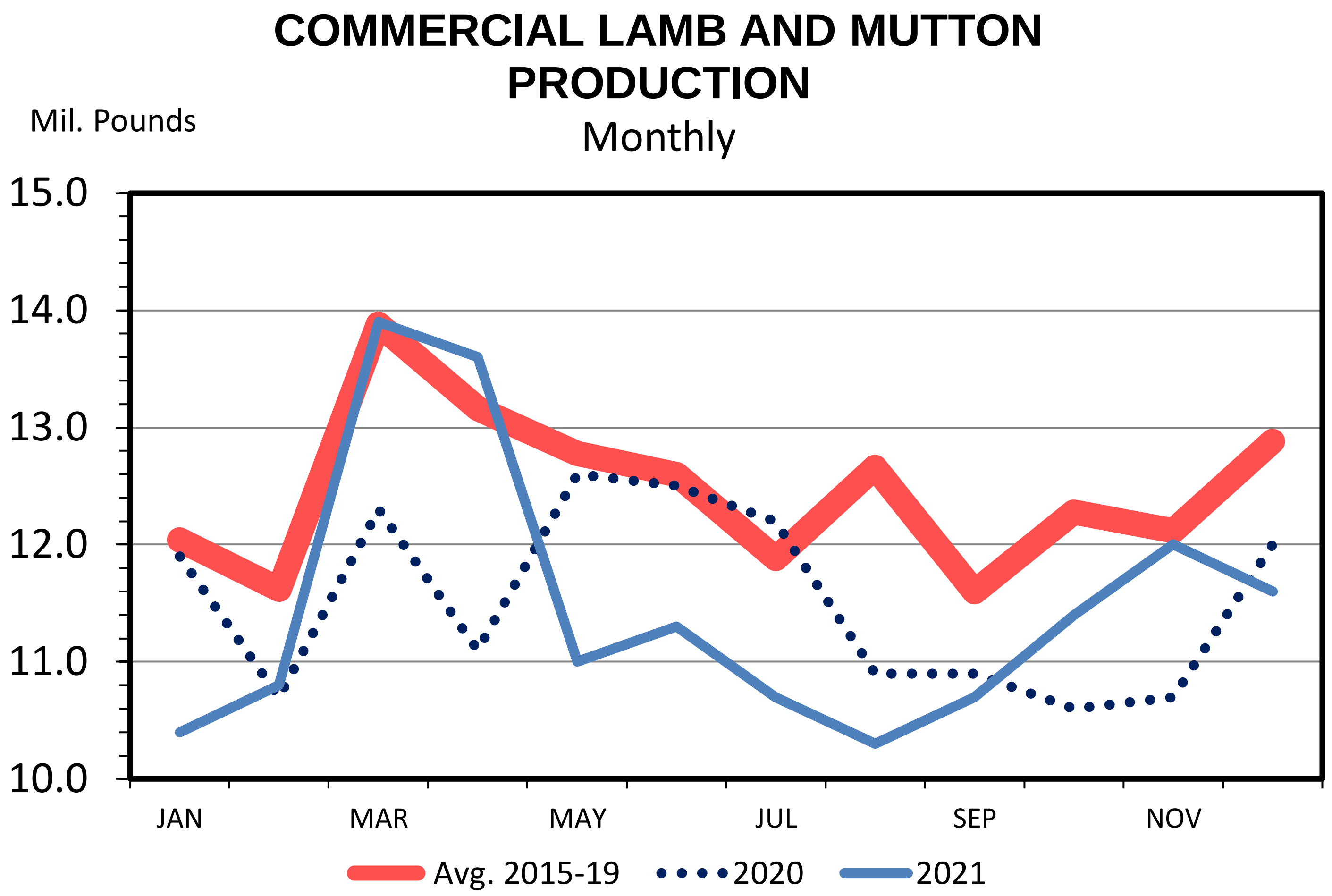
- Lamb weights were below prior year for most of 2021 but started to increase during the fourth quarter.
- Compared to 2015 – 2019 average, weights were 7% lower in 2021.
- Lower weights contributed to lower lamb supplies in 2021.



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

Production

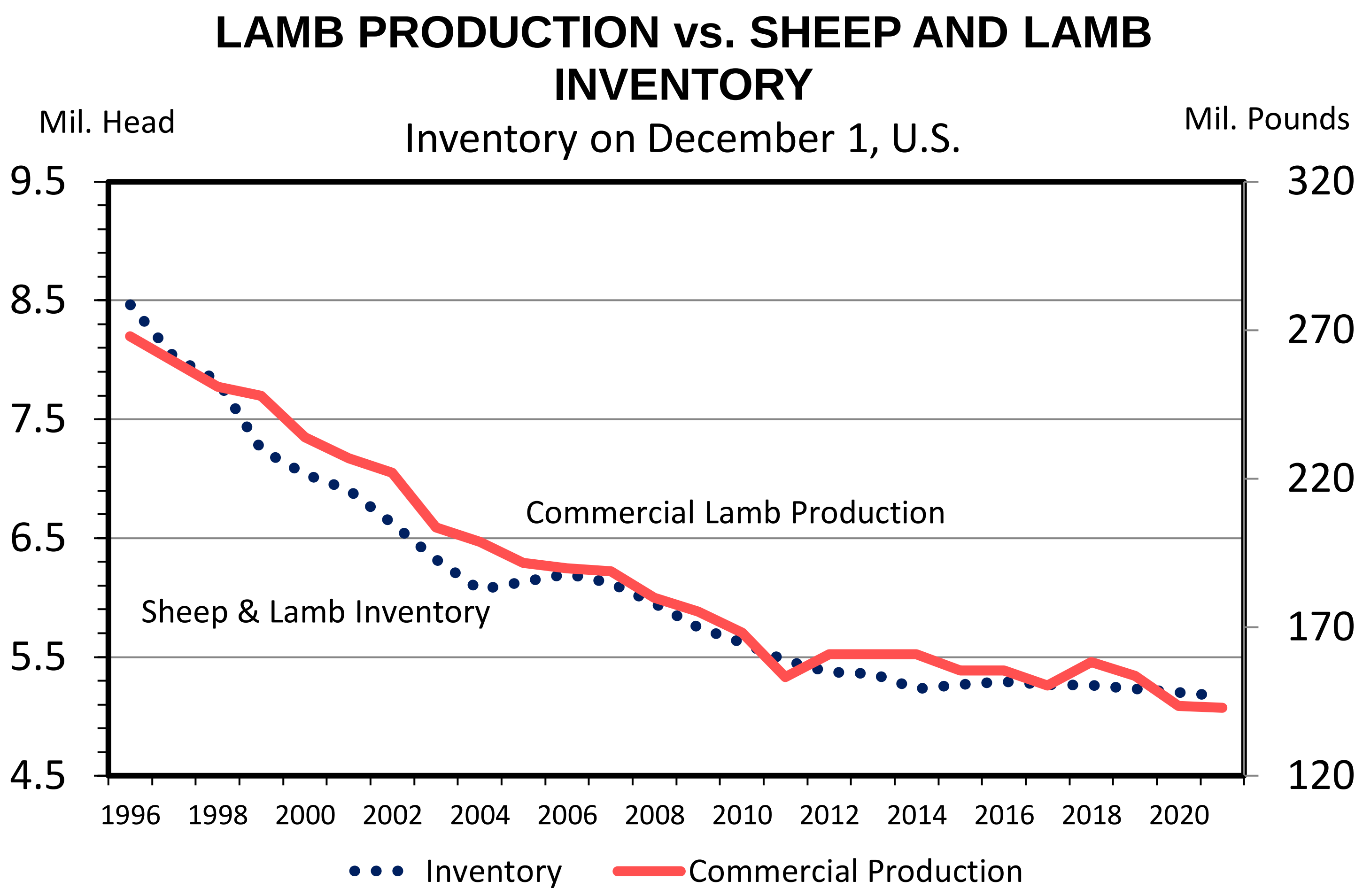
- Federally Inspected lamb production down about 1% in 2021.
- Commercial lamb production down 0.5% in 2021, 8% lower than the 2015 – 2019 average.
- Lower production due to smaller lamb supply and lighter weights.



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

Production vs. Inventory

- As the sheep flock has continued to decline, so has lamb production.
- The negative impacts on lamb quality from overly finished heavy-weight lambs is a constraint on efforts to increasing lamb production in the face of a declining breeding sheep flock.



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

Feeder & Slaughter Lamb Prices

Feeder Lamb Prices
(60 – 90 lbs.)

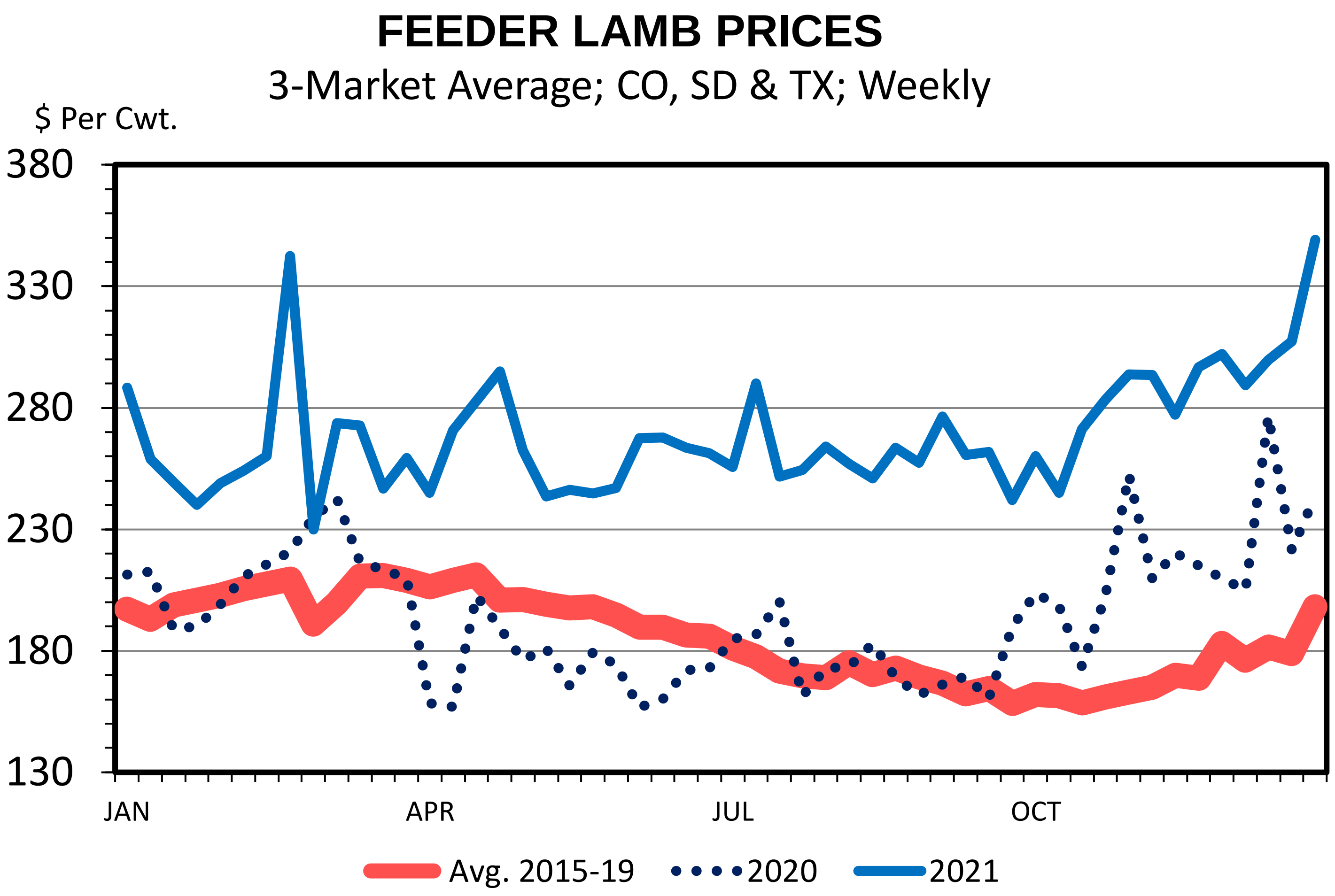
- 3-Market Average (CO, SD, TX) feeder lamb price posted a new record high of $271.27 per cwt. in 2021.
- Stronger prices due to:
    - Tighter lamb supplies
    - Strong consumer demand for lamb
    - Growth in ethnic, local and niche market demand

	San Angelo, TX ($/cwt.)	**Ft. Collins, CO** ($/cwt.)	**Sioux Falls, SD** ($/cwt.)	**3-Mkt Avg. (CO, SD, TX)** ($/cwt.)	**% of Previous Year**
2015	190.47	197.32	184.91	192.38	-6.1%
2016	180.45	191.81	182.74	184.99	-3.8%
2017	191.27	204.60	192.37	192.71	4.2%
2018	171.09	186.94	177.12	177.46	-7.9%
2019	177.97	184.77	176.93	177.29	-0.1%
2020	191.32	202.28	194.39	191.80	8.2%
2021	**267.37**	**286.50**	**266.68**	**271.27**	**41.4%**

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

Feeder Lamb Prices

- Feeder lamb prices above 2020 levels every week except the first week of March.
- 3-Market Average (CO, SD, TX) price averaged $271.27 per cwt. 2021.
- 2021 prices 45% higher than the 2015 – 2019 average price.



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

Slaughter Lamb Prices

- Slaughter lamb prices at record levels, 44.8% higher than the prior year.
- Prices supported by:
  - Strong consumer demand for lamb
  - Growth in ethnic, local and niche market demand
- Formula Prices on a carcass basis were not reported due to USDA/AMS confidentiality guideline.

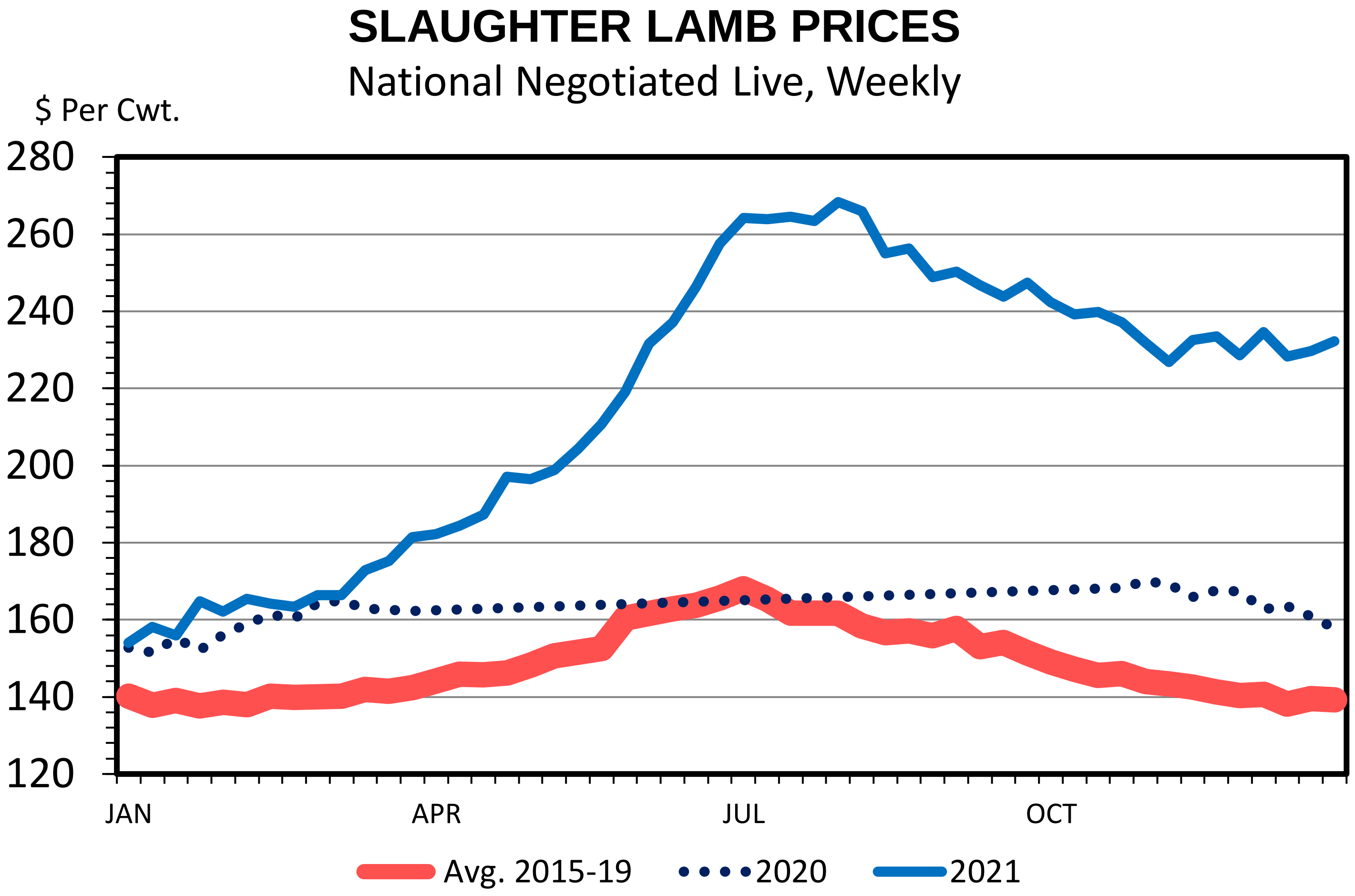
	Formula Carcass Basis[1] ($/cwt.)	% of Previous Year	Formula Live Equivalent ($/cwt.)	% of Previous Year	Negotiated Live[1] ($/cwt.)	% of Previous Year
2015	299.11	-0.6%	150.39	-0.5%	150.39	-4.4%
2016	285.25	-4.6%	143.37	-4.7%	145.50	-3.3%
2017	300.21	5.2%	151.05	5.4%	151.81	4.3%
2018	272.95	-9.1%	137.63	-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%**

[1]Prices 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 record high in 2021.
- Slaughter lamb price averaged $217.25 per cwt. 2021.
- 2021 prices 46% higher than the 2015 – 2019 average price.
- Record price of $268.34 per cwt. set in early August.



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. or less, but highly variable depending upon market.
- Historically hair-breed lambs, but now wool-breed lambs driven by demand, price, and supply.
- Largest auction markets are New Holland, PA & San Angelo, TX, but light-weight markets exists in all regions of the U.S.
- Lambs are processed by State Inspected & Federally Inspected processing plants.
- Light-weight market impacts the available supply of lambs for the lamb feeding segment and the mainstream lamb market.

Light-Weight Slaughter Lamb Prices

- Record prices set in 2021.
- Prices supported by:
  - Tighter lamb supplies
  - Strong consumer demand for lamb
  - Growth in ethnic, local and niche market demand

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%	175.52	
2020	289.68	27.3%	218.37	24.4%
2021	**346.20**	**19.5%**	**284.71**	**30.4%**

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

Pelt Values

Pelt Prices

- Pelt credits improved in 2021 in response to improved demand.
- Export values recovered from previous market lows in 2019 and 2020.
- Rising costs and supply chain disruptions impacted the pelt market – labor, production, shipping.

	Average Export Value ($/piece)	**% of Previous Year**
2015	$ 11.02	-20.1%
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	**$ 10.77**	**38.2%**

Data Source: USDA/FAS, Compiled by ASI

Note: Estimated pelt credits paid to producers were not reported by USDA/AMS in 2021 due to confidentiality guidelines.

Replacement Sheep Prices

Replacement Ewe Prices

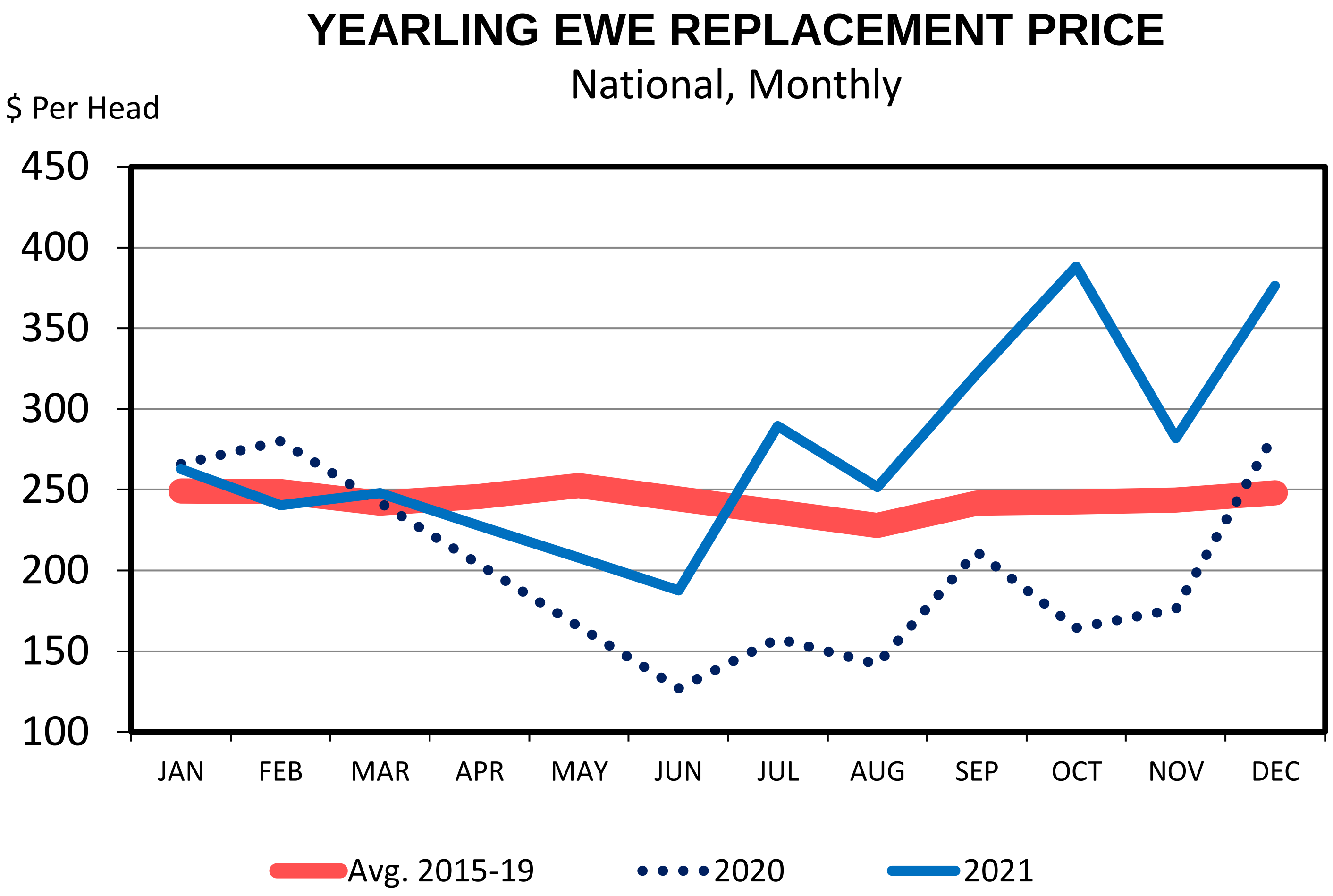
- Yearling, Young, Middle Aged and Aged Ewe prices all set new record levels in 2021.
- Strong live lamb and slaughter ewe prices supported prices for replacement ewes.
- Replacement prices posted large gains during the latter half of 2021, similar to live lamb and wholesale lamb price trends.

	Ewe Lambs ($/head)	Yearling Ewes ($/head)	Young Ewes ($/head)	Middle Aged Ewes ($/head)	Aged Ewes ($/head)
2015	NQ	237.42	191.93	151.25	108.88
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**
% of Previous Year	**53.5%**	**48.8%**	**41.5%**	**32.6%**	**51.6%**

Data Source: USDA/AMS, Compiled by ASI

Replacement Ewe Prices

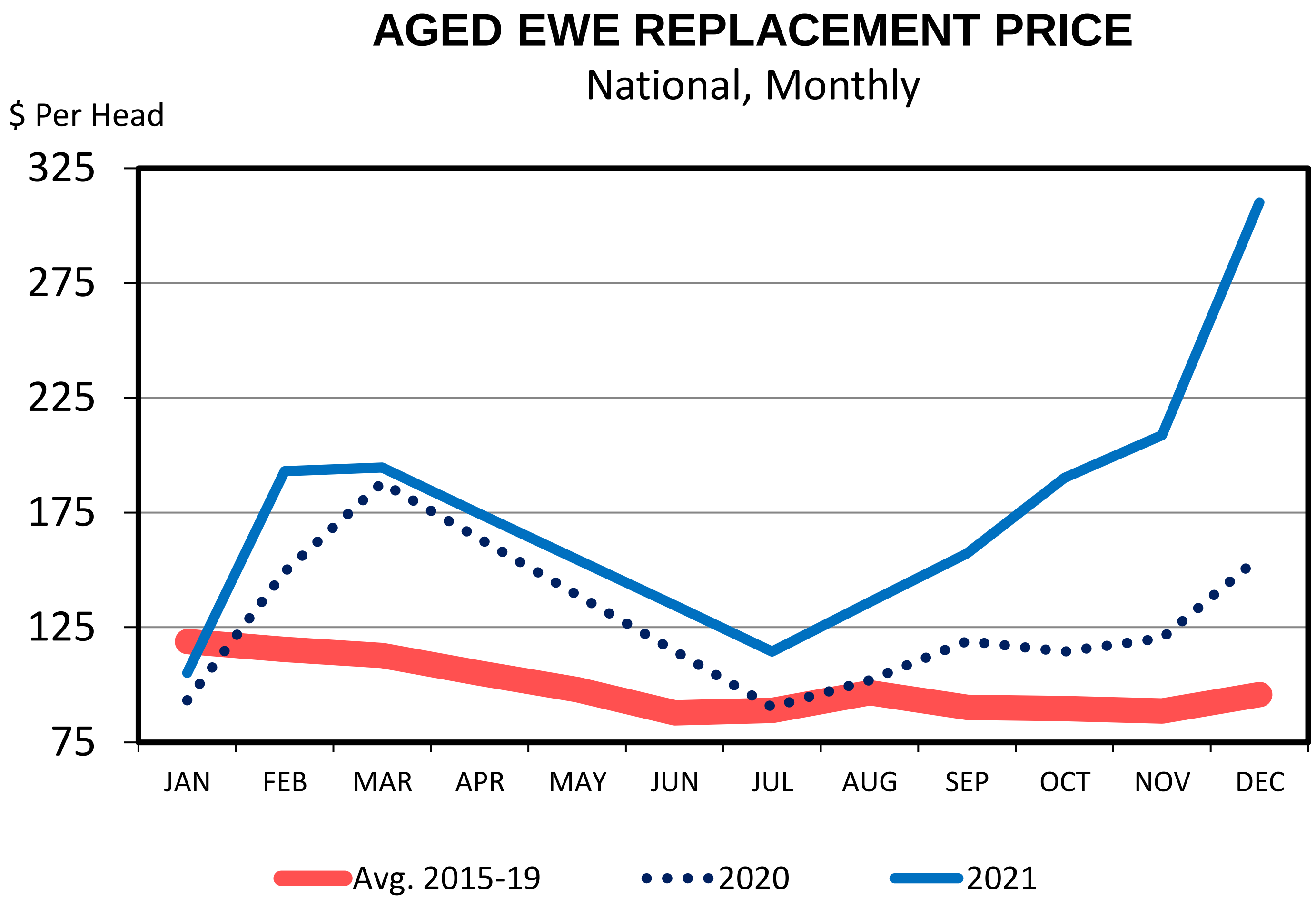
- Yearling Ewe prices hit $388.41 per head in October 2021.
- Prices during 2021 and 2020 exhibited more volatility than prior years and followed a similar seasonal trend.



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

Replacement Ewe Prices

- During the first half of 2021, Aged Ewe prices averaged slightly higher than 2020 prices.
- In mid-summer prices started to climb and reached a record $310 per head in December 2021.



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

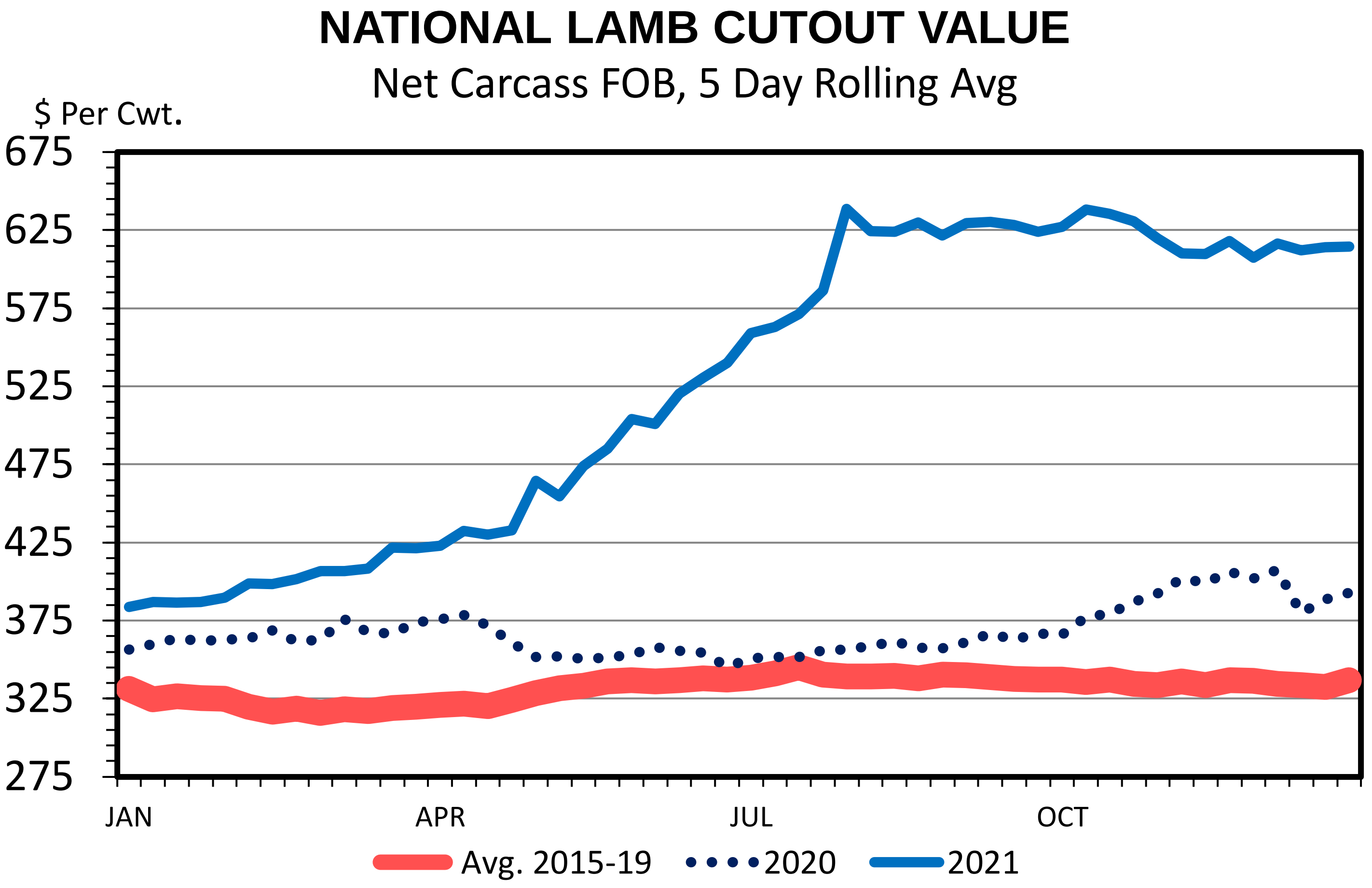
Wholesale Lamb Values

Wholesale Lamb Market Trends

- Wholesale lamb values reached record levels during the second half of 2021.
- Wholesale market supported by:
  - Strong consumer demand
  - Supply constraints in the meat and poultry complex
  - Year-round availability of more lamb cuts in grocery stores meat cases.
- Based on retail data – *“Across fresh and processed meat, lamb was the only one to grow pound sales year-on-year in 2020. Lamb also had the highest growth in pound sales when compared to the 2019 pre-pandemic normal.” ~ 210 Analytics, LLC.*

Lamb Carcass Cutout Value

- Represents the estimated value of a lamb carcass based on the prices paid for individual items.
- The gross cutout value averaged $586.96 per cwt. in 2021, 37% higher than 2020.
- The gross cutout value set a monthly record of $694.93 per cwt. in October.
- The net cutout value averaged $524.96 per cwt. in 2021.



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

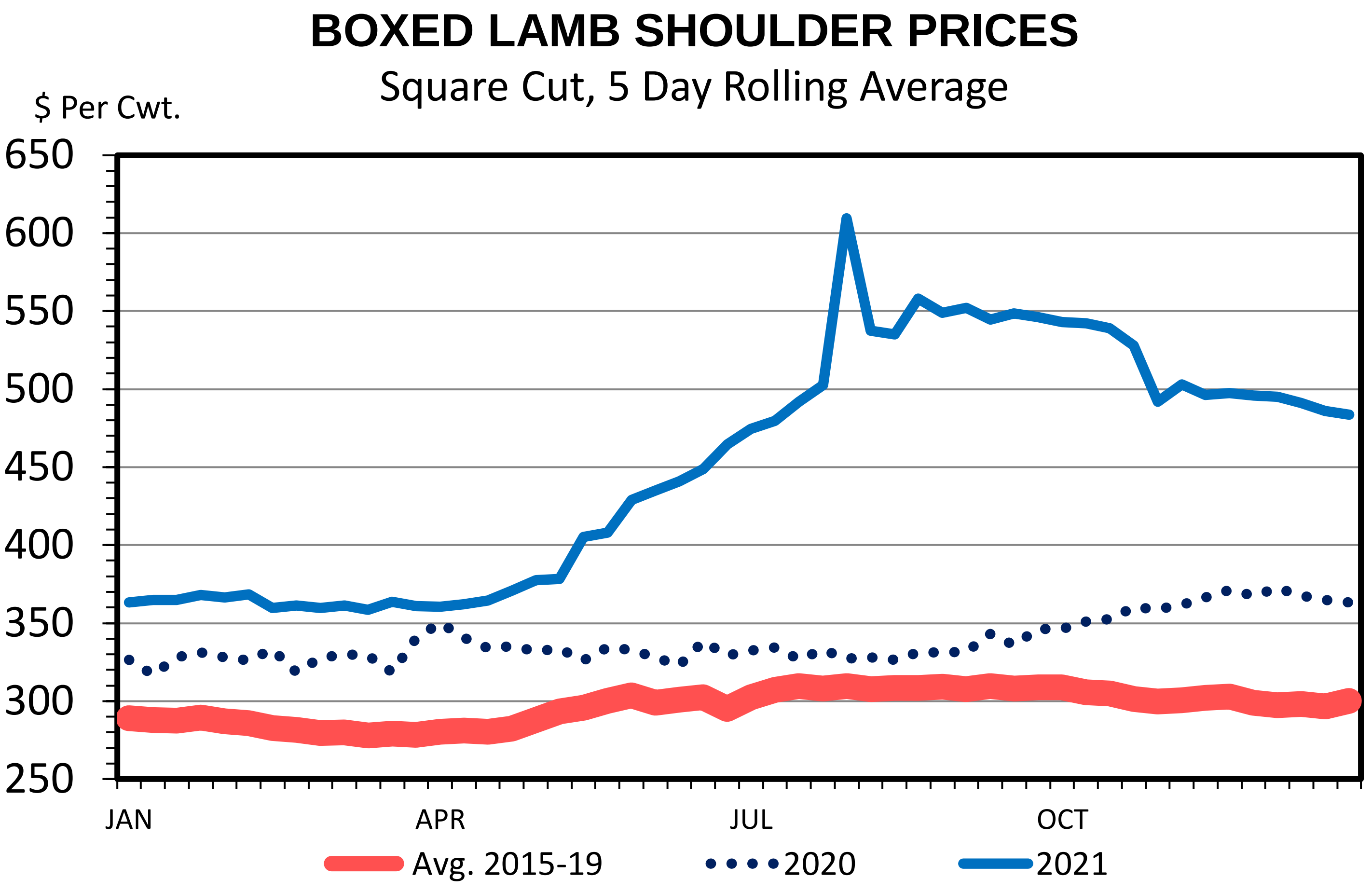
Lamb Carcass Cutout Values

	Gross Value ($/cwt.)	% of Previous Year	Foresaddle Value ($/cwt.)	% of Previous Year	Hindsaddle Value ($/cwt.)	% of Previous Year
2015	361.95	-2.0%	384.94	-2.5%	370.78	-1.6%
2016	350.28	-3.2%	360.13	-6.4%	371.92	0.3%
2017	384.99	9.9%	413.15	14.7%	404.25	8.7%
2018	376.14	-2.3%	406.63	-1.6%	391.92	-3.0%
2019	390.52	3.8%	430.49	5.9%	395.05	0.8%
2020	427.84	9.6%	453.72	5.4%	400.97	1.5%
2021	**586.96**	**37.2%**	**593.77**	**30.9%**	**579.73**	**44.6%**

Data Source: USDA/AMS, Compiled by ASI

Lamb Carcass Values - Shoulder

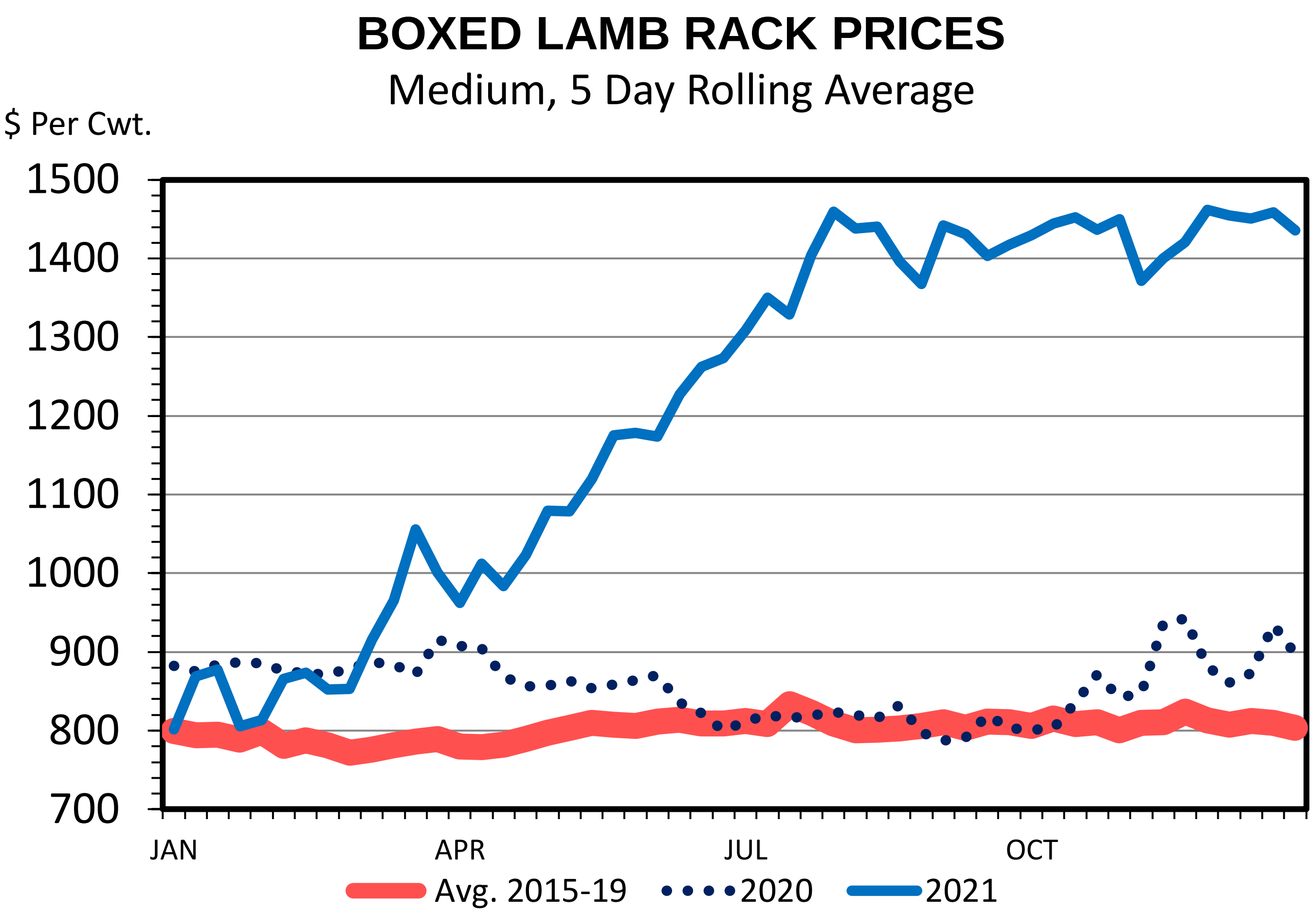
- All individual carcass items posted record highs in 2021.
- For 2021, shoulder prices averaged $450.58 per cwt., a gain of 34%.
- Shoulder, Square Cut, prices peaked at a record monthly price of $557.77 per cwt. in August 2021.



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

Lamb Carcass Values - Rack

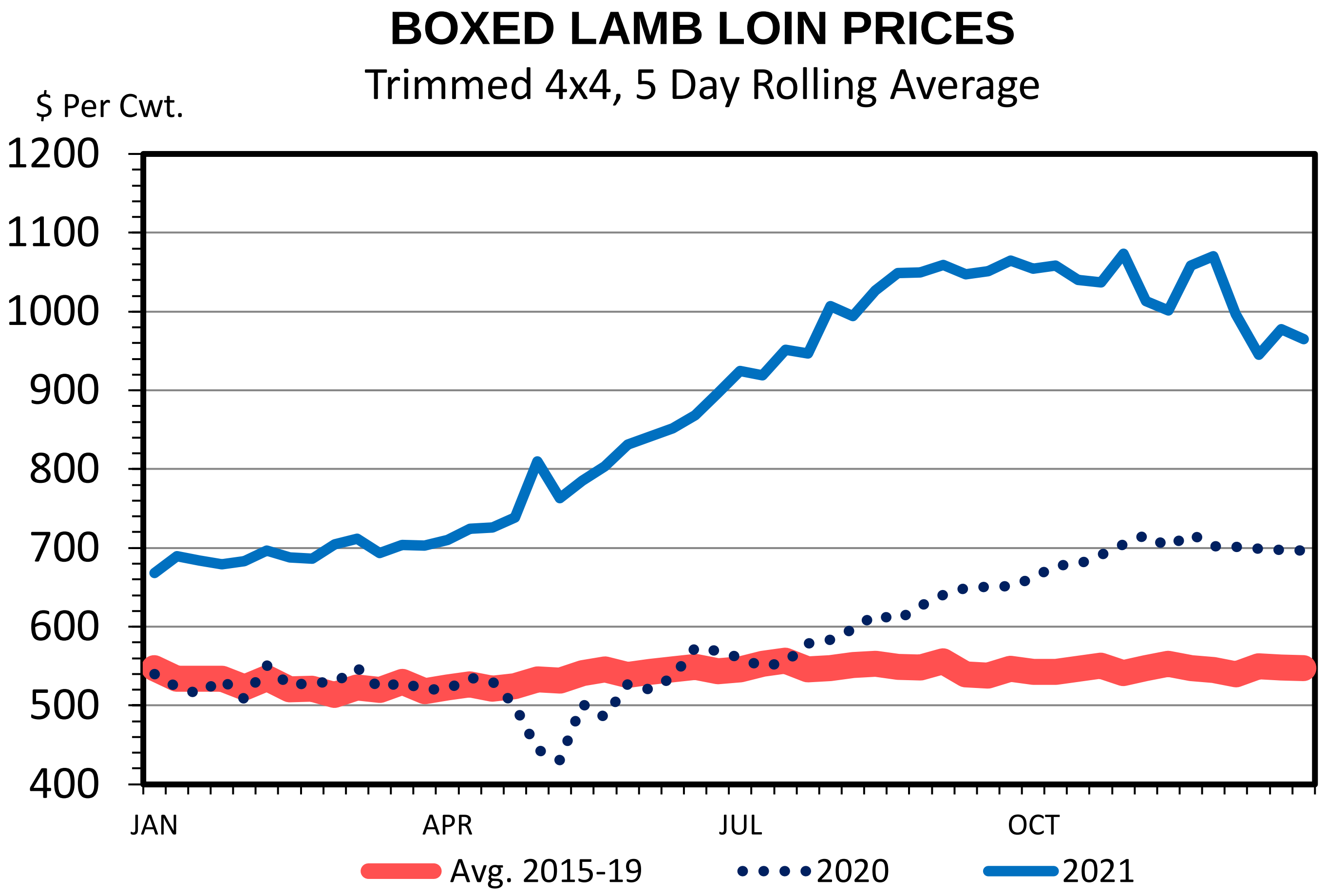
- For 2021, the Rack, 8-Rib Medium price averaged $1,206.87 per cwt., 41% above 2020.
- Rack, Roast Ready, Frenched prices averaged $2,196.65 per cwt., 38% higher in 2021.
- Rack prices hit a monthly record in December 2021.



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

Lamb Carcass Values - Loin

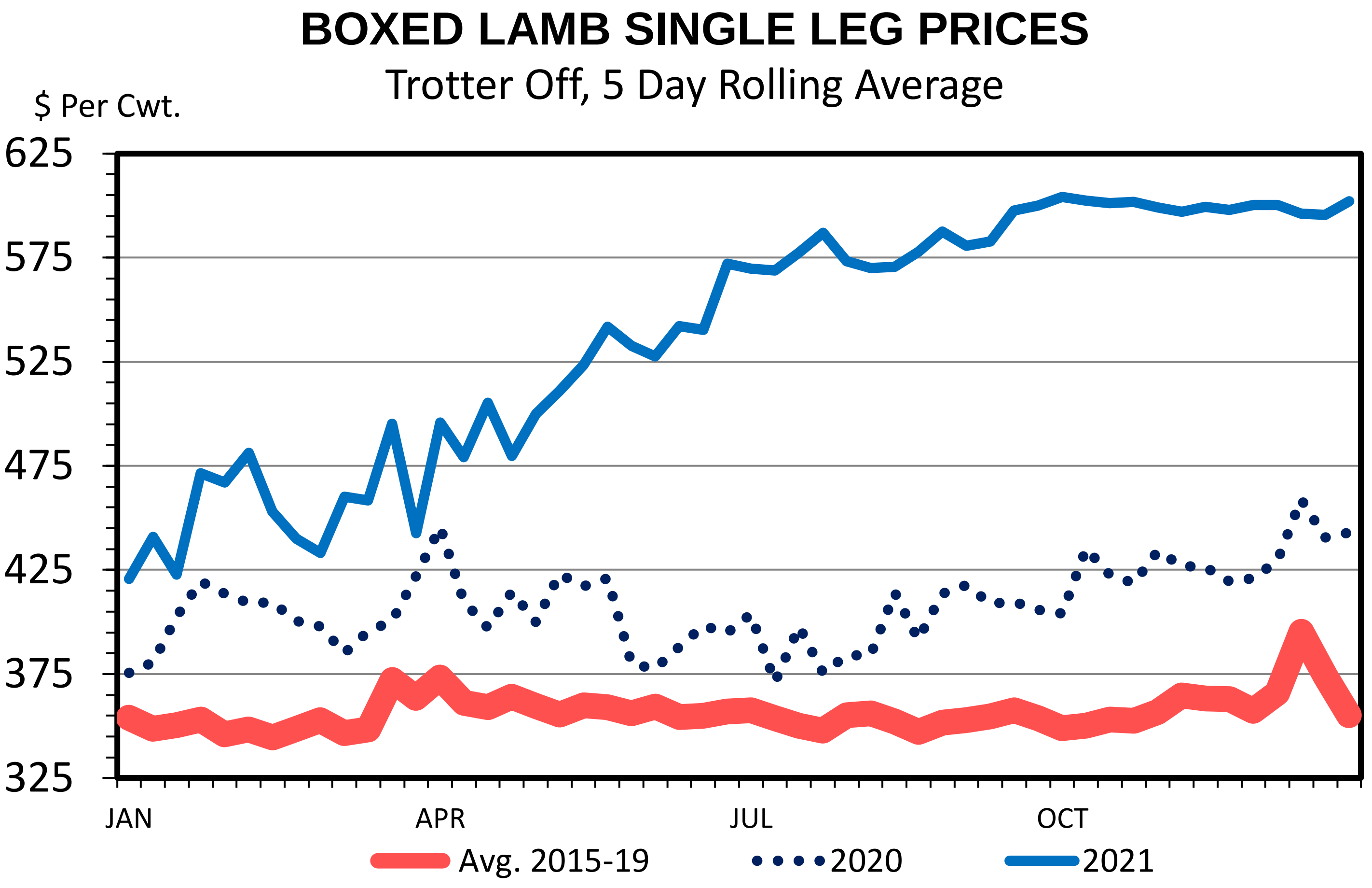
- For 2021, the Loin 4x4 price averaged $876.92 per cwt., 49% above 2020.
- The price for 1x1 Loins posted a 63% annual gain, averaging $1,175.46 per cwt. in 2021.
- Loin prices on a monthly basis peaked in September 2021.



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

Lamb Carcass Values - Leg

- The price for Legs, Trotter Off averaged $530.27 per cwt. in 2021, a yearly gain of 38%.
- Legs, Boneless Tied averaged $788.77 per cwt. in 2021, a nearly 50% gain over the prior year.
- Leg prices reached record levels in October 2021.



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

Summary of Lamb & Mutton Graded

- In 2021, 49.5% for Federally Inspected lambs were graded.
- The number of lambs graded continued to decline in 2021.
- Percent Yield Grade 1 & 2 increased in 2021
- Percent Yield Grades 3 – 5 decreased in 2021
- 92% graded Choice, 8% graded Prime in 2021

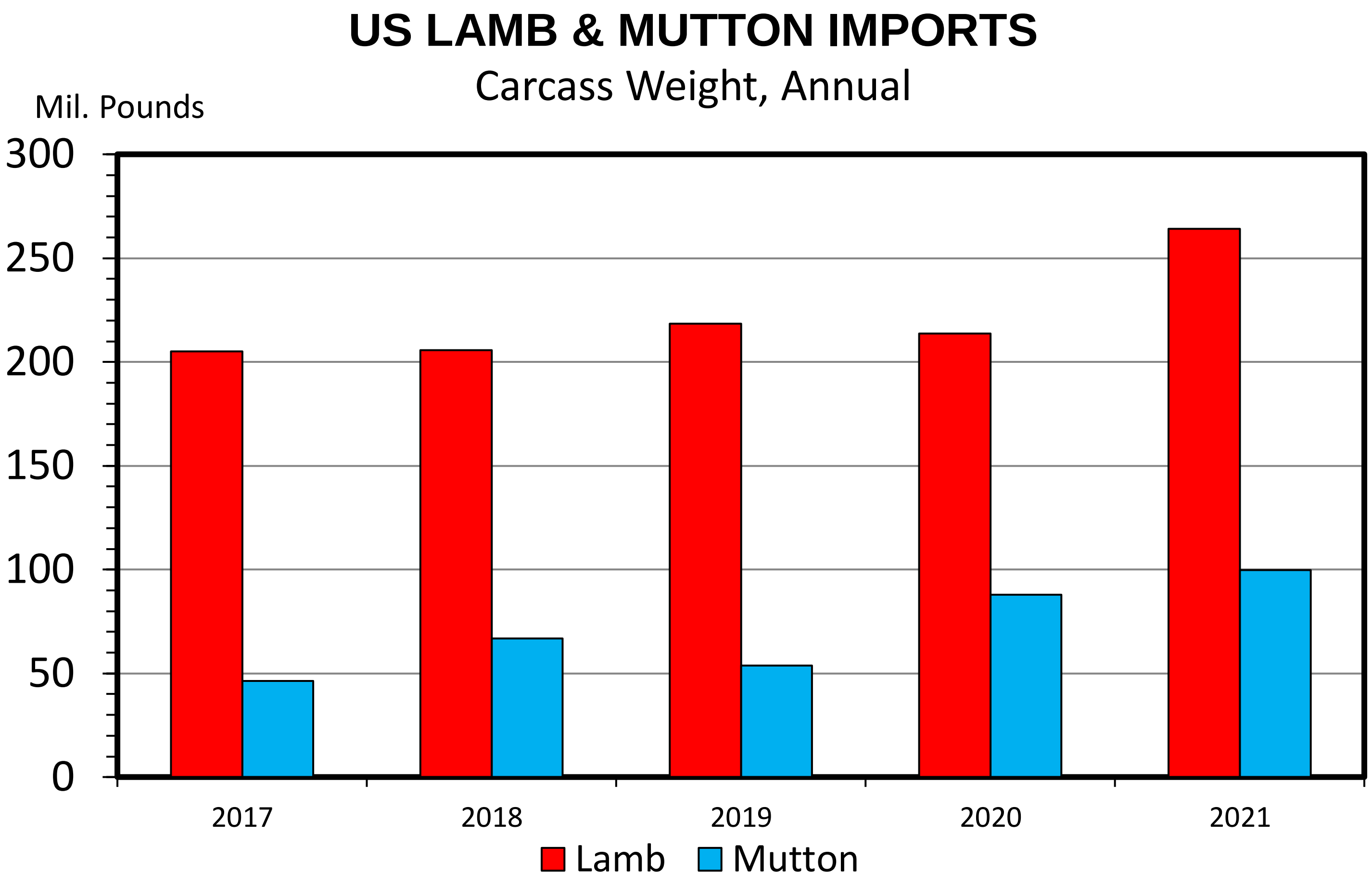
	Yield Grade 1	Yield Grade 2	Yield Grade 3	Yield Grade 4	Yield Grade 5	% Lambs Graded of FI Lamb Slaughter
2015	5.3%	28.9%	41.4%	16.1%	8.3%	64.2%
2016	6.5%	30.3%	39.5%	16.0%	7.7%	61.3%
2017	5.8%	31.1%	41.4%	14.8%	7.0%	58.6%
2018	5.0%	27.1%	39.3%	17.9%	10.7%	57.3%
2019	4.8%	26.6%	41.6%	18.9%	8.2%	55.8%
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%**

Data Source: USDA/AMS, Compiled by ASI

Imports & Exports

Lamb & Mutton Imports

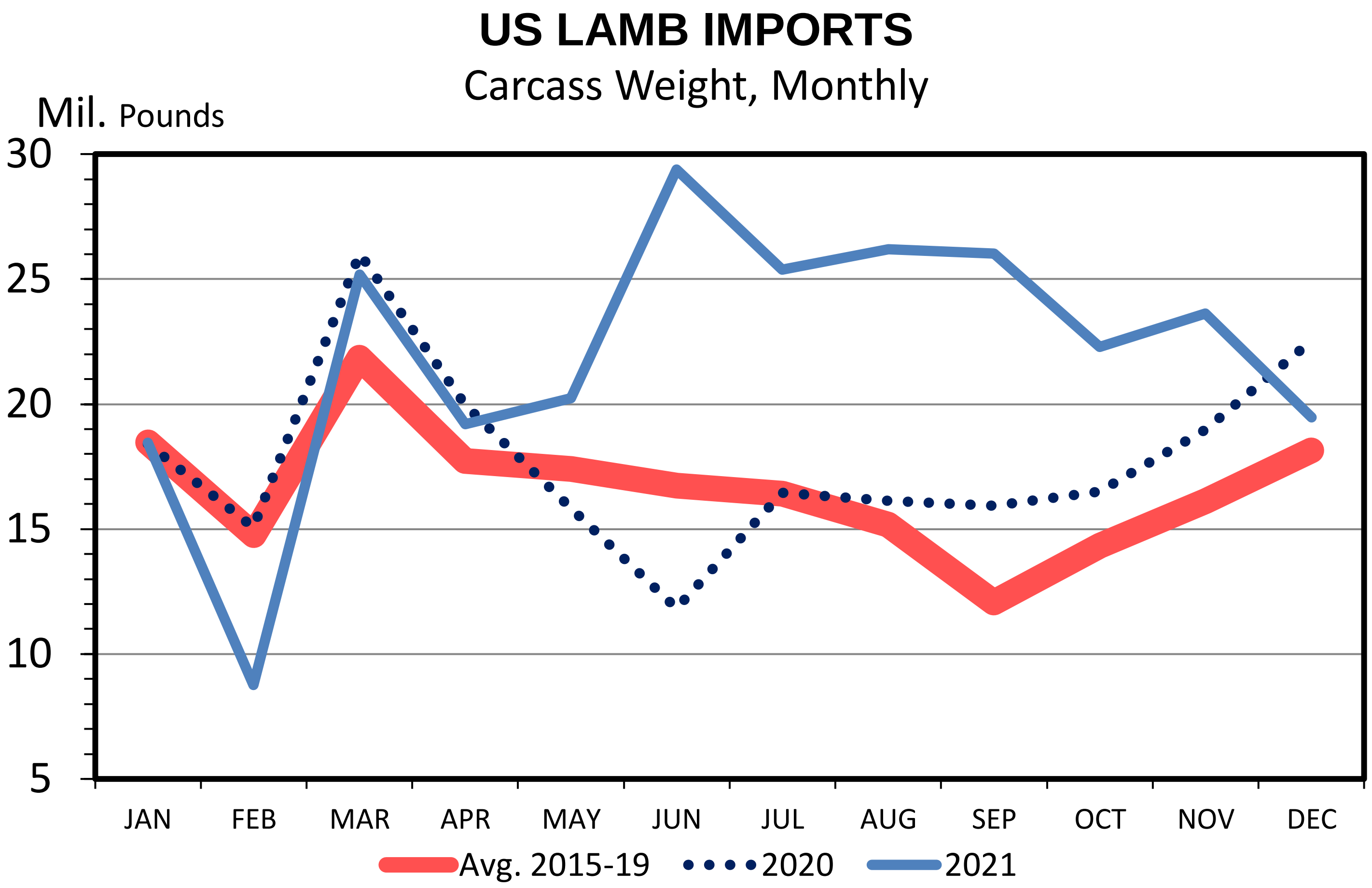
- Strong U.S. lamb prices and tight domestic supplies provided an attractive market for lamb imports.
- Lamb imports record large at 264.2 million pounds in 2021, up 23.7%.
- Mutton imports up 13.5% to 99.8 million pounds.
- Mutton imports have surged in the last few years.



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

Lamb Imports

- Imports from Australia at 195.6 million pounds were up 20.7% in 2021.
- Imports from New Zealand were 32.9% above 2020 at 64.4 million pounds.
- Imports responded to record high U.S. wholesale lamb prices during the latter half of 2021.



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

Lamb & Mutton Imports

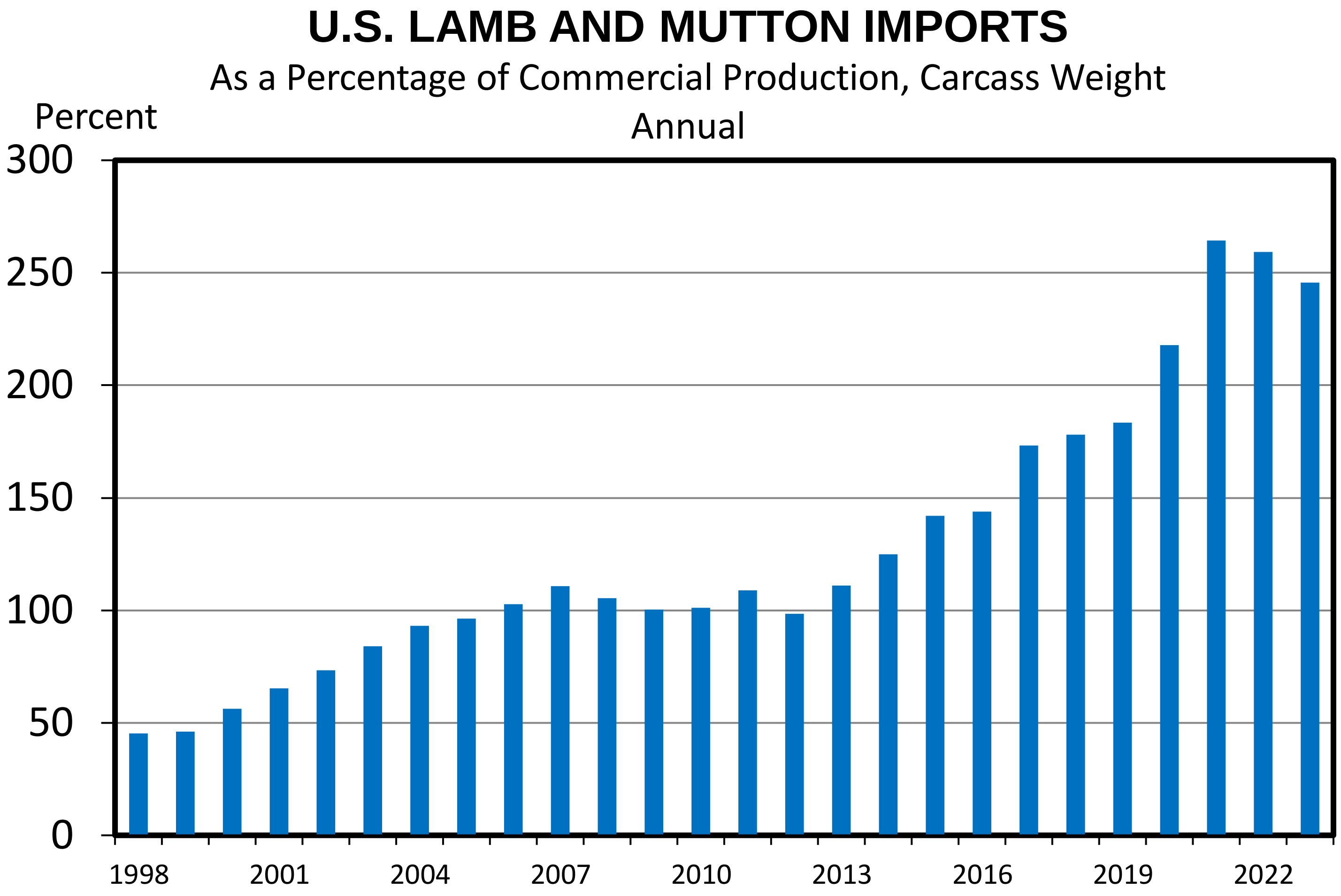
(1,000 lbs. carcass weight basis)

	Lamb	% of Previous Year	Mutton	% of Previous Year	Total Lamb & Mutton	% of Previous Year
2015	178,740	8.7%	34,983	15.2%	213,723	9.7%
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	**264,187**	**23.7%**	**99,810**	**13.5%**	**363,998**	**20.7%**

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

Lamb & Mutton Imports

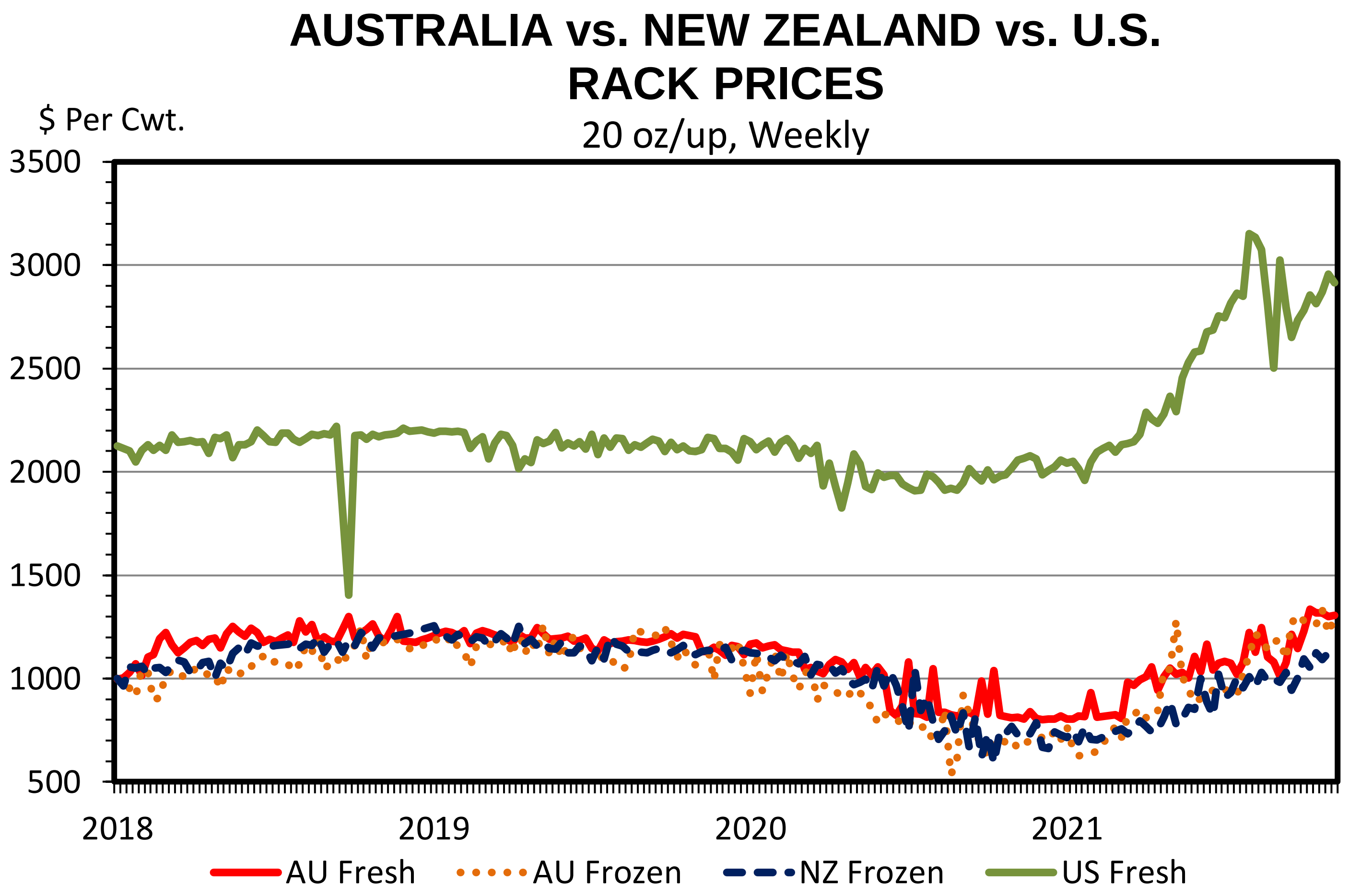
- Total imports as a percent of U.S. commercial production exceeded 260% in 2021.
- Imports accounted for more than 70% of total U.S. lamb and mutton disappearance in 2021.
- The significant year-on-year increase is due to record high lamb and mutton imports in 2021.



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

Lamb Imports

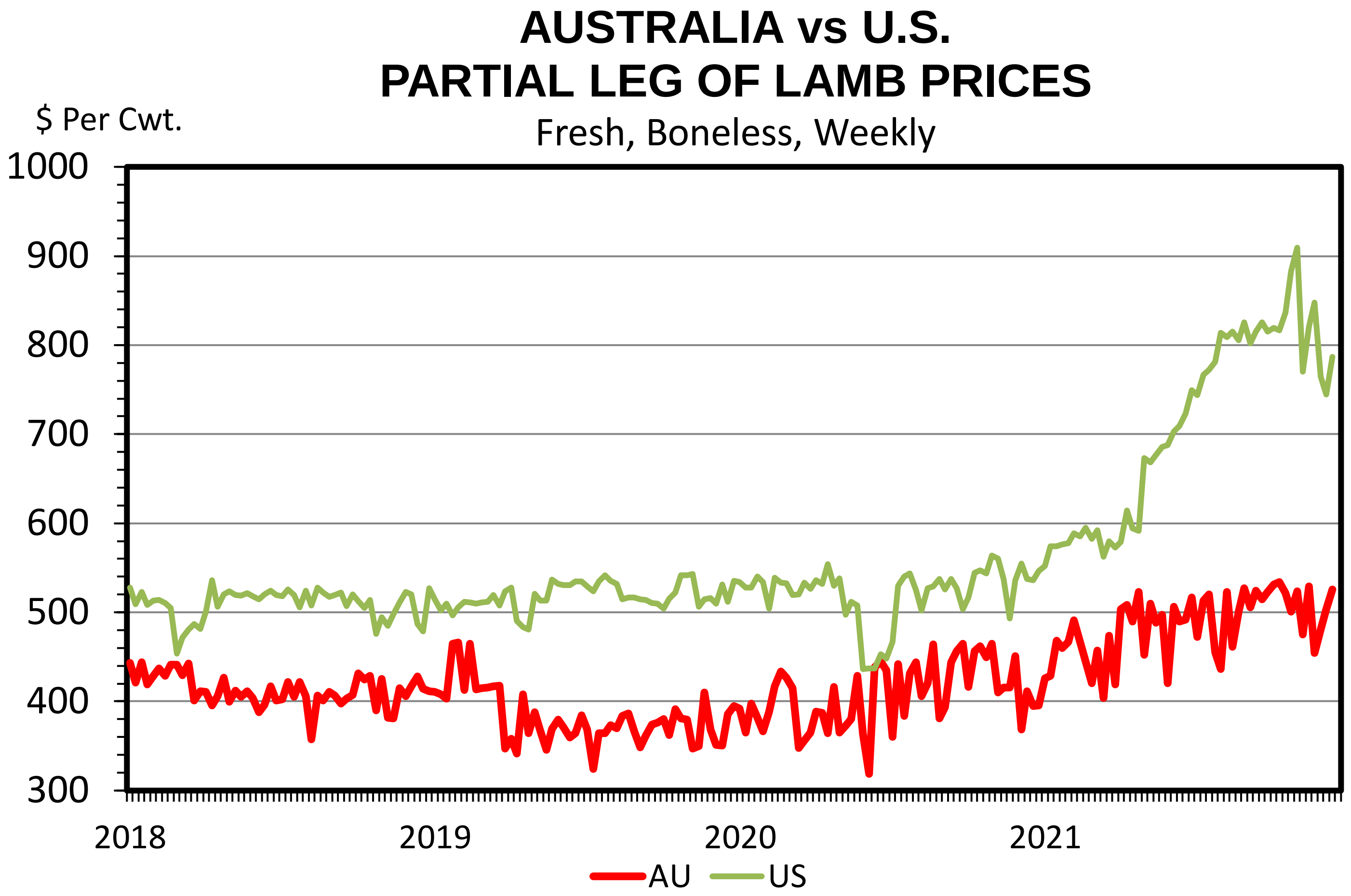
- American lamb prices posted larger annual gains than imported lamb during 2021.
- The margin between domestic and imported prices widen in 2021, driven by supply and demand factors in the U.S.
- The price spread between Australian and New Zealand lamb narrowed in 2021 due to an increase in chilled lamb imports.



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

Lamb Imports

- Chilled lamb accounts for over half of Australian lamb imports.
- Frozen lamb accounts for over half of New Zealand lamb imports but posted an increase in chilled lamb imports in 2021.
- The growth in retail lamb sales led to an increase in chilled lamb imports in 2021.



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

Lamb & Mutton Exports

- Lamb and mutton exports totaled 3.48 million pounds, 7.6% higher than in 2021.
- Export volume growth was driven primarily by lamb variety meat exports to Mexico.
- Lamb muscle cut exports rallied to the Caribbean in 2021, with notable growth in the Dominican Republic and gains to Bermuda, the Bahamas, Trinidad and Tobago and Turks and Caicos.
- In 2021, lamb exports as a percent of lamb and mutton production was 2.4%, slightly higher than in 2020, but lower than the 2015 – 2019 average of 3.7%.

Lamb & Mutton Exports

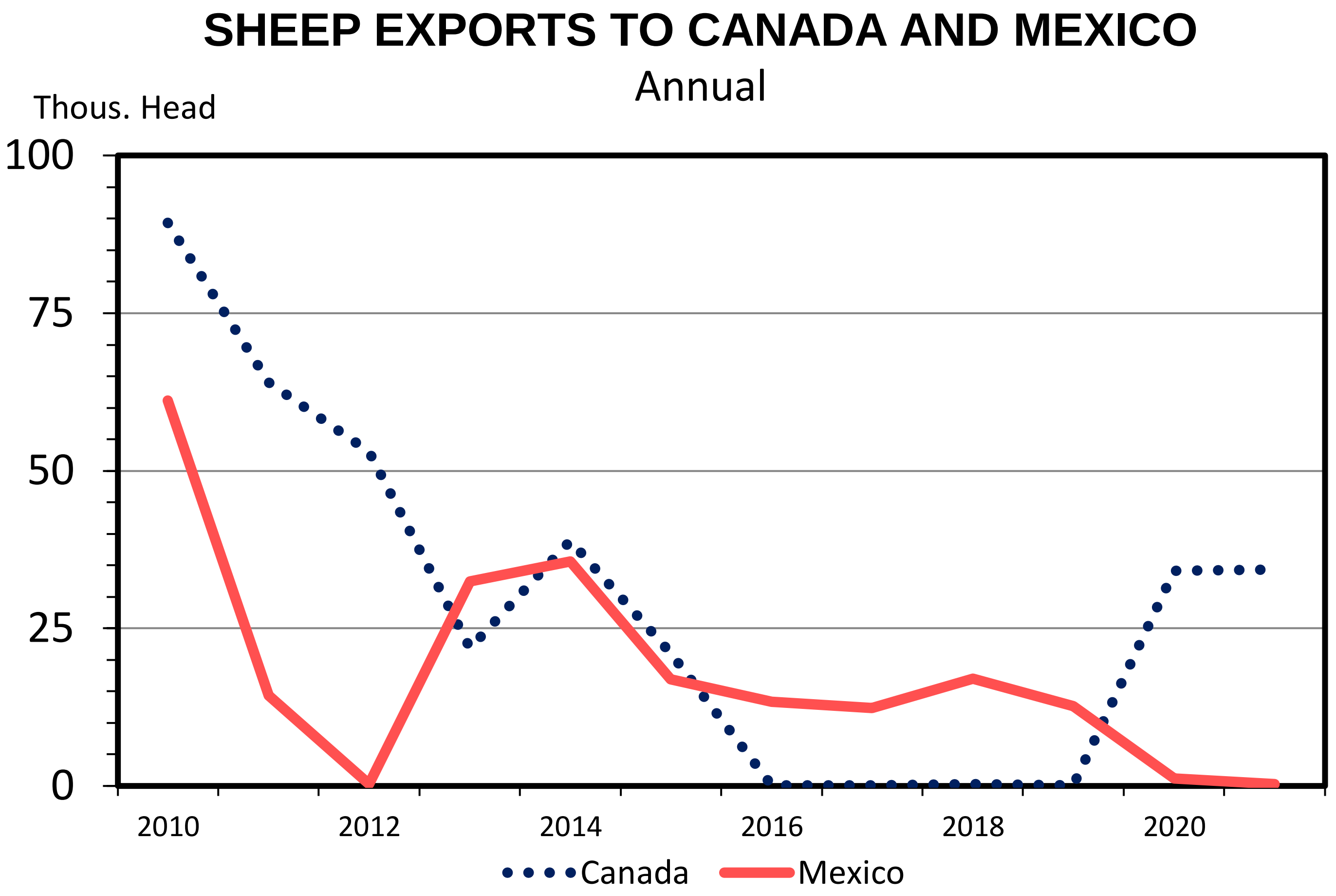
(1,000 lbs. carcass weight basis)

	Lamb	% of Previous Year	Mutton	% of Previous Year	Total Lamb & Mutton	% of Previous Year
2015	428	-68.2%	4,046	-24.9%	4,474	-33.6%
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%**	**3,007**	**11.3%**	**3,484**	**7.6%**

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

Live Sheep Exports

- Live sheep exports increased in 2021 driven by exports to Canada.
- Exports of live sheep totaled 46,703 head of which 74% or 34,329 head were exported to Canada.
- Exports to Mexico have been on a decline in recent years.



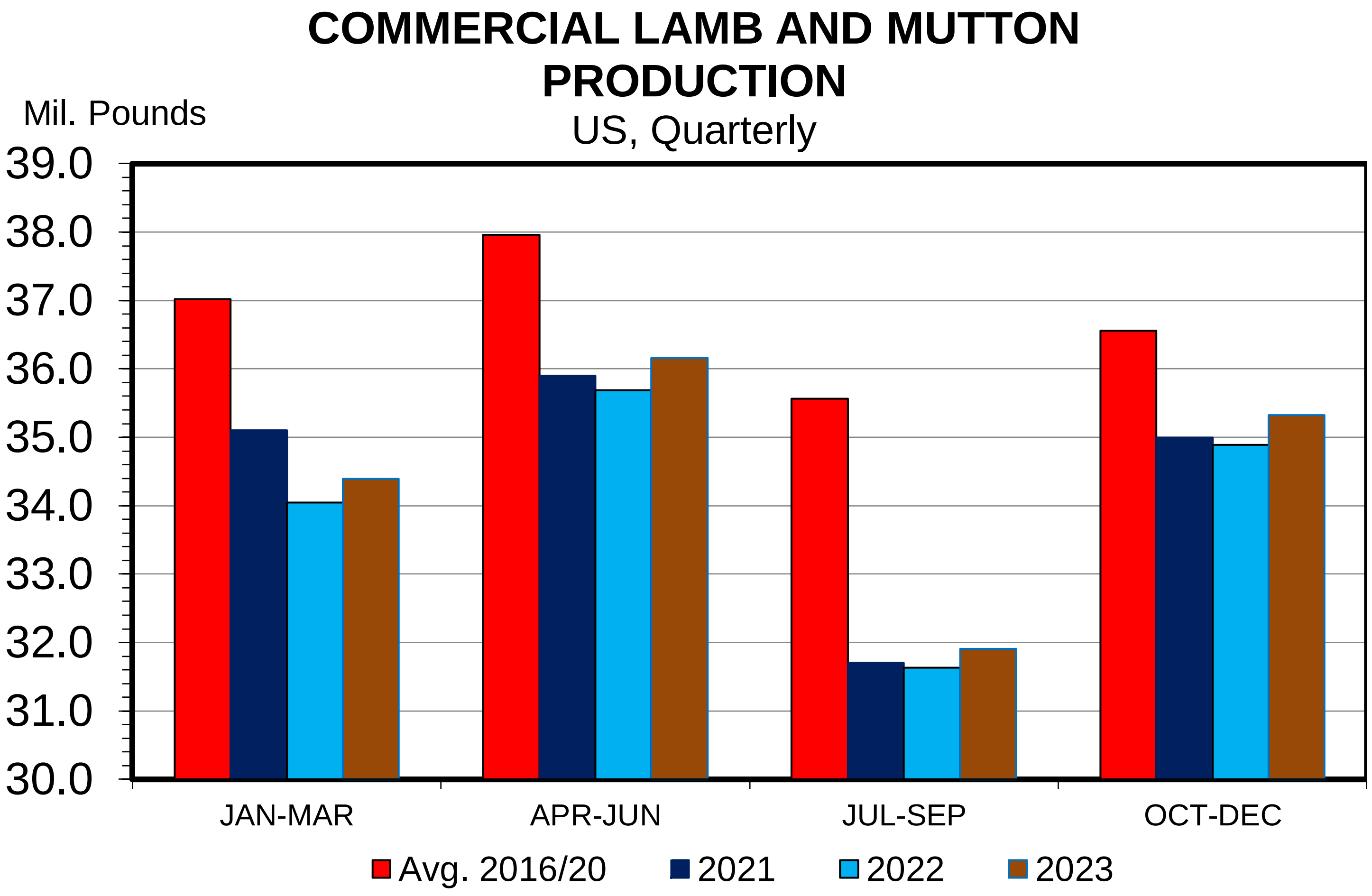
Data Source: USDA/ERS & USDA/FAS, Compiled by ASI

Lamb Supply


AMERICAN LAMB
American Lamb. Easy Everyday Elegance
GROUND LAMB

Lamb & Mutton Production

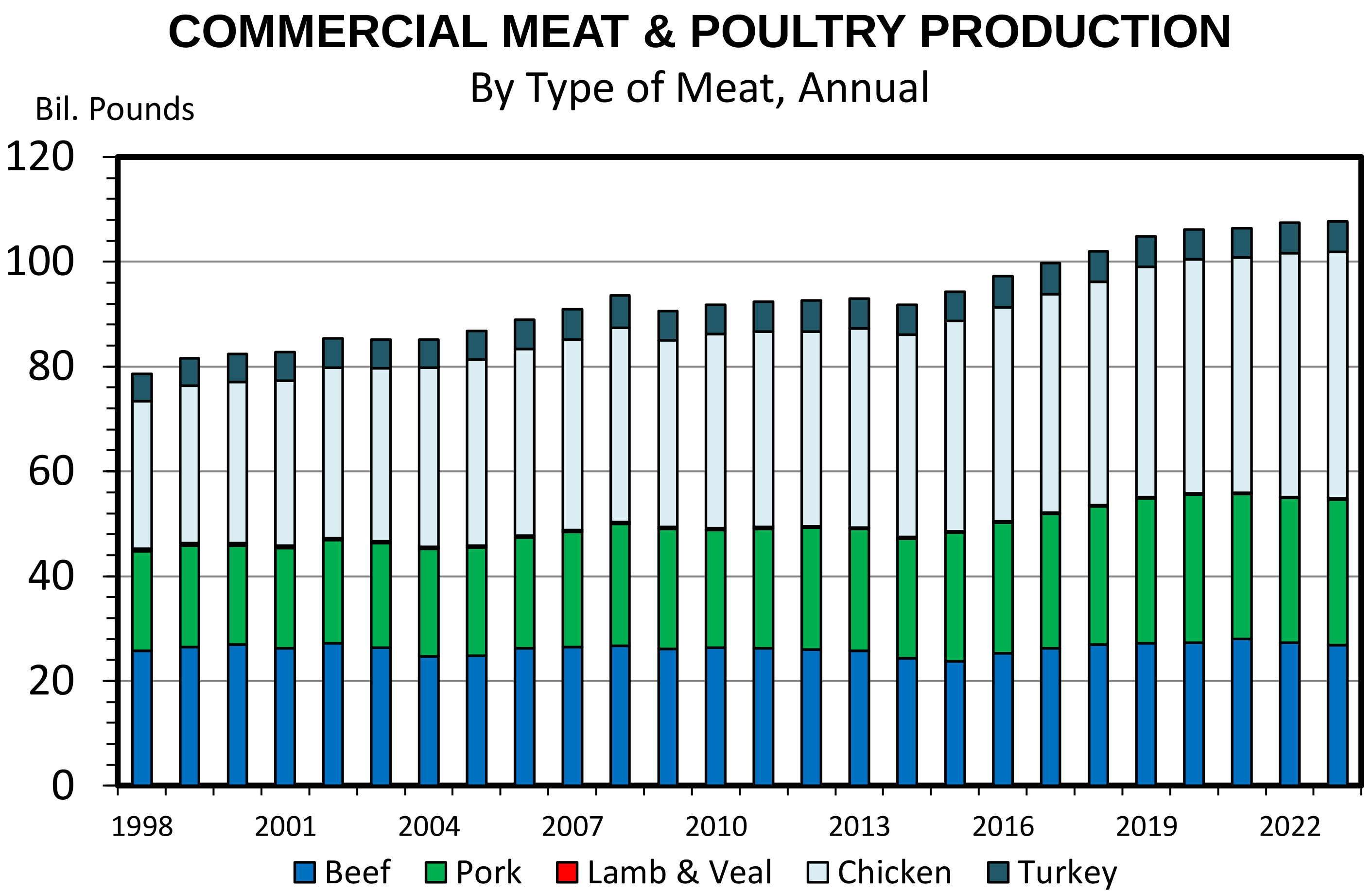
- Lamb and mutton production seasonally largest in the second quarter and smallest during the summer months.
- Commercial lamb production down 0.5% in 2021, 8% lower than the 2015 – 2019 average.
- Production expected to be down about 1 – 2% in 2022.



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

Meat & Poultry Production

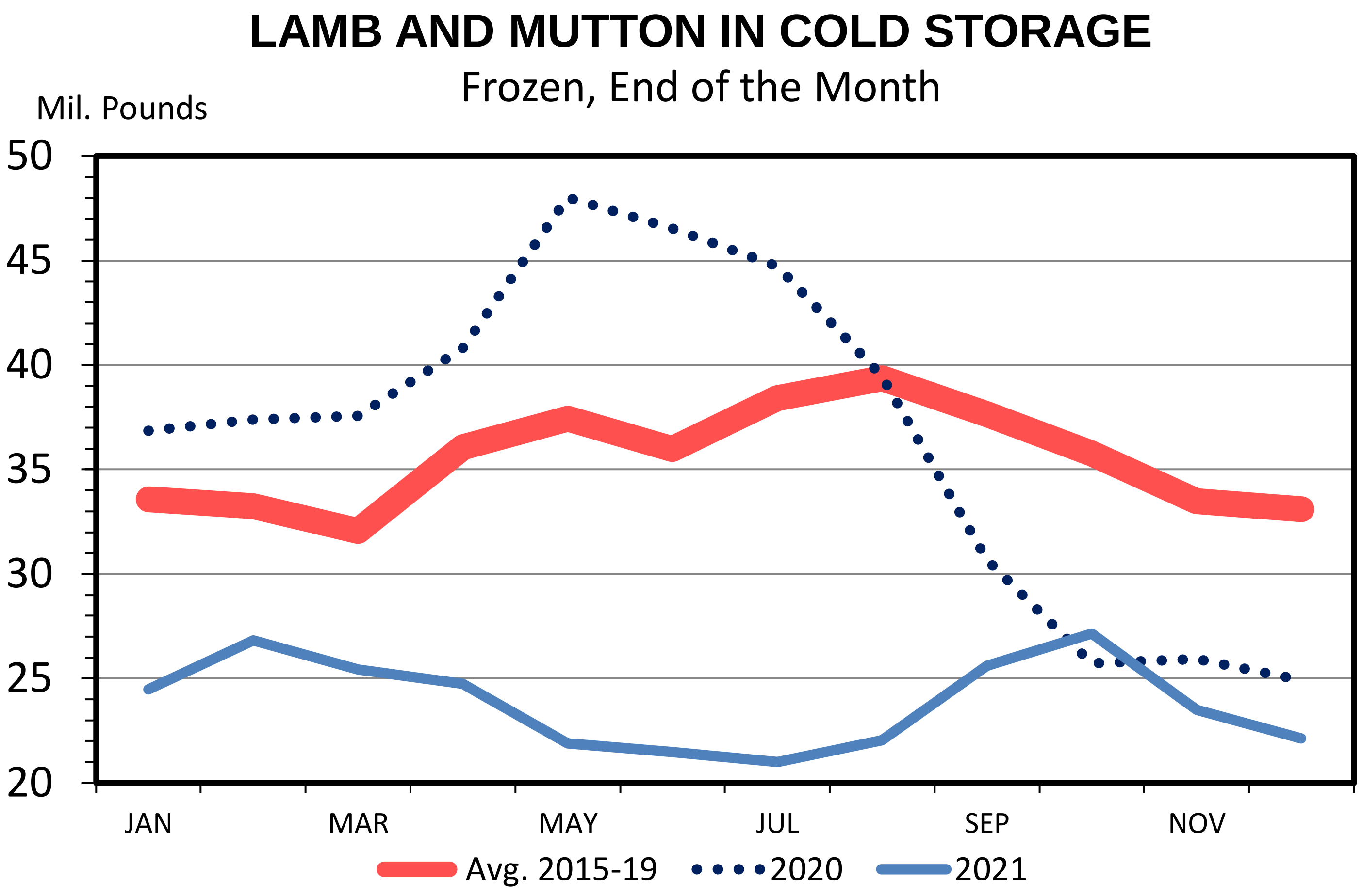
- Meat and poultry production has increased over the last 25 years.
- Total meat and poultry supplies in 2021 were similar to 2020.
- Looking ahead, meat and poultry supplies are expected to flatten to decline which will impact prices.



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

Cold Storage

- Supplies of lamb and mutton in cold storage were well below prior years in 2021.
- Lower cold storage levels evidence of strong lamb demand in 2021.
- Lower stocks contributed to higher lamb and meat prices in 2021.

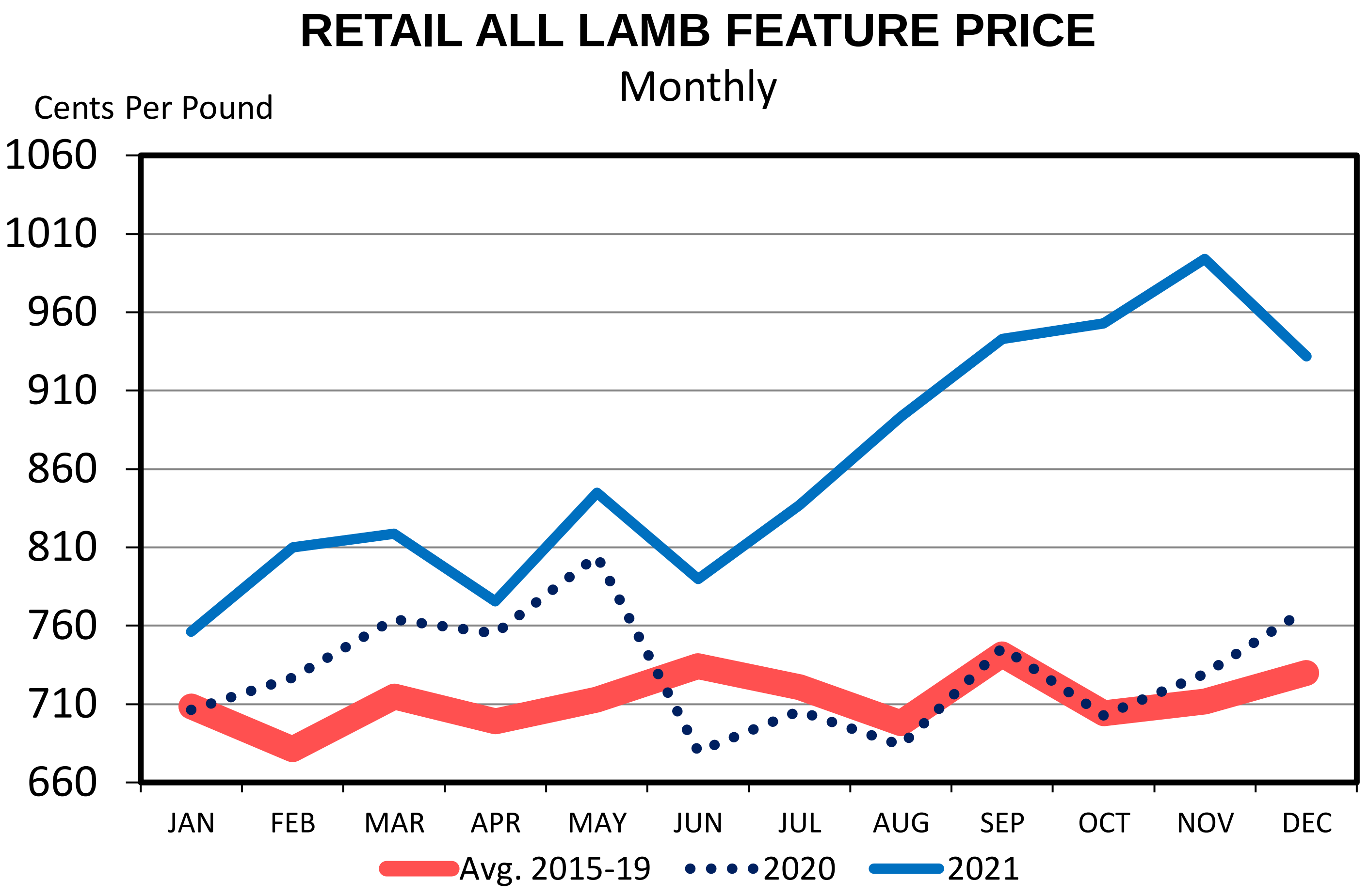


Note: Cold storage data is reported on a total basis for product stored for 30 days or longer.
Data Source: USDA/NASS, Compiled by the Livestock Marketing Information Center

Retail Lamb

Retail Feature Activity

- Retail prices skyrocketed during latter half of 2021.
- Prices for Loin Chops posted the largest year-over-year gain of 30%.
- Markets started to exhibit some resistance to high prices late in 2021.
- Effects of pandemic led to high price inflation which can impact consumer buying behavior.

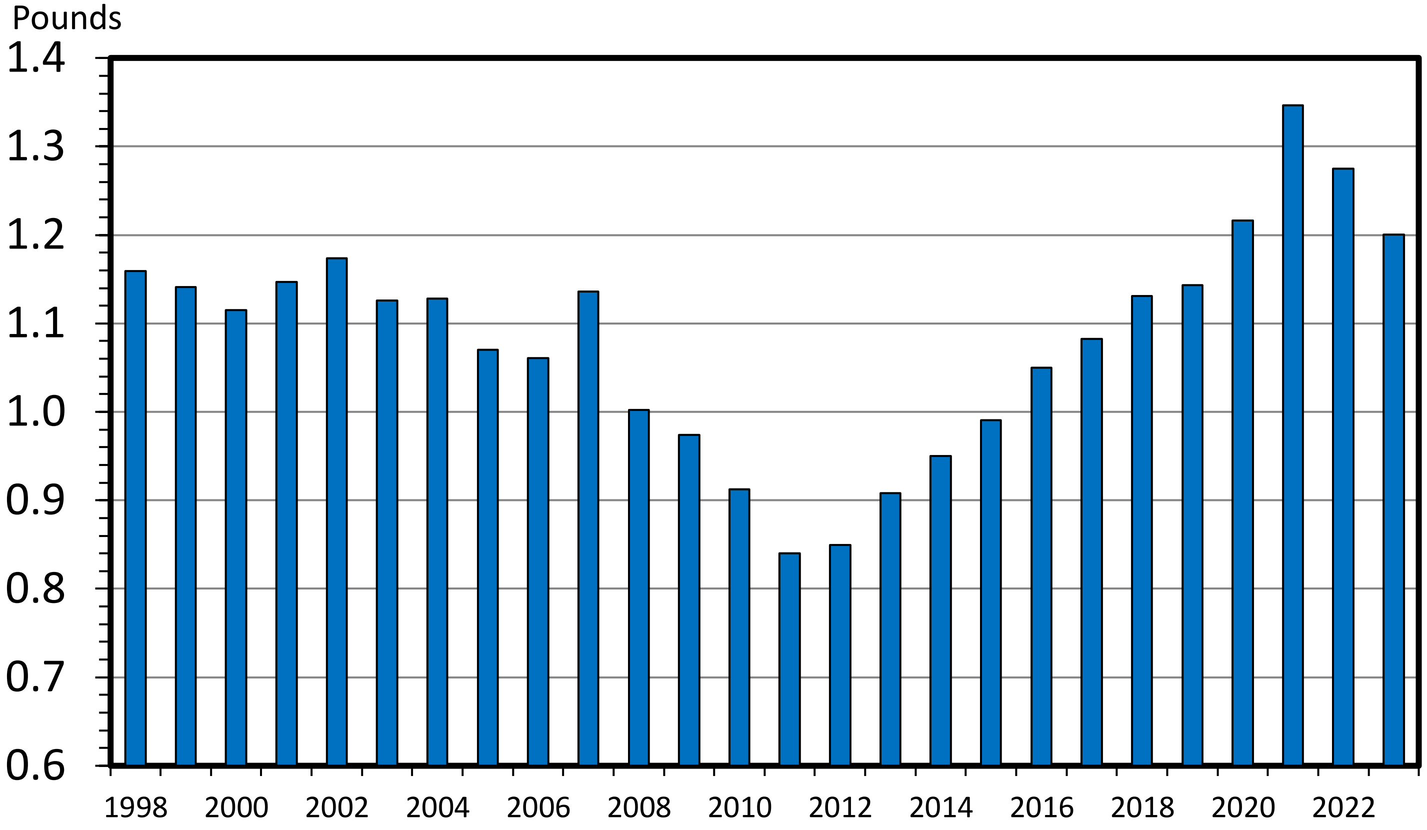


Note: Advertised Prices for Lamb and Veal at Major Retail Supermarket Outlets.
Data Source: USDA/AMS, Compiled by the Livestock Marketing Information Center

Lamb Consumption

- Per capita lamb consumption over 1.36 pounds per person.
- Highest level since the early 1990’s.
- Increase in available lamb supply driven by higher volume of imports.
- Record high prices relative to the available supply of lamb suggests an increase in consumer demand in 2021.

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 Outook

- Production costs for all segments of the industry are expected to remain high in 2022, making getting lamb to the consumer more costly than prior years.
- Feed costs are expected to remain high due to drought conditions and tighter hay stocks.
- Potential for continued drought always a concern given impact on breeding flock numbers and feed costs.
- Tighter lamb supply suggests high live lamb and meat prices will continue in 2022.
- The U.S. will remain an attractive market for imported lamb due to strong prices and lower domestic supply.

Sheep & Lamb Market Outook

- High lamb prices often discourage consumption as consumers switch to lower priced meat and poultry items.
- Inflationary pressure and lower disposable incomes expected to have an impact consumer demand and purchasing behavior in 2022.
- Supply chain constraints and labor challenges likely to continue during 2022.
- In transitioning to a post-pandemic era, the industry will need to identify which pandemic-driven consumer buying patterns will continue versus those that will not for American lamb.

Sheep & Lamb Market Outook

- Commercial sheep and lamb slaughter to decrease by about 3% to 2.2 million head.
- Commercial production to decline to 132 million lbs., down 4% year-on-year.
- Imports expected to fall 3% to 352 million lbs.
- Total lamb availability expected to contract by 5%, with a decline in per capita availability to 1.29 lbs. per person due to the decline in production relative to the U.S. population.
- Feeder lamb (60-90 lbs.) prices expected to average 10% higher in 2022, with National slaughter lamb prices expected to average 5% higher in 2022.
- *Forecasts by the Livestock Marketing Information Center as of March 1, 2022, subject to change.*


Thank You!