SHEEP

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The national trade lamb indicator price is
11%
above October 2015

Sheep meat production for July 2016 was
-20%
lower than July 2015

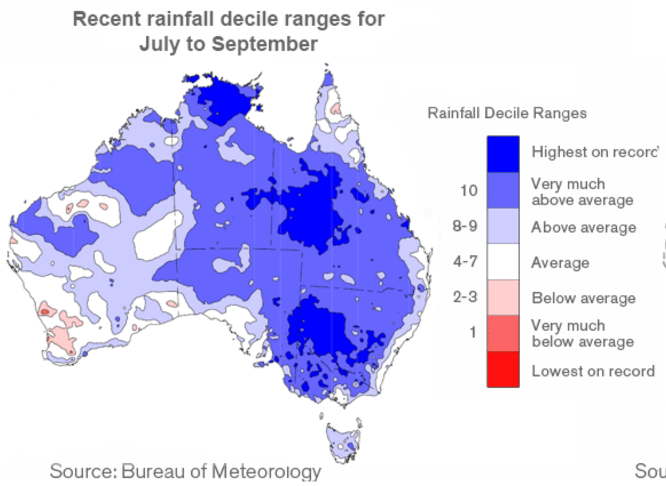
The volume of lamb exports for Jan-Aug is
5.1%
higher than in 2015

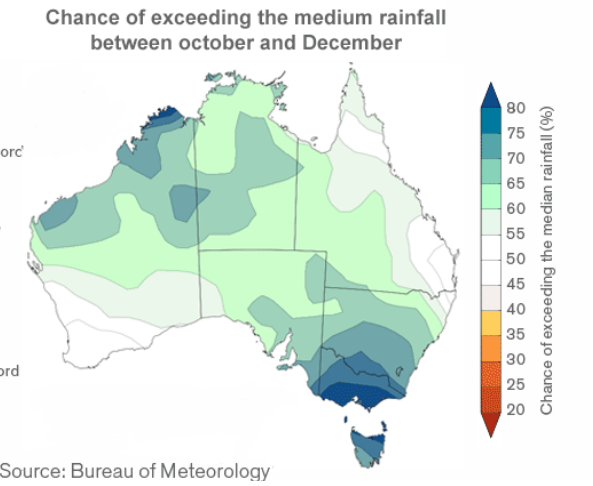
The Australian sheep industry is well placed with above average prices for lambs, sheep and wool providing good returns to producers who are also benefitting from widespread rainfall, which promises a bumper spring for pasture growth.

The wet winter continued for most of the country, with the exception of the Western Australian wheatbelt which received average to below average rainfall from July to September. The outlook to the end of the year is for more above average rainfall in south eastern Australia, and average rainfall in south west Western Australia and along the east coast of Queensland.

Although lamb prices have begun their seasonal spring price drop, the longer term outlook is positive for both seasonal and market conditions.

The volume of lamb exports to August has increased compared to 2015, while the total value has dropped by -1.5%. Encouragingly, the value of exports to the top 5 markets has increased, particularly to the United States where demand for lamb continues to grow. Mutton exports have dropped significantly, largely due to breeders retaining the already small pool of older sheep in flocks.



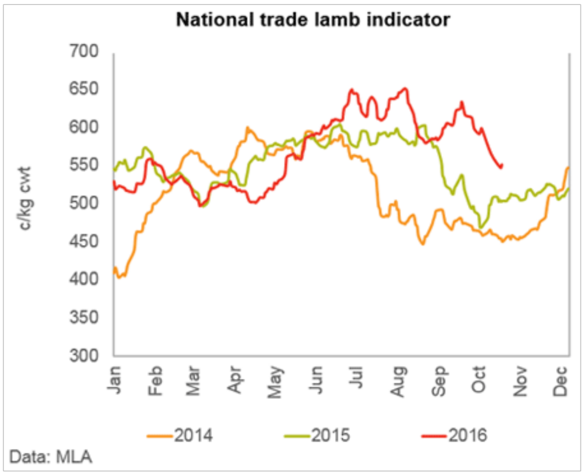


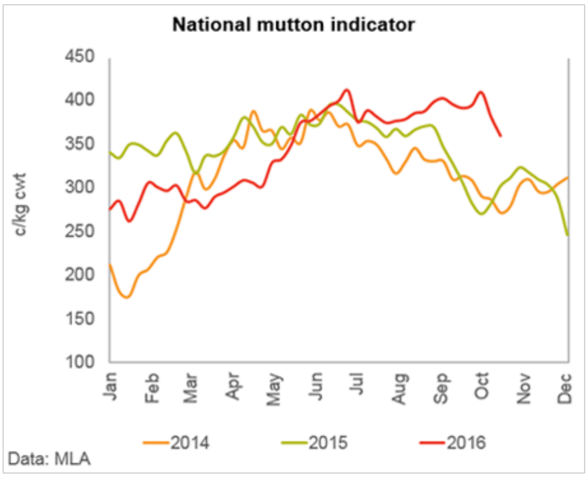
PRICE

	Current (21 Oct)	October 2015	Five-year average	80th percentile	20th percentile
National saleyard indicator prices (c/kg cwt)					
Trade lamb	551	498	490	568	417
Mutton	359	282	290	362	218
Trade lambs (c/kg cwt)					
NSW	552	516	493	572	416
SA	557	485	476	530	411
TAS	635	552	488	552	413
VIC	544	492	491	570	425
WA	475	439	447	505	377
Australian retail price ($/kg)					
Lamb	14.41	13.60	13.54	14.29	12.53
Australian dollar					
AUD/USD	0.77	0.723	0.89	1.03	0.76

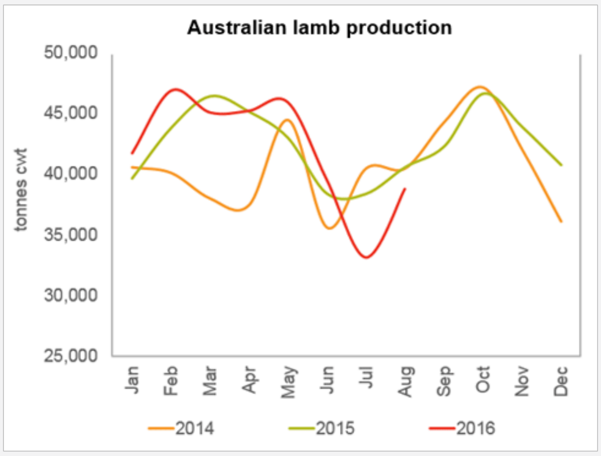
The national trade lamb indicator price has spent recent months trending higher than 2015 levels, with state indicators currently ranging from 36 to 83 cents higher than this time last year. Widespread wet conditions affected stock movements to saleyards and processors during winter and early spring, causing volatility in supplies and prices. The flush of new season lambs hitting markets was later than previous years with the seasonal decline in prices starting in early October. Prices are likely to fall through the remainder of October and into November, although relatively tight supplies and strong demand will provide support to keep prices above average levels.

Prices for older sheep have trended upwards due to the low numbers of breeding ewes available and strong demand for stock to rebuild flocks and utilise feed.

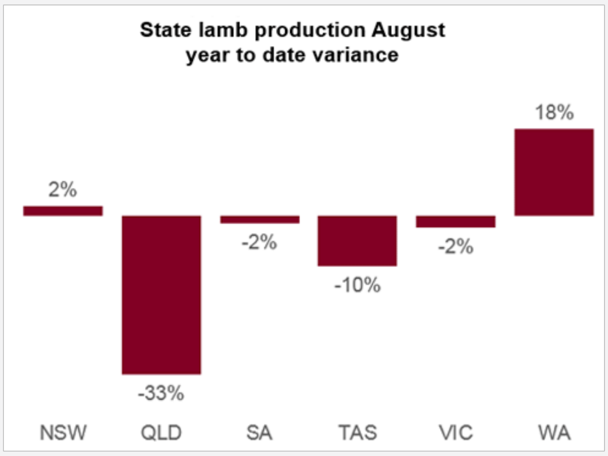




PRODUCTION



Data: MLA



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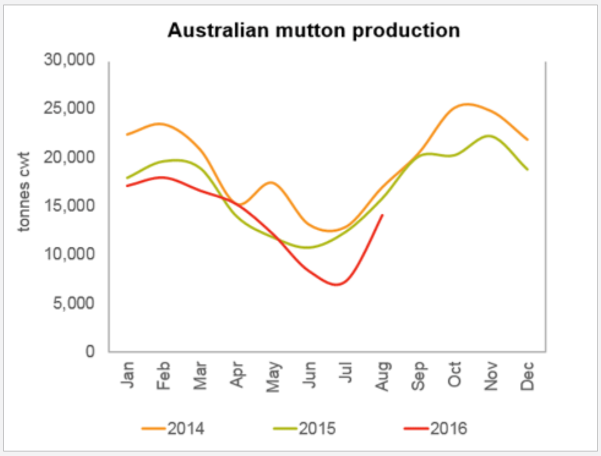

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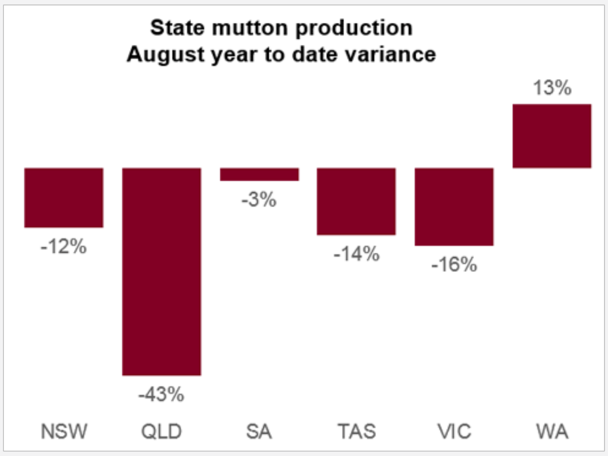


Data: MLA

Lamb production levels dropped sharply lower from May to July, dropping well below the levels seen in these months in the previous two years. Despite the winter trend, lamb slaughter and production from January to August are similar to the same period in 2015. Production is expected to increase through spring, although annual production is likely to end lower than 2015. Heavier carcase weights are expected this spring, a result of improved pasture growth, and could partially offset lower slaughter numbers.

Mutton production in winter followed a similar trend to lamb but dropped further relative to 2015, with July production 41% lower than July 2015. Production for the year to August is 10.5% lower than for the same period in 2015 and is expected to remain low as producers look to retain breeding ewes.

DEMAND

The volume of lamb exports for Jan-Aug 2016 is

26%

above the 5-year average

The value of lamb exports to the USA to July 2016 is

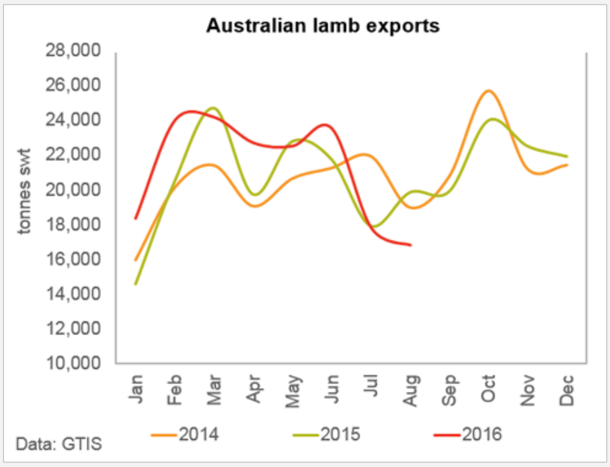
5.9%

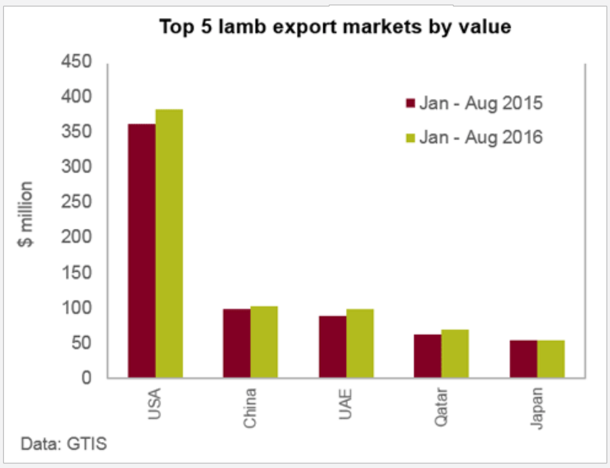
higher than in 2015

The volume of mutton exports for Jan-Aug 2016 is

-9.9%

lower than in 2015





For report enquiries:

AG ANSWERS
GROW WHAT YOU KNOW

AG ANSWERS
P 1300 796 101
E ag.answers@ruralfinance.com.au

For banking enquiries:

RURAL BANK
P 1300 660 115
W ruralbank.com.au

RURAL FINANCE
P 1300 796 101
W ruralfinance.com.au

Elders
P 1300 618 367
W bankmarketing@elders.com.au