

# SHEEP



The national trade lamb indicator price averaged

**563** c/kg

in 2016

Sheep meat production for Jan-Oct 2016 was

**4.6%**

lower than 2015

The volume of lamb exports for Jan-Oct is

**2.5%**

higher than in 2015

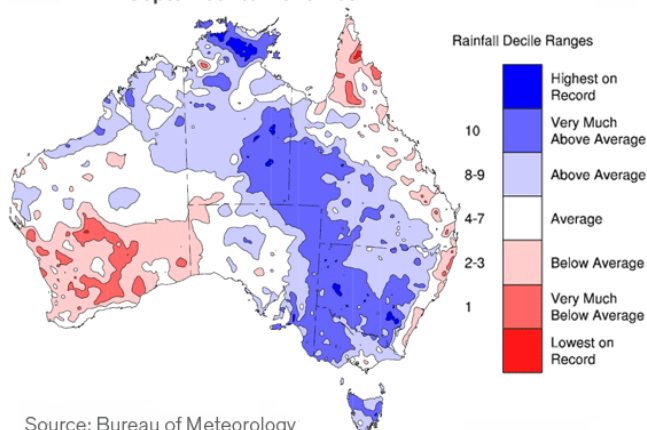
Typical for the spring period, the flush of lambs has pushed prices lower in the October to December quarter. Nevertheless, prices are higher and supply lower than this time last year. Overall, the national trade lamb indicator is on track to record its fourth consecutive year of growth, averaging 3% higher than 2015. Strong domestic and export demand, lower production and reduced export competition from New Zealand should lead to further increases in lamb prices in 2017.

Spring rainfall was above average for much of eastern Australia, particularly in September. The southern region of Western Australia was an exception with below average rainfall throughout

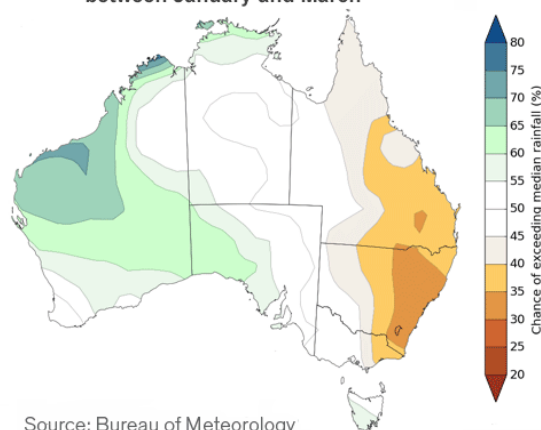
spring. Spring temperatures were also cooler on average. The outlook for summer is for drier and warmer than average conditions, particularly on the east coast.

Lamb export volumes to October were 2.8% higher than 2015 and 19% above the five-year average, a sign of growing demand for Australian lamb. A 5% drop in export unit values in 2016 has caused the value of lamb exports to drop 3%. While the value of lamb exports to the USA is 1.2% lower than 2015, the volume of exports is 4.5% higher. Volume and value of lamb exports to other major markets have increased.

Recent rainfall decile ranges for September to November



Rainfall: chance of exceeding the median between January and March



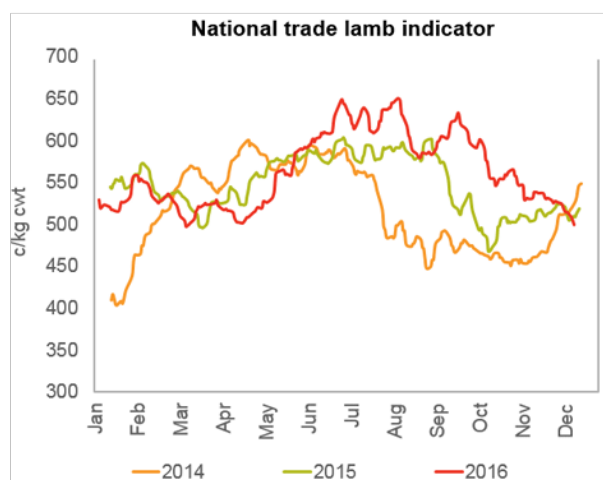
# PRICE

	Current (16 Dec)	December 2015	Five-year average	80th percentile	20th percentile
National saleyard indicator prices (c/kg cwt)					
Trade lamb	497	509	492	568	417
Mutton	362	246	290	362	218
Trade lambs (c/kg cwt)					
NSW	508	506	494	572	416
SA	515	511	477	531	411
TAS	527	495	489	553	413
VIC	492	520	493	570	425
WA	483	527	447	504	377
Australian retail price (\$/kg)					
Lamb	14.83	13.72	13.53	14.29	12.53
Australian dollar					
AUD/USD	0.74	0.73	0.89	1.03	0.76

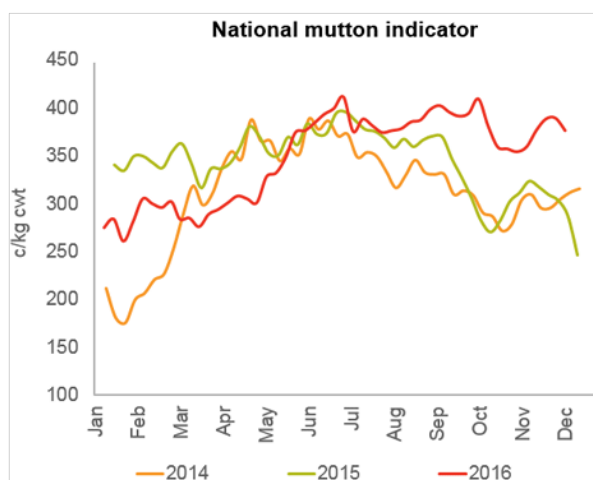
The national trade lamb indicator has fallen 21% since a seasonal peak of 633c/kg in mid-September and is currently sitting lower than 12 months ago when the indicator was on an upwards trend. As a sign of producer intentions to rebuild flocks, restocker lambs averaged 65c/kg above trade lambs in October and November, just over double the premium paid for restocker lambs in those months last year. Expectations are for

high volumes of heavy lambs in autumn. This could lead to relatively lower prices for heavy lambs, particularly carcasses above 26kg.

Mutton prices have been steady since July, a period when prices usually decline, reflecting lower sheep availability. Prices are currently 31% above this time last year.

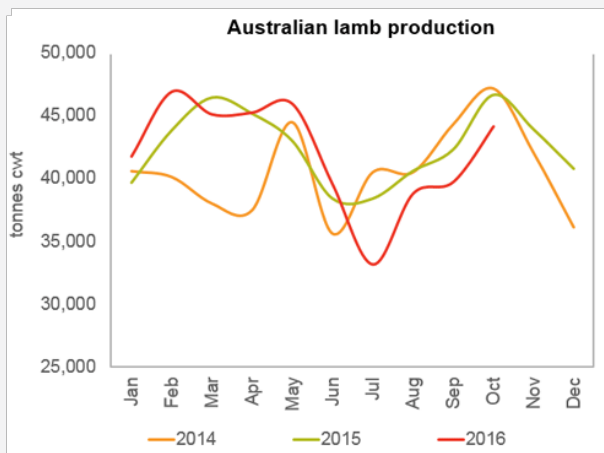


Data: MLA

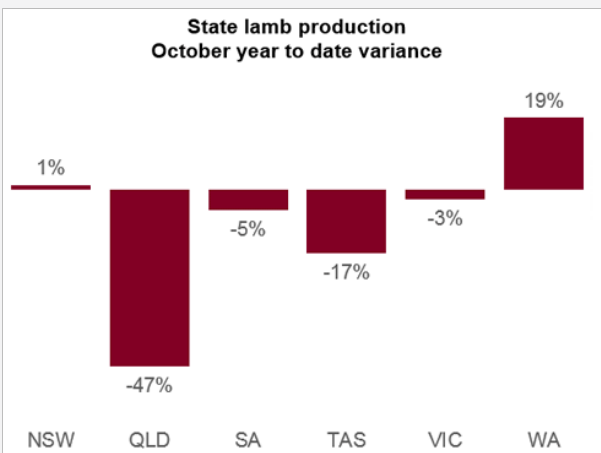


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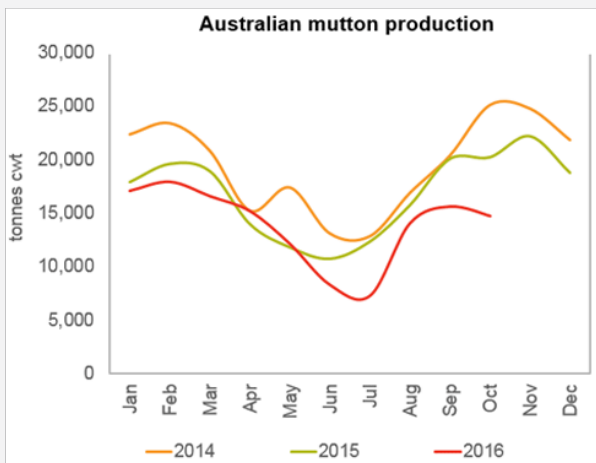
# PRODUCTION



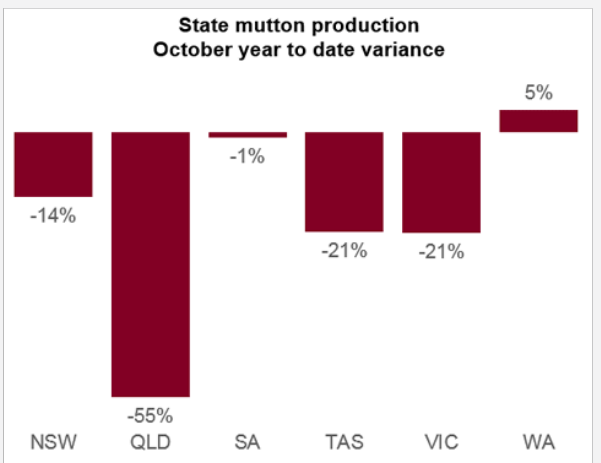
Data: MLA



Data: MLA



Data: MLA



Data: MLA

Lamb slaughter and production increased by 25% between August and October. Lamb production for the month of October is down 1% compared to 2015 and slaughter rates are down 1.7%. Lower slaughter in spring is indicative of producers carrying over more lambs which could lead to monthly slaughter rates increasing in early 2017.

Mutton production has been trending even lower with October production (-27.4%) and slaughter (-29.8%) well below levels recorded in October

2015. For the year to date, mutton production is 14.1% lower than 2015 and slaughter is 15.6% lower. This is due to relatively low levels of older sheep in the national flock and a shift in producer intentions to retain breeding ewes and begin flock rebuilding. The latest industry projections forecast a flock size of 71 million in June 2017, a 1.4% increase from 2016.

# EXPORTS

The value of lamb exports for Jan-Oct 2016 is

**3%**

lower than in 2015

The value of lamb exports to the USA in 2016 is

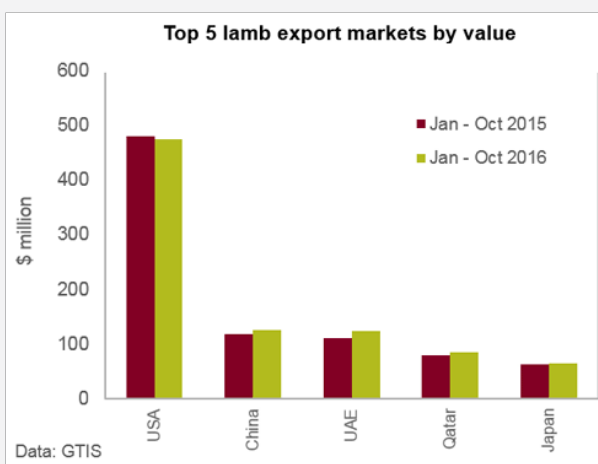
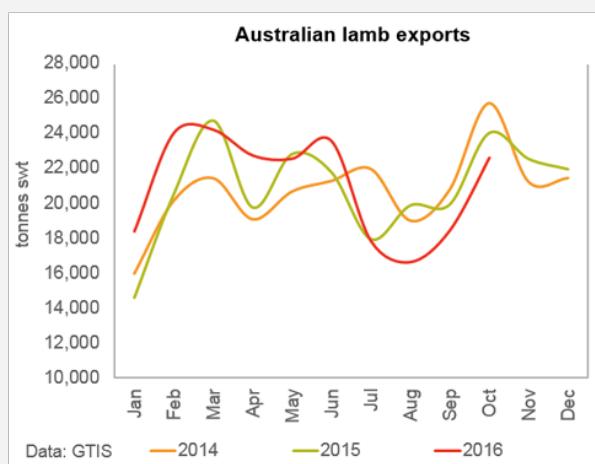
**1.2%**

lower than in 2015

The volume of mutton exports for Jan-Oct 2016 is

**11.5%**

lower than in 2015



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