

SheepSense:

an applied research brief

Sheep and Lamb Market and Price Outlook

When evaluating the market, several factors need to be considered. Here, we focus on current inventories, feedstuffs, and consumer demand, all having a significant impact on the economics of the sheep industry.

Current Inventory & Price

According to the USDA data released in January 2024, the total sheep inventory nationwide is down roughly 2 percent compared to 2023 inventory. Mature ewe numbers nationwide have also decreased 2 percent. In Wyoming, total sheep inventory numbers are down nearly 4.5 percent and mature ewes are down 2.5 percent year over year. The decrease in numbers could be an indication of producers' intentions moving forward. Supply and demand would suggest a decrease in supply (inventory) should increase prices received moving forward. Figure 1 indicates higher prices for feeder lambs so far in 2024 as compared to the 5-year average, and prices in 2023. Northern Livestock Video Auction hosted its Summertime Classic Sheep Sale on July 24th. Close to 23,000 head were sold for fall delivery with an average price of \$213.32/cwt. Results from the recent sale are outlined in Table 1.

Forage & Crops

Current forage and crop production can help shape decisions for producers looking into the future. A quick look at the U.S Drought Monitor indicates drought seems to be increasing throughout regions of Wyoming. On a positive note, Wyoming hay stocks are up significantly which has put downward pressure on hay prices. The average hay price in Wyoming for 2024 is \$170 per ton, down from \$220.85 in 2023. Corn in south-west Nebraska is currently \$4.32/bu., down from \$6.73/bu. a year ago. Lower commodity prices may keep lamb feedlot cost of gain more competitive than last year and may have a positive bearing on feeder lamb prices this fall. Although pastures conditions around much of the state are declining, a more positive outlook for hay and corn sheds optimism on feed prices.

Consumer Demand

Strong end-consumer demand enables product to move through the supply chain more easily. To evaluate consumer demand, two items need to be considered: price and quantity. The current lamb cutout value is 8 percent higher as compared to 2023. If we use the amount of lamb in cold storage as the metric for quantity, lamb and mutton in cold storage is 30 percent lower than the 5-year average, and 7 percent lower than 2023 volumes as of May. These two metrics put together indicate at the current prices, product is not building up in cold storage, indicating strong consumer demand. Admittedly, inflation and competitive protein sources such as beef, pork, and chicken may put downward pressure on demand for lamb at the retail level. During the week of July 26 to August 1, the National Weekly Retail Report indicated that the retail price for ground lamb was \$7.96 per pound more than that of 90 percent lean ground beef. So far in 2024, lamb cutout values have stayed consistent around \$470/cwt, and product has moved through the supply chain without buildup in cold storage, but price spreads for other protein sources could be a concern moving forward.



Putting it all Together

A decline in sheep inventories, specifically mature ewes, indicates tighter supplies in the future. A tighter feeder lamb supply coupled with lower feed costs should put upward pressure on the feeder lamb market prices. Therefore, margins at the feedlot may be tightened due to increased feeder lamb prices. Current consumer demand appears optimistic, but inflation and competitive protein sources as noted by recent ground meat prices are items that could suppress demand for lamb. The current market outlook for the sheep industry is optimistic, but inflation and changes in consumer preferences could be headwinds in the future.

Additional Resources



Summertime Classic Sheep Sale
bit.ly/46T2NIG



U.S Drought Monitor
bit.ly/31UTRzj



National Weekly Retail Report
bit.ly/3WRJh4n

This brief was created by – UWyo Sheep Task Force: R. Ziegler, W. Stewart, J. Hewlett, M. Julian, D. Montgomery, M. Most, D. Laverell, M. Getz, D. VanderPloeg,



UW SHEEP EXTENSION

SheepSense:

an applied research brief

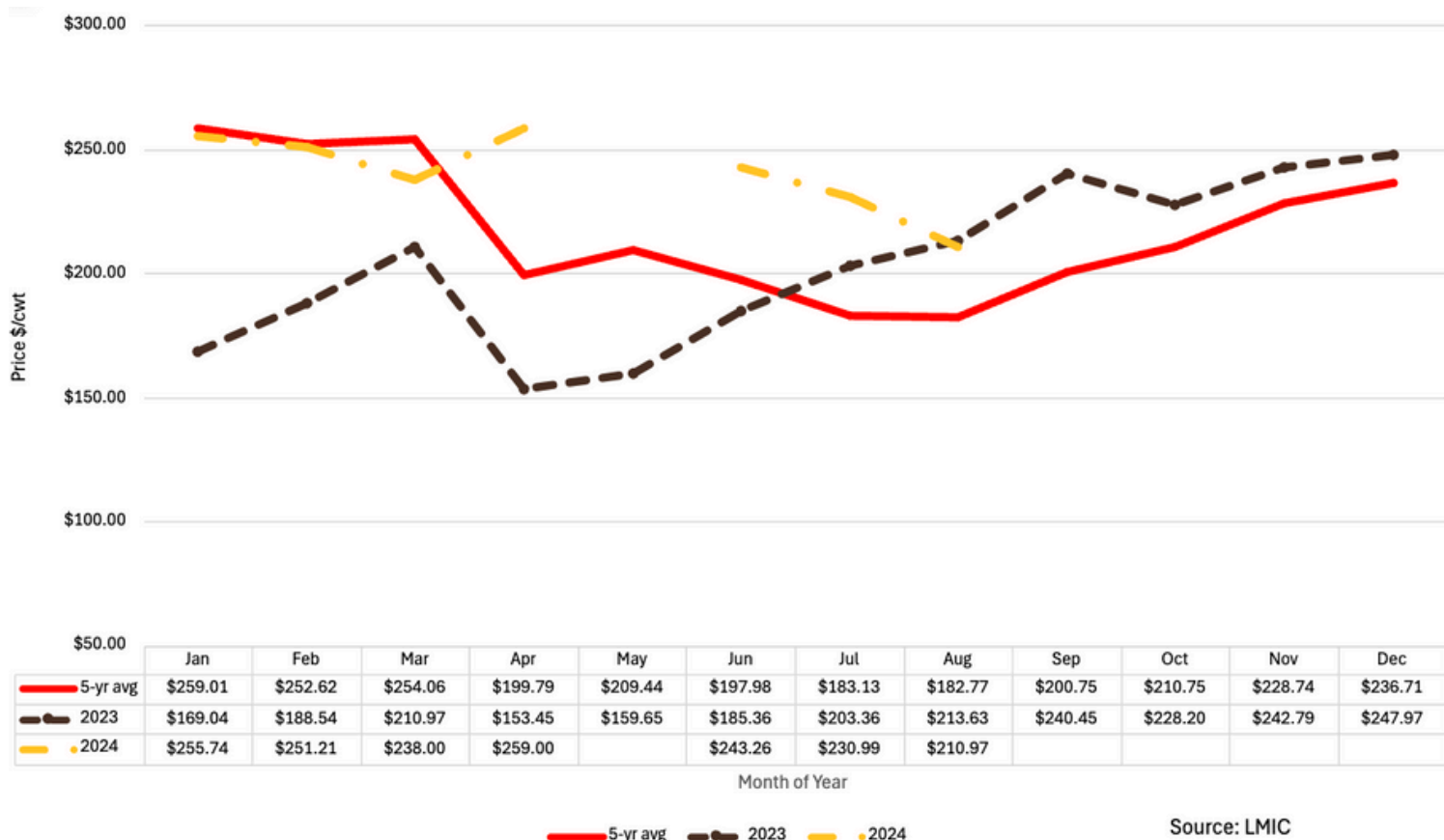
Sheep and Lamb Market and Price Outlook



Table 1: Northern Livestock Summertime Sheep Classic Results

Weight Range, lb.	Head	Average Price, \$/cwt
75-79	1,125	\$220.50
80-84	5,455	\$210.30
85-89	4,390	\$215.30
90-94	8,080	\$213.40
95-99	1,000	\$211.00
100-104	1,000	\$210.00
110-115	1,660	\$209.00
Total	22,710	\$213.32

NEWELL, SOUTH DAKOTA 60-70 POUND FEEDER LAMB PRICE



Source: LMIC