

Australian lamb – from rising star to star performer

The Australian lamb industry over the past two decades has been a standout performer across the agricultural landscape. From a rising star in the early 2000’s, the value of the industry has consistently increased year-on-year, underpinned by a determined focus on meat quality and optimising the consumer experience – both in Australia and through export markets.

Utilising ABARES gross value of production data for the past two decades, the growth of the lamb industry comparatively has been outstanding. Valued at only A\$776 million in 2000-01, the lamb industry gross value of production is estimated to be worth \$3.6 billion in 2020-21 – an absolute growth of 364% over the two decades. Comparatively, the value of beef over the same period has risen 110%, sheep 171%, poultry 173%, while milk has experienced much flatter growth, at 39% (see figure 1).

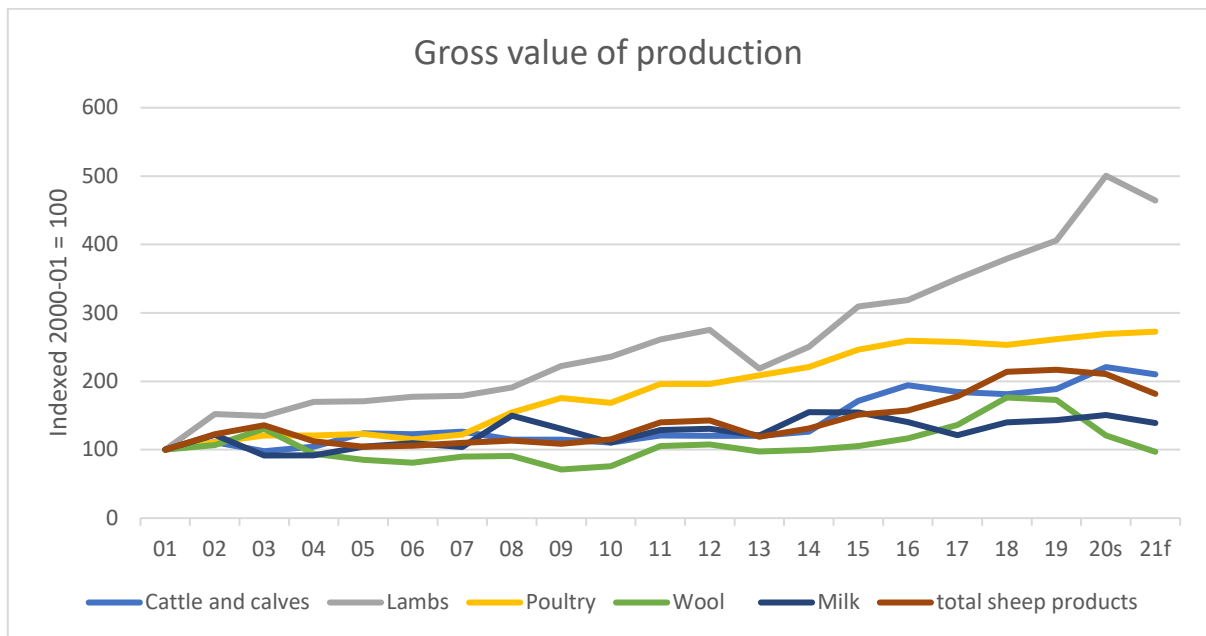


Figure 1: Gross value of productions (ABARES), indexed to 2000-01 values.

Isolating sectors from sheep and lamb production, the growth in the lamb production value has been astounding, but also significantly, somewhat at the cost of the other complementary industries. While up 363% for lamb production, live sheep values have contracted 58% over the past two decades, while wool is down 3%. The value of sheep production (mutton) is up 171%, for the period. Thus overall, total value of production, including mutton, live, wool and lambs was an estimated \$7.17 billion for 2020-21, an increase of only 82% from the 2000-01 (see figure 2).

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Figure 2: Gross value of production for sheep industry (ABARES).

The Australian Bureau of Agriculture and Resource Economics and Sciences (ABARES) forecasts released last week, continue to point to strong returns for Australian lamb and sheep producers through the medium term, even with prices forecast to edge back from recent highs. With lamb prices forecast to average 751c/kg cwt for the current 2020-21 financial year, ABARES has forecast prices to slip back to average 699c/kg cwt by the 2023-24 financial year – a 7% decline over the three-year forecast period.

Contributing to the decline in prices over the three-year period will be higher lamb supplies, driven by a rise in the national sheep flock. The clear intent to rebuild flock numbers through 2020, in the wake of previous years of drought in 2018 & 2019, will provide the impetus for the supply growth in following years. In comparison to the current 2020-21 year, with lamb slaughter estimated to hit 20.1 million head, slaughter in 2023-24 is forecast to be 6% higher, at 21.4 million head, rising to 22.2 million head by 2025-26.

Facilitating the rise in lamb slaughter over the period will be a larger and growing national sheep flock, rising from a forecast 65.3 million head in 2020-21, to 72 million head by 2025-26. Of interest, the national sheep flock is estimated to have fallen to 62.7 million head in 2019-20 – the lowest annual flock since 1904.

For AuctionsPlus, the continued growth in the Australian lamb industry has corresponded with additional supplies being offered over the past five years. For the past calendar year, approximately 3.1 million head of sheep and lambs were offered exclusively online, compared to 2.6 million head in 2019 and 1.9 million head in 2016.

Comparatively, Meat & Livestock Australia (MLA) annual saleyard survey showed that 14.2 million head of sheep and lambs went through physical saleyards in 2019-20, with Wagga the largest individual selling yards, at 2.03 million head.

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