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Lamb to rise, wool to slump: ABARES



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LAMB slaughterings will soar to 22.3 million this year, the highest number for 43 years, as producers enjoy an expected 7 per cent rise in average saleyard prices to 510 cents a kilogram in 2014-15.

Attractive prices for both lamb and mutton will clip the national sheep flock by 3pc to 70.7m head by June.

But after that, the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) expects flock rebuilding will get underway and predicts sheep numbers will rebound to 76m by 2019-20.

Five-year forecasts

ABARES presented its five-year forecasts for both sheepmeat and wool at this week's Outlook conference in Canberra.

In a nutshell, ABARES expects the story of the sheep industry in the next few years to be much the same as what's happened in the past decade or so. Lamb and mutton prices will keep powering along while wool returns will remain relatively lacklustre.

Lamb exports are predicted to reach a record 240,000 tonnes in 2014-15 worth \$1.64 billion on the back of continuing hot demand from the US and the Middle East.

However, flock rebuilding is expected to cut the lamb slaughter by four per cent to 21.5m head in 2015-16 which will reduce national production by five per cent to 466,000t and lift saleyard prices to 584c/kg.

As a consequence, lamb exports are expected to decline by 10pc to 215,000t in 2015-16, valued at \$1.5b.

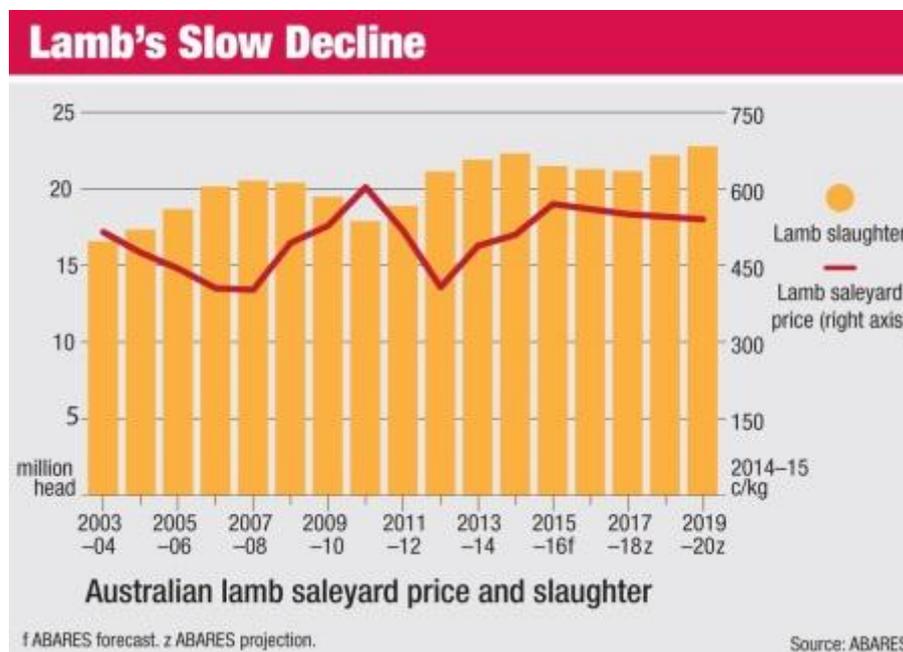
Mutton exports will slump by 37pc to 108,000t in 2015-16 on the back of reduced output but then slowly recover to around 116,000t by the end of the decade.

Lamb prices will keep cruising along, reaching 610c/kg in 2019-20 in nominal terms (539c when adjusted to 2014-15 dollars).

Over the medium term, the lamb slaughter is projected by ABARES to fall by about one per cent a year until 2017-18 before rising to 22.8m in 2019-20.

Flock rebuilding is expected to slash mutton production by a whopping 35pc in 2015-16 to 143,000t, which is expected to boost saleyard prices by 17pc to 323c/kg.

Mutton prices are then predicted to moderate as slaughter numbers gradually increase and sit at around 323c/kg in real terms by 2019-20.



Wool in the mix

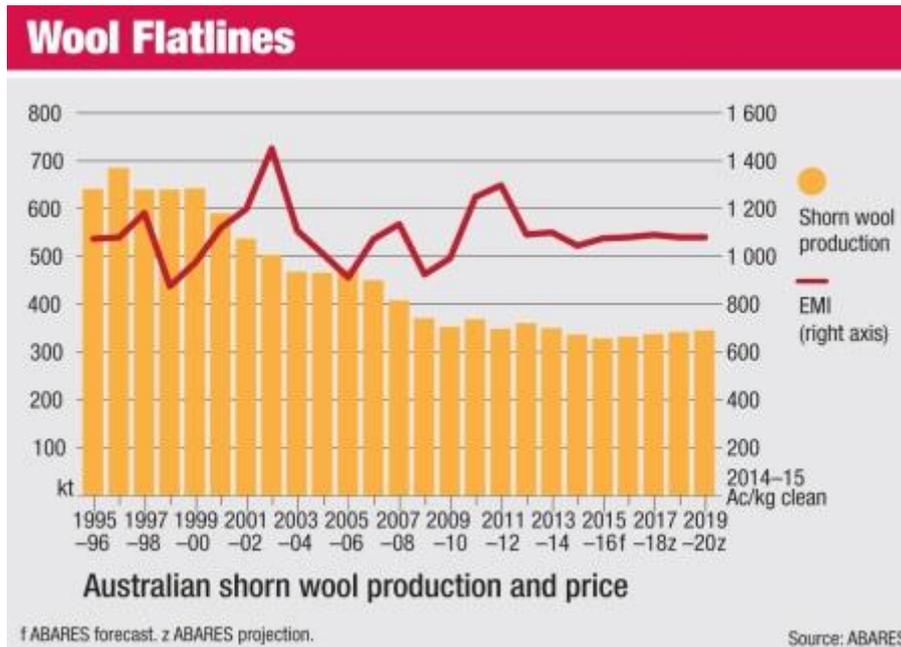
The Australian Eastern Market Indicator price for wool is forecast by ABARES to average 1075c/kg in 2015-16 and 1069c in 2017-18 (in 2014-15 dollars) before declining slightly towards 2019-20.

Shorn wool production is forecast to slip two per cent in 2015-16 to 328,000t greasy.

Production is then forecast to rebound slowly and reach 345,000 tonnes in 2019-20.

Flock rebuilding is predicted to reduce live sheep exports by 6pc to 2.3m head in 2015-16.

The proportion of non-breeding adult sheep in the flock - particularly wethers - is expected to fall, reflecting the shift away from wool production.



<http://www.farmweekly.com.au/news/agriculture/sheep/general-news/lamb-to-rise-wool-to-slump-abares/2725222.aspx?storypage=0>