

Sheep, Lamb, and Wool Market Update

American Sheep Industry Association

October 22, 2024

Sheep & Lamb Market

The economic environment is impacting sales for American lamb, pressuring producer prices lower.

The cost of production remains above pre-pandemic levels.

- While feed costs have declined, input costs such as labor have increased.
- High interest rates have driven up borrowing costs.
- Estimated returns for a hypothetical Colorado lamb feeding operation were negative in the third quarter at -\$1.50 per head compared to \$47.47 per head last year.

Consumers continue to face higher prices for groceries, gas, restaurants and other items.

- Lamb is a higher priced protein compared to beef, pork and poultry.
- Consumer demand for lamb is more price-sensitive than for other proteins.
- Consumers managing reduced incomes due to price inflation have shifted to purchasing less American lamb at lower prices and opting for lower priced meats.

Buyer demand for live lambs has weakened causing lamb weights to rise.

- Live lamb prices are quickly declining, compared to earlier this year and a year ago.
- Supplies of lamb in cold storage have been slowly rising this year.
- Lamb imports from Australia and New Zealand are up 39.4% and 35.6%, respectively.
- Imports are priced lower than American lamb and many buyers are opting for imports.

The lamb industry, unlike other livestock sectors, does not have a risk management program to help weather periods of uncertainty or economic losses.

	Feeder Lamb Prices		Slaughter Lamb Prices	
	Newell, SD 60-90 lbs. (\$/cwt.)	Billings, MT 60-90 lbs. (\$/cwt.)	Sioux Falls, SD Auction Live Basis (\$/cwt.)	National Direct Negotiated Live Basis (\$/cwt.)
Sep-23	\$228.12	\$230.13	\$202.65	\$199.74
Jun-24	\$240.10	\$260.19	\$210.86	\$209.14
Jul-24	\$223.82	\$245.94	\$178.02	\$202.83
Aug-24	\$199.21	\$210.69	\$166.31	\$188.90
Sep-24	\$184.10	\$193.88	\$150.39	\$184.75
% Chg. Sep 2024 vs 2023	-19.3%	-15.8%	-25.8%	-7.5%
% Chg. Jun to Sep 2024	-23.3%	-25.5%	-28.7%	-11.7%

Source: USDA-AMS, Compiled by ASI

Wool Market

U.S. sheep producers continue to struggle with low wool prices.

- American wool is dependent on exports and has not fully recovered from the impacts of the trade tariffs and the global pandemic.
- Coarse wool is struggling to find a valuable market; often, the cost of shearing sheep outweighs the income from the wool.
- Reductions in processing and consumer markets is further adding to the devastation of the American raw wool industry.
- Increasing the value of coarse wool is important to sheep producers and the U.S. wool industry's viability.
- Consumers faced with reduced incomes are purchasing lower priced apparel products and luxury goods (e.g. leather apparel and car seats).
- U.S. wool prices follow the Australian prices, and the average Australian Eastern Market Indicator (EMI) price has continued to decline.
- Forecasts for wool demand are not suggesting higher wool prices in 2025.

Eastern Market Indicator (EMI) US\$/lb

January – September

	Average Price	% Chg. vs. Prior Year
2021	\$4.59	
2022	\$4.45	-2.9%
2023	\$3.78	-15.0%
2024	\$3.43	-9.4%

Source: USDA-AMS, Compiled by ASI