

First-Quarter 2014 Sheep Industry Review

Prepared by the American Sheep Industry Association
for the American Lamb Board

April 2014



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Executive Summary

Lamb markets rebounded strongly from last summer, but during the first quarter of 2014 price gains lost momentum in the feeder, slaughter and wholesale markets. Many markets saw prices weaken between February and March, an unseasonable surprise. By comparison, retail prices in features held relatively steady over the past year with minimal gains and beef prices continued to charge upward. The slowdown is a puzzle and explained perhaps by wavering consumer confidence in lamb quality and international pressures.

There was some concern by late March that weaker prices was a harbinger for a slow down in lamb marketing. Typically old crop lambs are “cleaned” up in late spring in a timely manner before the new crop (fall-born Californian lambs) are ready for market. In a seasonally slow period after Easter there is some concern that fresh lamb supplies might get backed up.

Feeder and Slaughter Lamb Prices Up Quarterly

The 3-market feeder lamb auction price saw a 20-percent quarterly jump to \$223.84/cwt., up 50% year-on-year. In direct trade, feeder lambs averaged \$190.68/cwt. in the first quarter, up 10% quarterly, and up 74% year-to-year. By March, however, prices in direct trade had fallen and auction gains slowed sharply.

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Live, slaughter lamb prices at auction gained 38% quarterly to \$162.06/cwt., 5-percent higher quarterly and 48% higher year-on-year. Slaughter lamb prices on a carcass-based formula averaged \$300.10/cwt. (\$150.05/cwt. live-converted), up 9% quarterly and up 33% year-on-year. Slaughter lambs in live, negotiated sales averaged \$159.56/cwt. in the first quarter, up 7% quarterly and up 38% year-on-year. Again, auction averages dropped and formula gains slowed in March.

In the Meat Market

The gross carcass value (wholesale composite) averaged \$368.39/cwt. in the first quarter, up 11% quarterly and 26-percent higher year-on-year. Sharp fourth-quarter gains in lamb primals moderated by the first quarter.

The rack surpassed \$8 per lb. in the first quarter for the first time since early 2012. The rack averaged \$817.17/cwt., up 21% quarterly and up 60% year-on-year. By the first quarter, the loins was still not breaking \$5 per lb. Loins, trimmed 4x4, averaged \$481.35/cwt., up 1% quarterly and up 5% year-to-year. The leg saw an Easter boost: it averaged \$376.79/cwt., up 6% quarterly and up 17% year-to-year. The shoulder, square-cut, hit a 4-year high in the first quarter. At \$296.85/cwt., it was up 11% quarterly and up 23% year-on-year. Ground lamb averaged \$535.75/cwt. in the first quarter, up 3% quarterly and down 1% year-on-year.

Executive Summary, page 3

Margins

Profits are made and lost in the margin. Packer price spreads between the purchase and sell price of lambs gained through the first quarter as slaughter lamb prices came down and meat prices continued to moderate. The live to cutout spread was \$45.55 per head in the first quarter, up 27% quarterly and down 32% year-to-year. In late 2013 the gain in slaughter lamb values outpaced the growth in the cutout, putting pressure on margins.

In March, feeder margins were likely eroded for some from the robust margins enjoyed late last year. Feeders bought high-priced feeders, but come to market, slaughter lamb prices had weakened. Overall, steady corn likely supported margins to some extent. Corn averaged \$4.44 per bu. in the first quarter, down 0.45% and down 37% year-on-year.

What's Ahead

In the second quarter, all eyes will be on the pace of marketings, lamb quality and import volumes. There is a concern that if slaughter slows, the already-slow demand period will create a back-up in market-ready lambs and a growing freezer inventory.

I. Feeder and Slaughter Lamb Market Trends

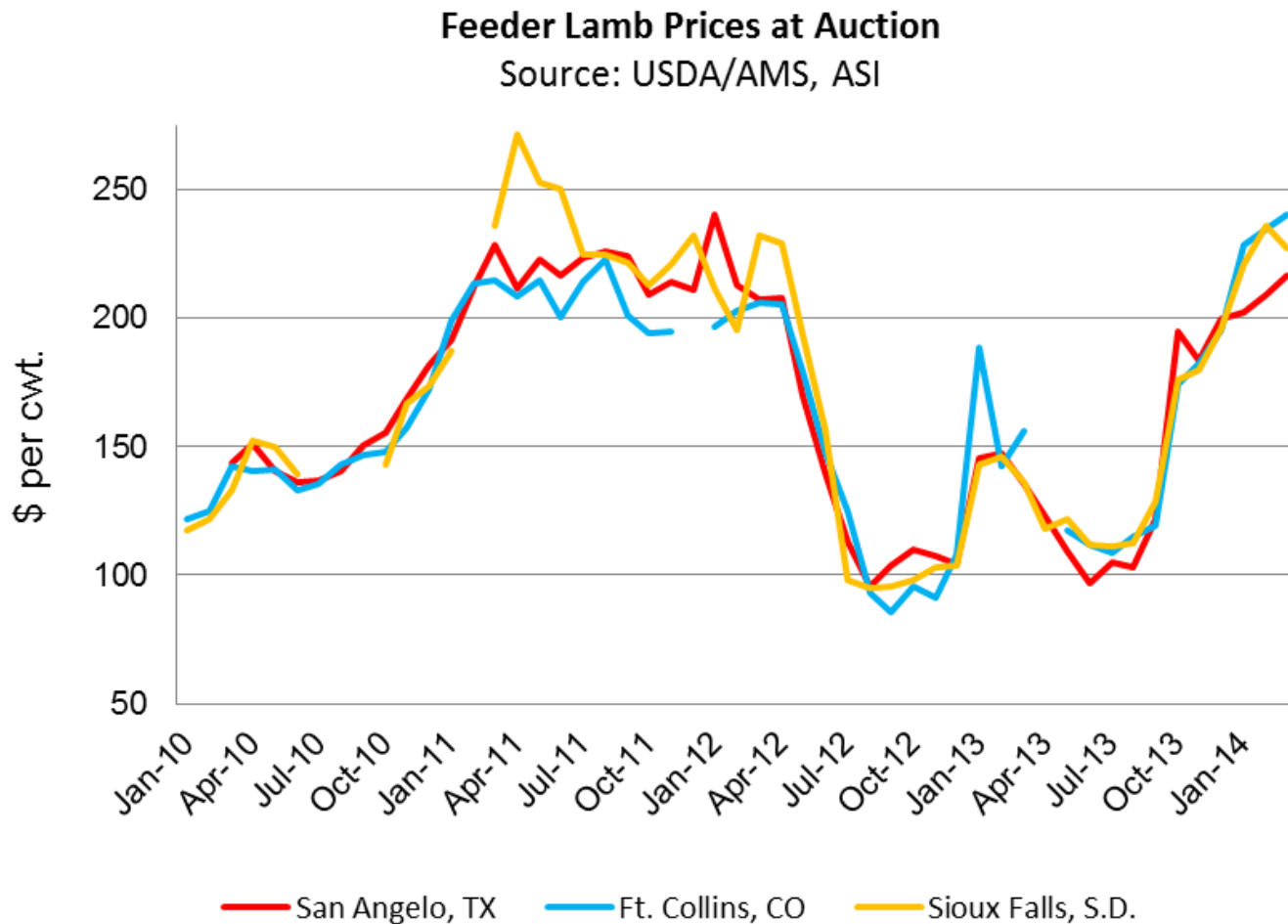


Q1 Auction Feeder Lamb Prices (60- to 90-lb.)

Up 20% Quarterly

- ▶ The 3-market feeder lamb auction price saw a 20-percent quarterly jump to \$223.84/cwt., up 50% year-on-year.
- ▶ Markets included San Angelo, Ft. Collins and Sioux Falls.
- ▶ Prices averaged \$226/cwt. in Jan., \$228/cwt. in Feb. and \$207/cwt. in Mar.

Feeder Auction Markets Typically Trend Together

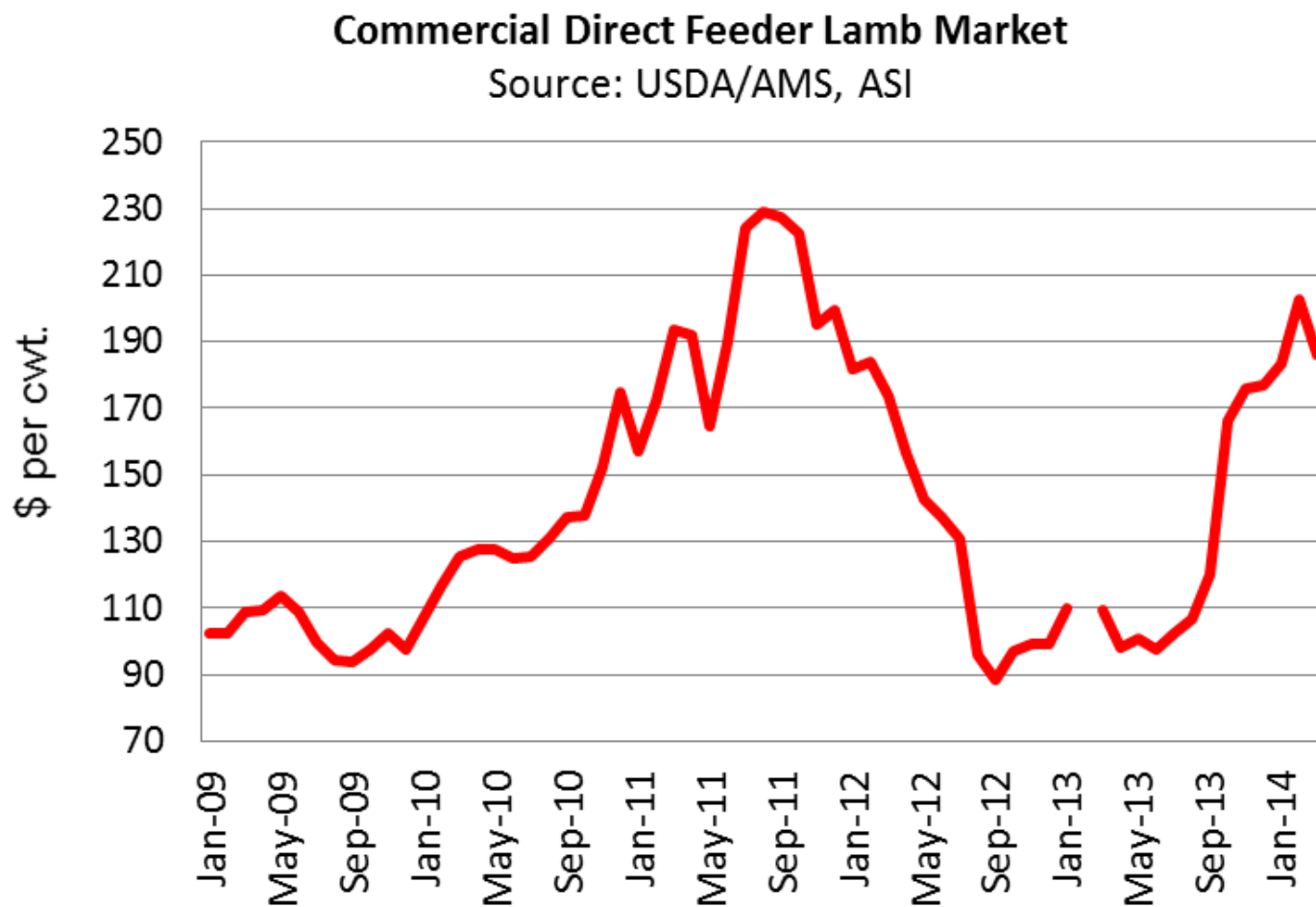




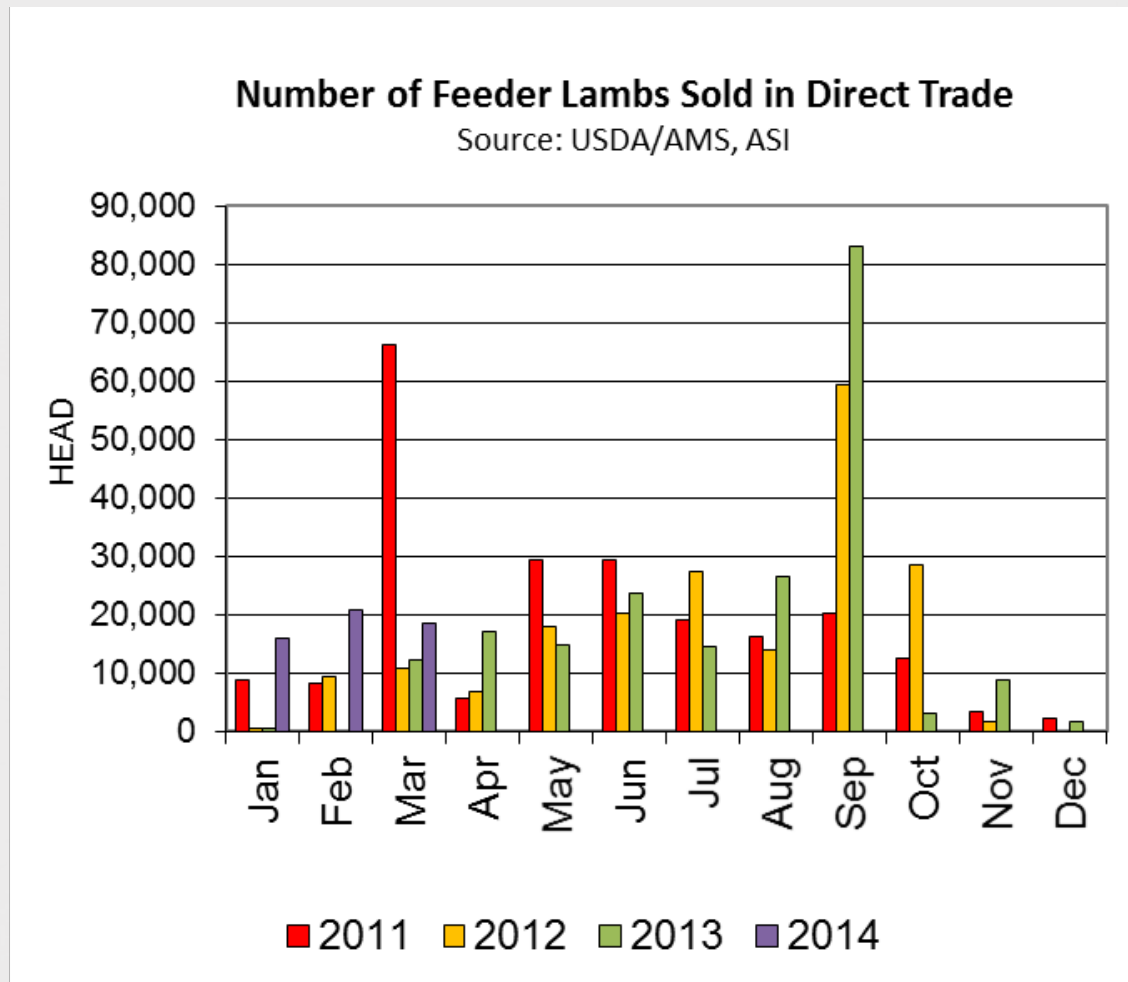
Feeder Lambs in Direct Trade Gained 74% Year-on-Year

- Feeder lambs averaged \$190.68/cwt. in direct trade in Q1, up 10% quarterly, and up 74% year-to-year.
- Feeders averaged \$184/cwt. in Jan., \$203/cwt. in Feb. and \$186/cwt. in Mar.

Q1 Feeder Prices in Direct Trade up 115% from 5-Year Low

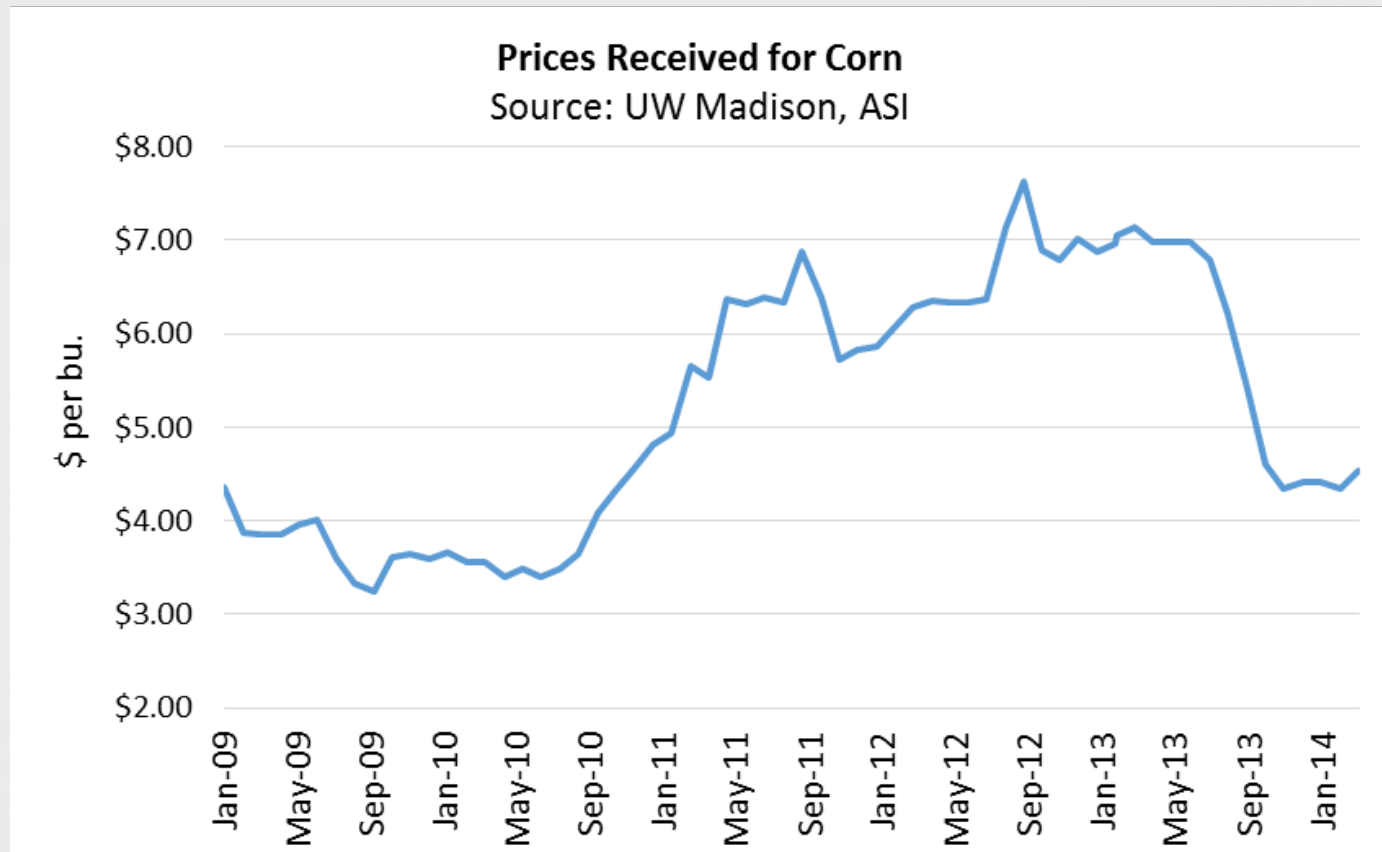


New crop Californian lambs traded early this year, boosting Q1 numbers.



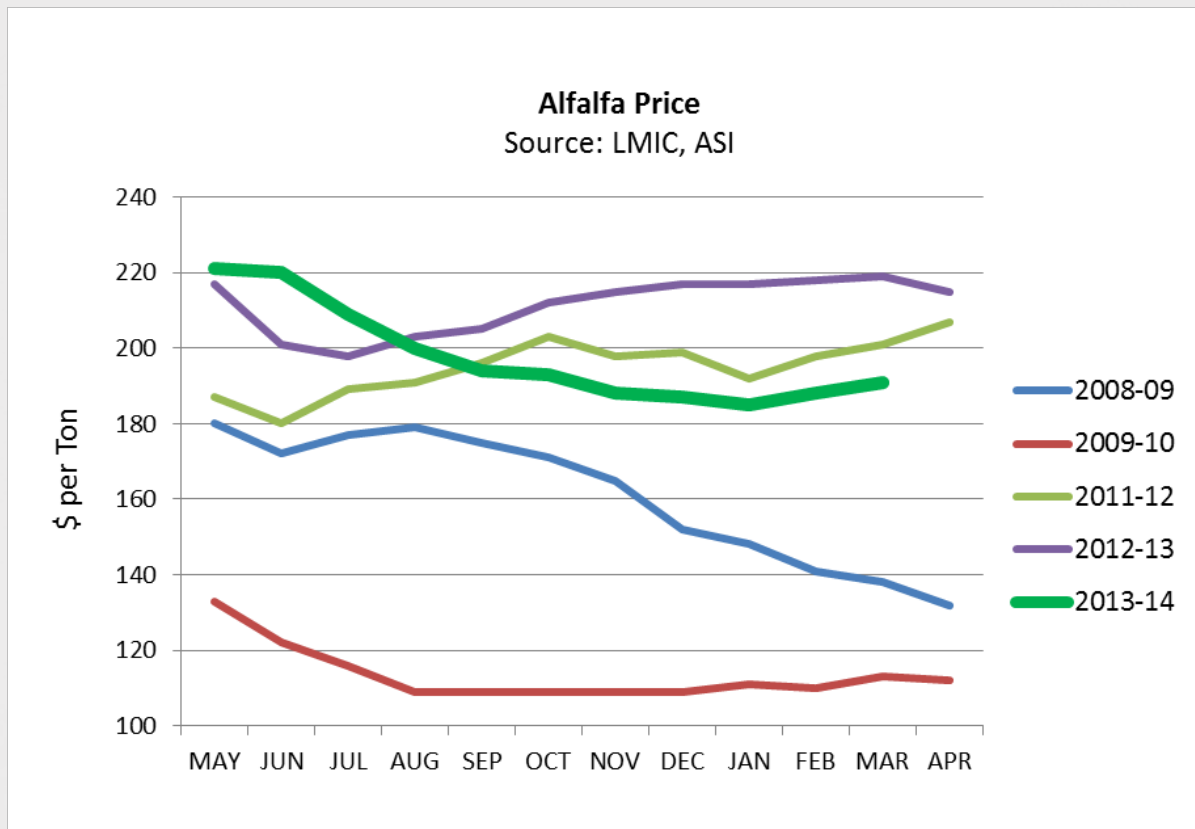
Dry CA conditions and perhaps lower corn prompted early feeder deliveries

--At \$4.44 per bu., corn was down 0.45% in Q1 and down 37% year-on-year.



**Alfalfa averaged \$188 per ton
in Q1, down 1% quarterly and down 14%
year-on-year.**

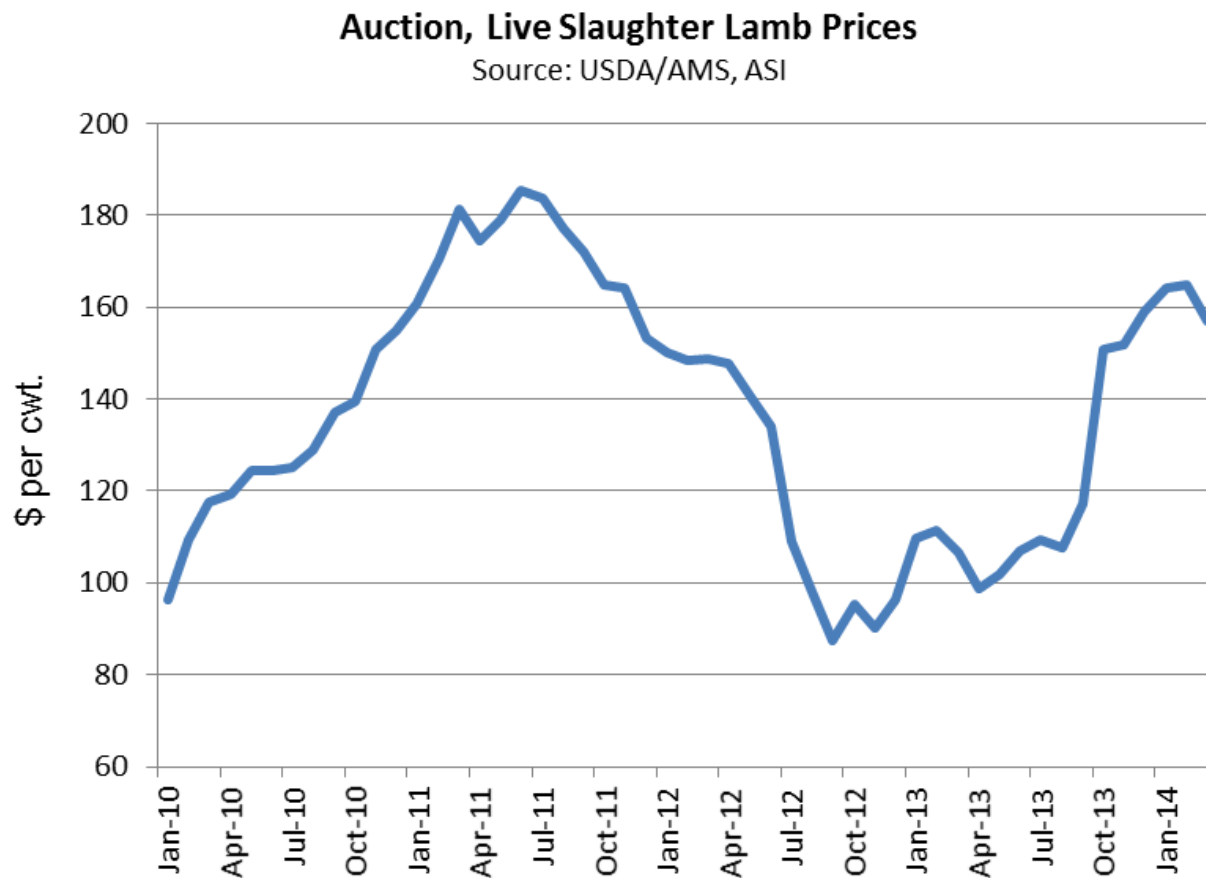
--In S. CA alfalfa ranged from \$225-\$314 per ton in
mid-April.



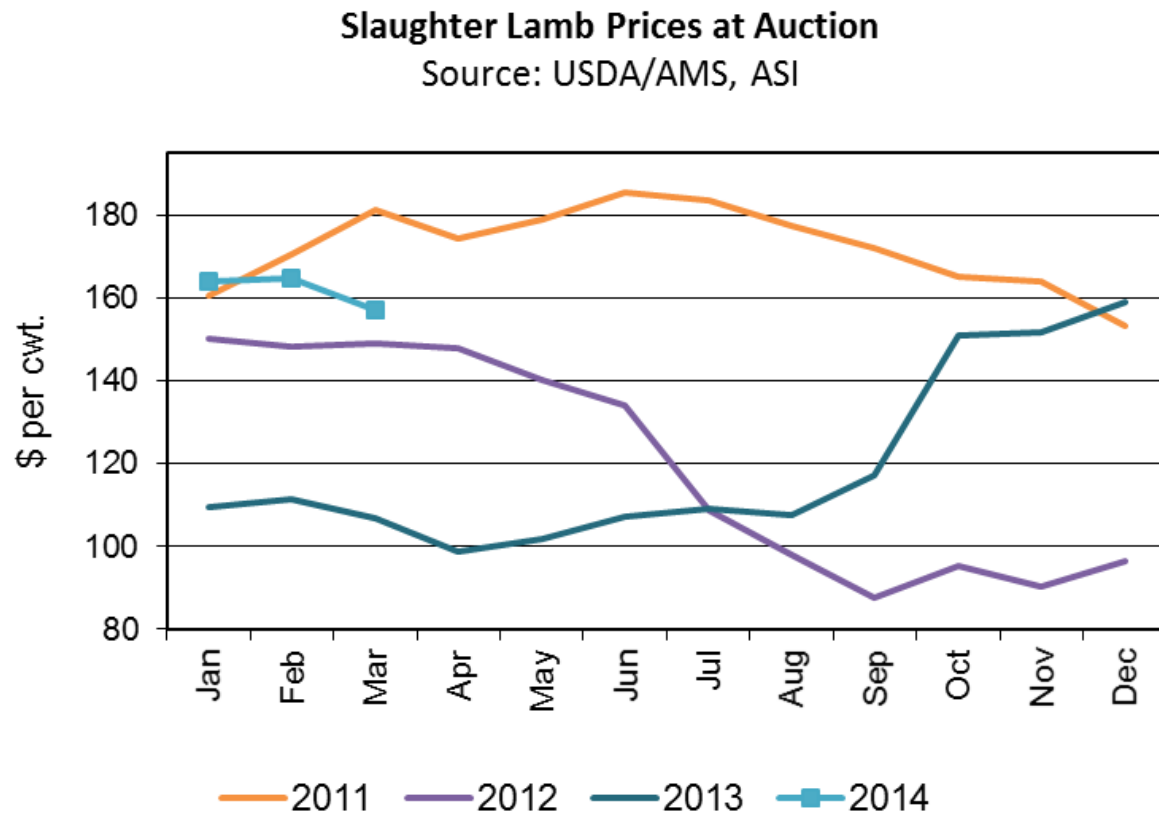
Q1 Auction Slaughter Lamb Prices 48-Percent Higher Year-on-Year

- ▶ Live, slaughter lamb prices at auction gained 38% quarterly to \$162.06/cwt., 5-percent higher quarterly and 48% higher year-on-year.
- ▶ Prices averaged \$164/cwt. in Jan., \$165/cwt. in Feb. and \$157/cwt. in Mar.

Auction Slaughter Lamb Prices Rebounded 79% Since a 5-Year Low in September 2012



First-quarter slaughter lamb prices weakened unseasonably from January to March.





Carcass-Based Formula Slaughter Lamb Prices Gained through Q1 2014

- ▶ Slaughter lamb prices on a carcass-based formula averaged \$300.10/cwt. (\$150.05/cwt. live-converted), up 9% quarterly and up 33% year-on-year.
- ▶ Weighted-average prices were \$294/cwt. in Jan., \$302/cwt. in Feb. and \$304/cwt. in Mar.

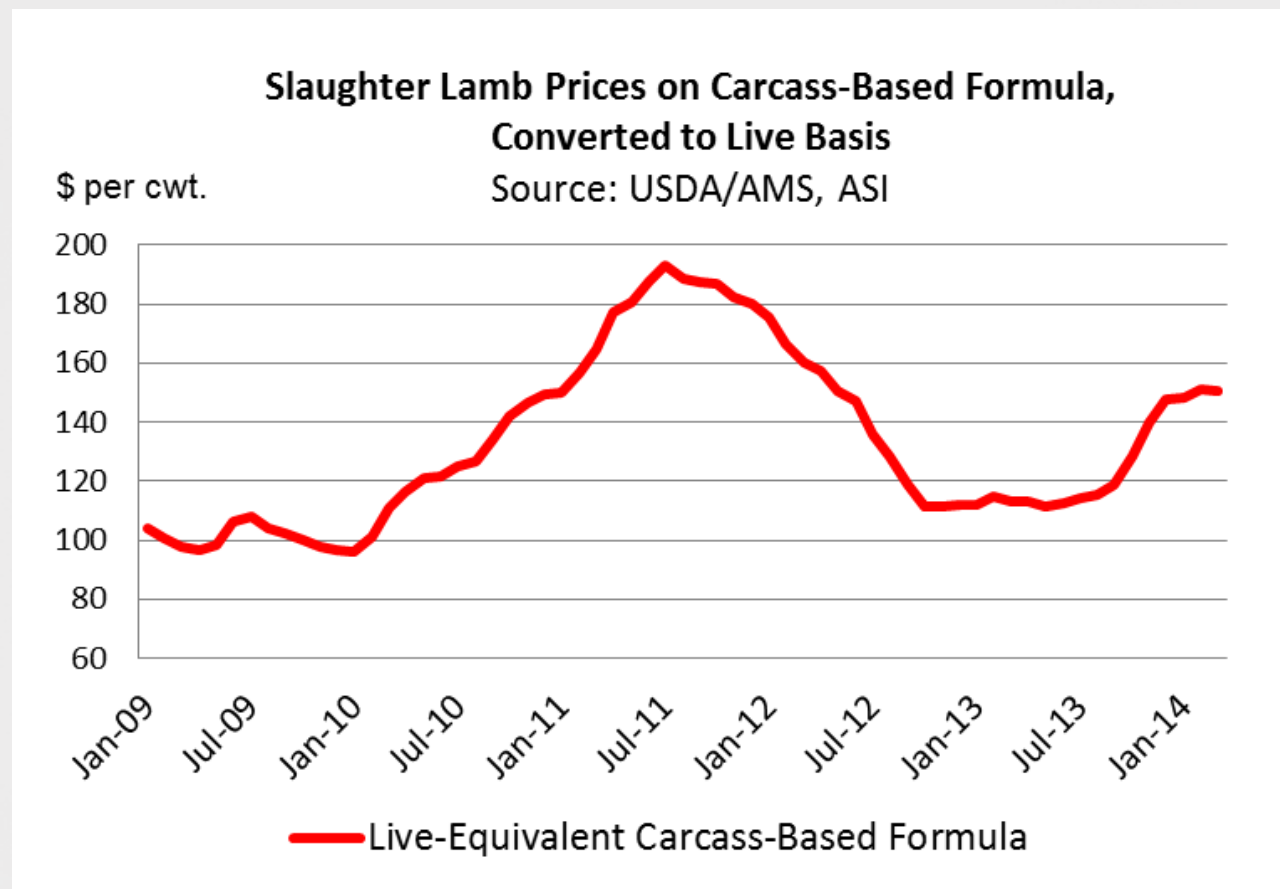


Formula Trades Down Year-on-Year

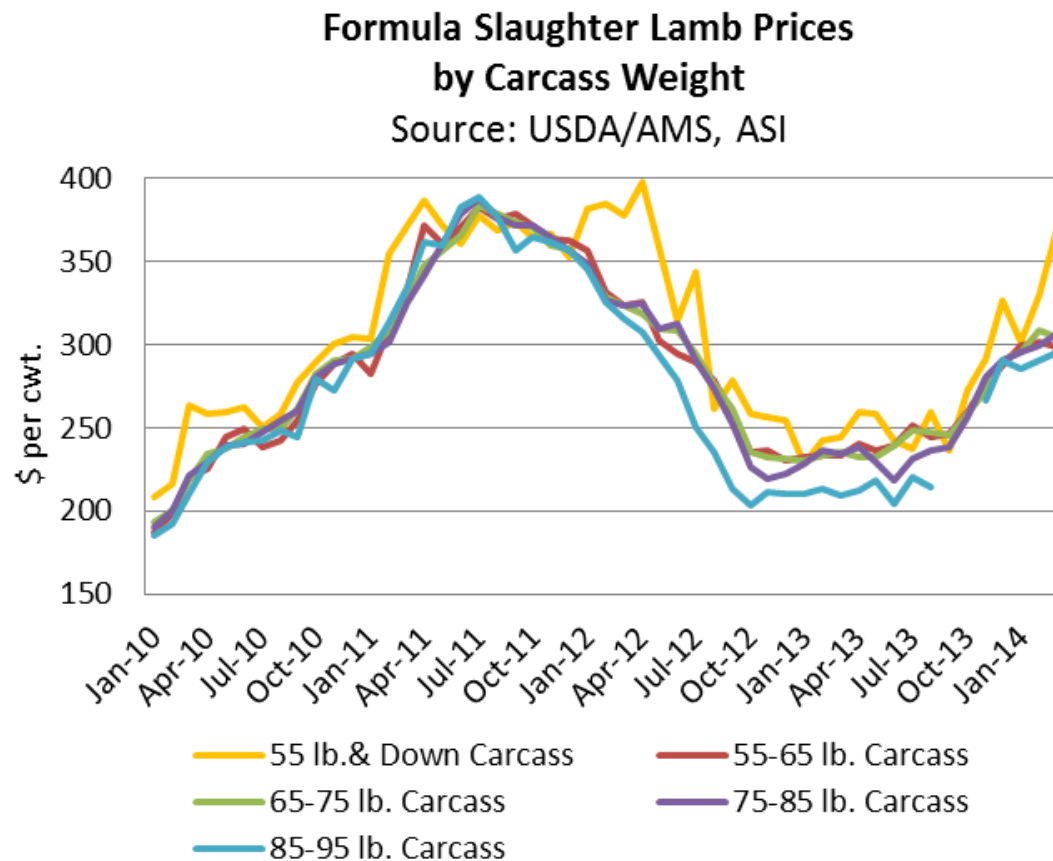
- ▶ In the first quarter lambs purchased on formula were down 23% year-on-year to 122,300 head.
- ▶ In Q1, average weight was 78.78 lbs., up 6% quarterly and down 2% year-on-year.

Are Slaughter Lamb Price Swings Moderating?

Is the high and low less severe than in the past?



Prices by Weight Trended Together; Heaviest Carcasses No Longer in the Mix



Live, Negotiated Prices Top Formula Prices

- ▶ Slaughter lambs in live, negotiated sales averaged \$159.56/cwt. in Q1, up 7% quarterly and up 38% year-on-year.
- ▶ Lambs averaged \$157/cwt. in Jan., \$161/cwt. in Feb. and \$161/cwt. in Mar.
- ▶ Q1 weights were 154 lbs., up 13% quarterly and up 6% year-on-year.

II. Carcass and Boxed Lamb Market Trends

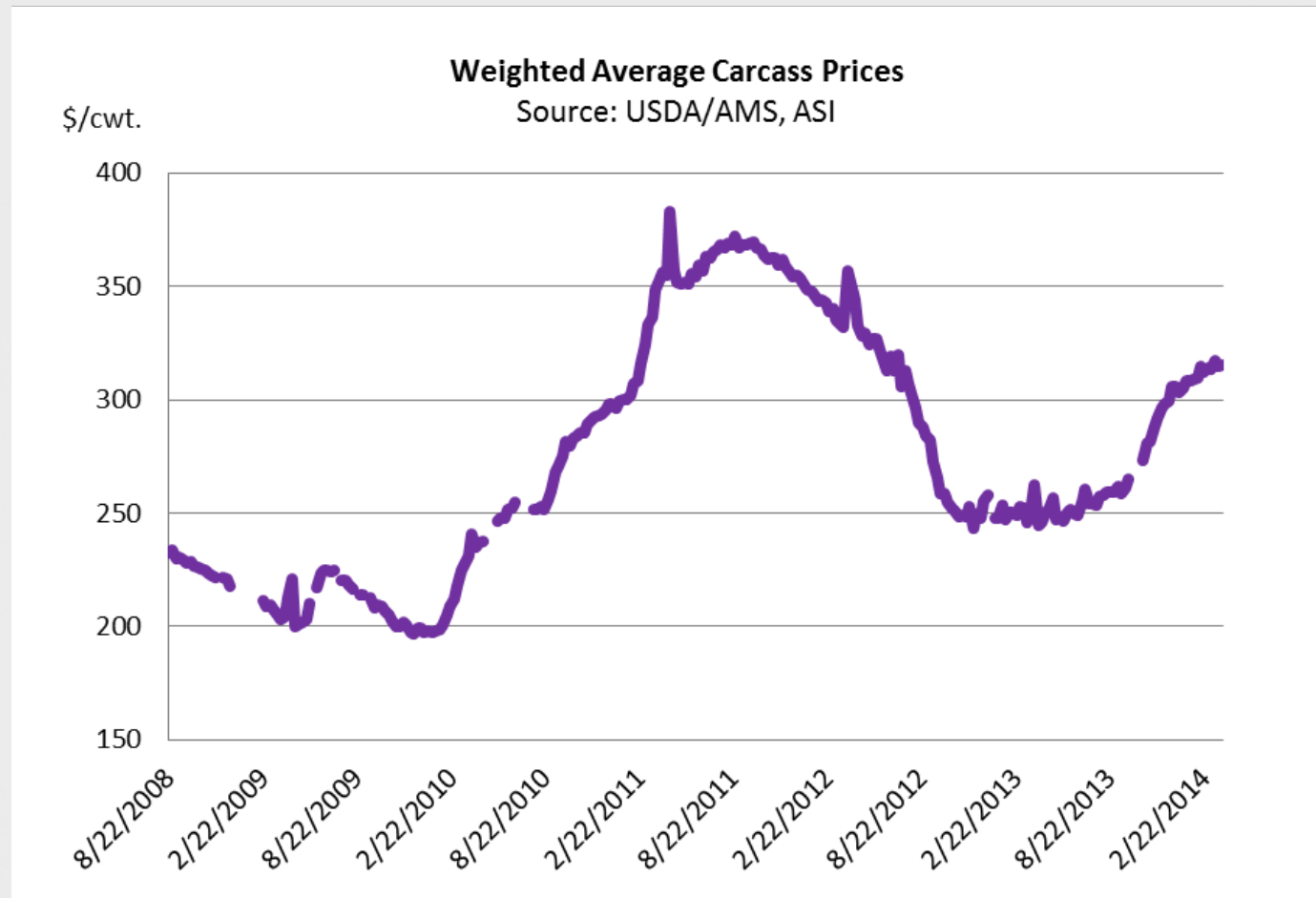




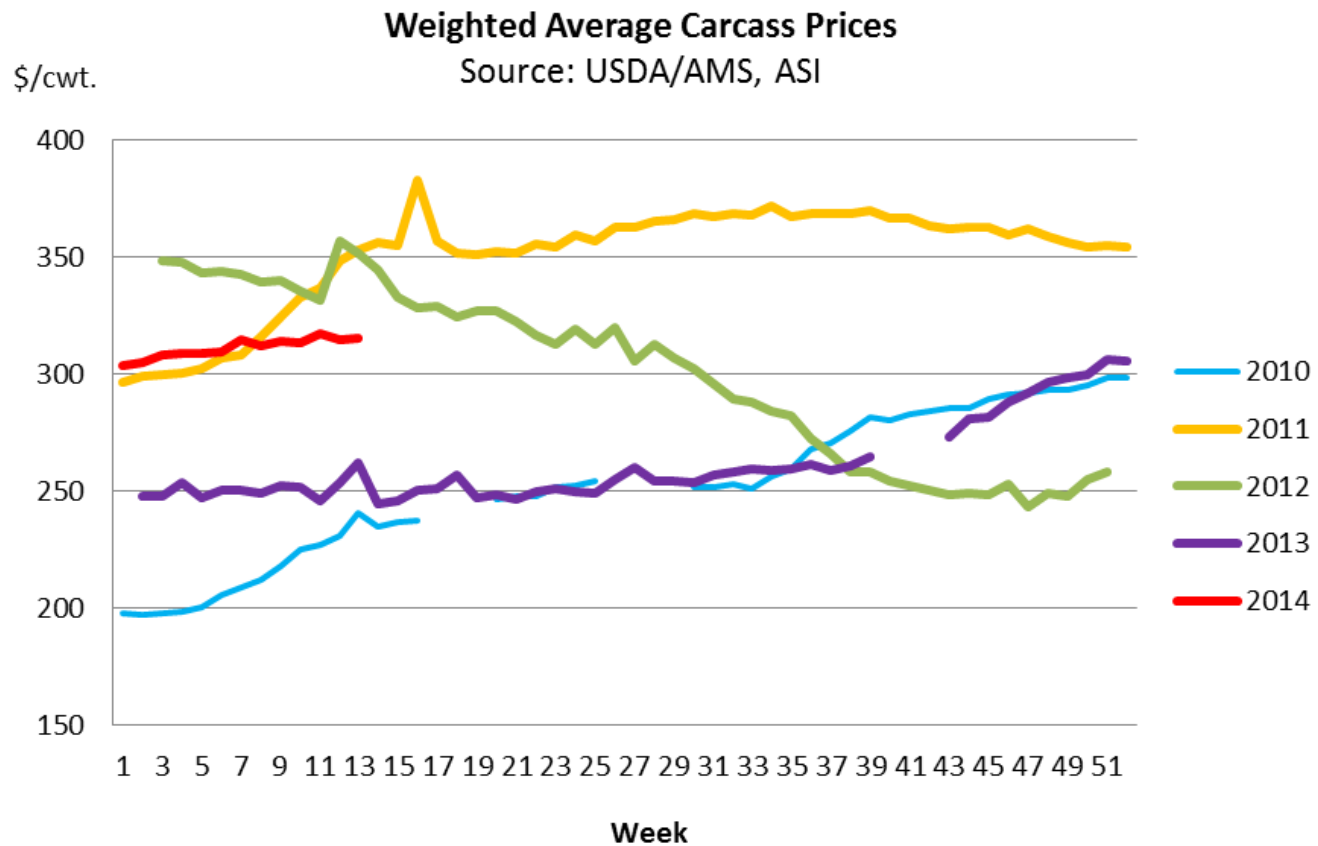
Q1 Carcasses Up Quarterly

- ▶ Weighted average carcass price averaged \$311.14/cwt. in Q1, 7-percent higher quarterly and up 24% from a year ago.
- ▶ Carcass price was \$317/cwt. in Jan., \$314/cwt. in Feb. and \$315/cwt. in Mar.
- ▶ Lightweight carcasses (45-55 lb.) received a 22-percent premium to the 75-85 lb. carcasses in Q1.

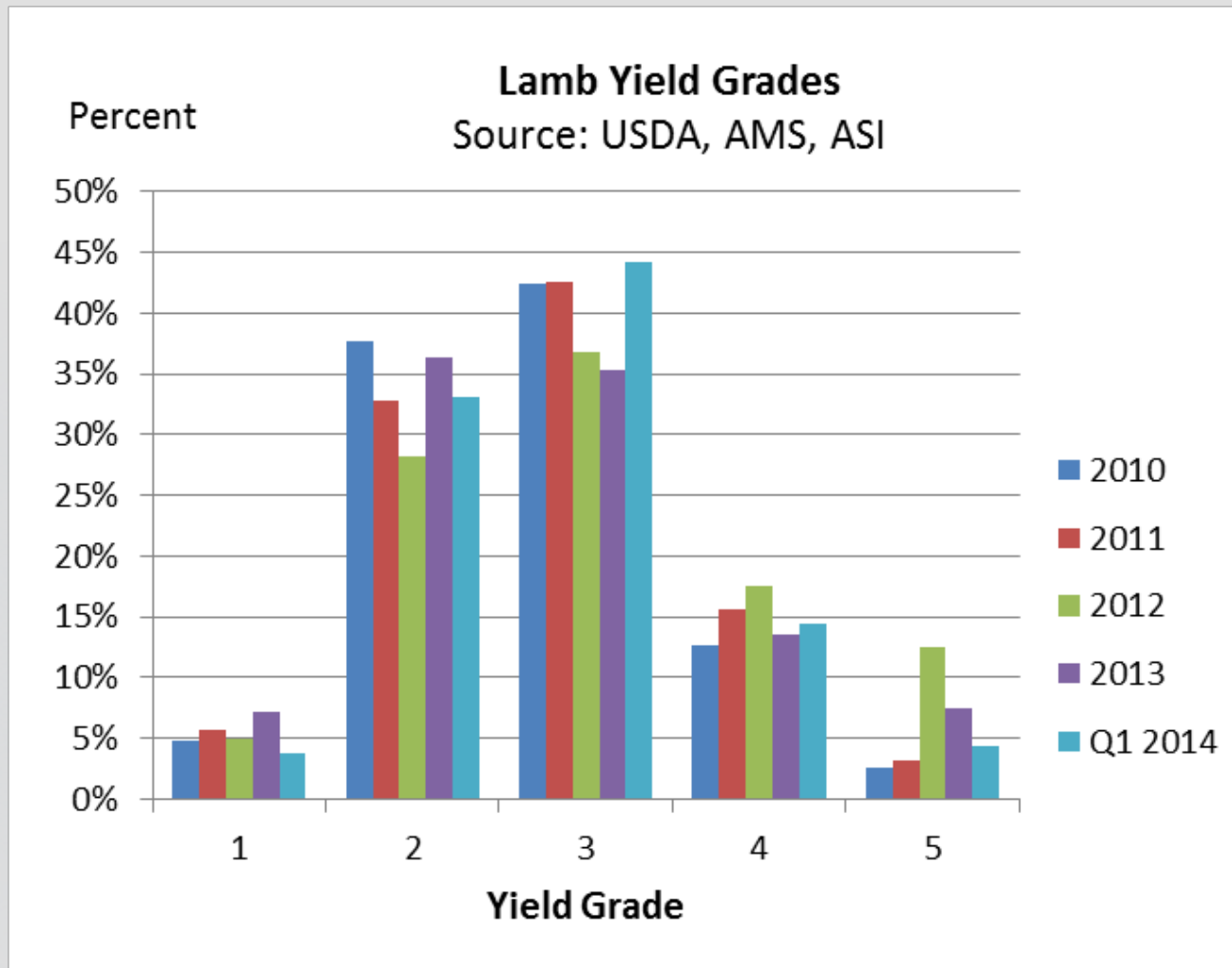
Q1 Carcasses Rebounded 25% from its Late-2012 Low



Late 2013 Carcass Price Gains Moderated in Q1



YG 3s Up with Current Market



Carcasses Trimmer: YG 4s and 5s Coming Down

- ▶ Yield Grade determination is positively correlated with heavier slaughter lambs.
- ▶ Yield Grade 4 & 5 in lbs. was 21% of total slaughter in 2013 and dropped to 19% in Q1 2014.

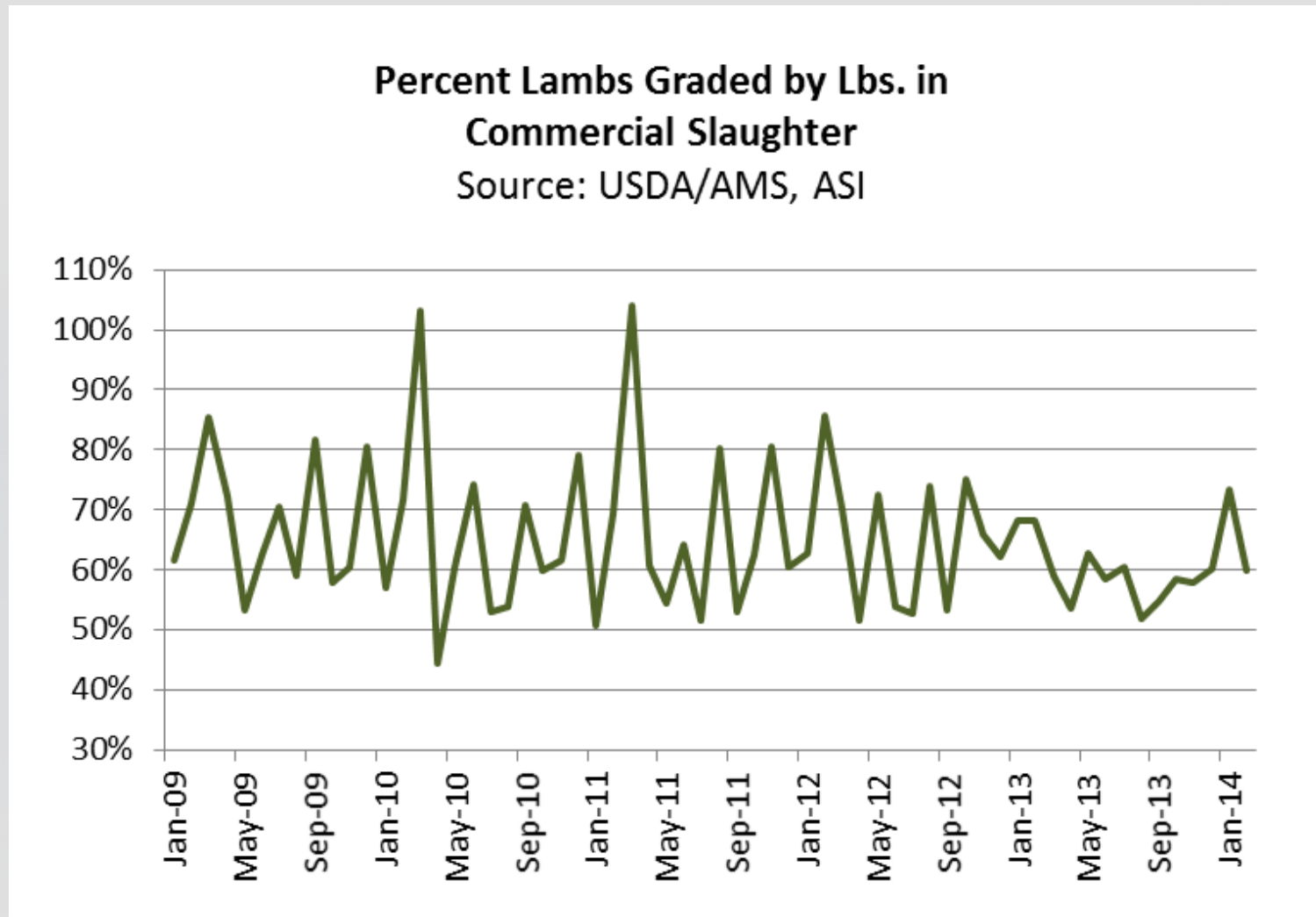
Yield Grades for Federally Inspected Lamb and Mutton

Percentages, Fiscal Year

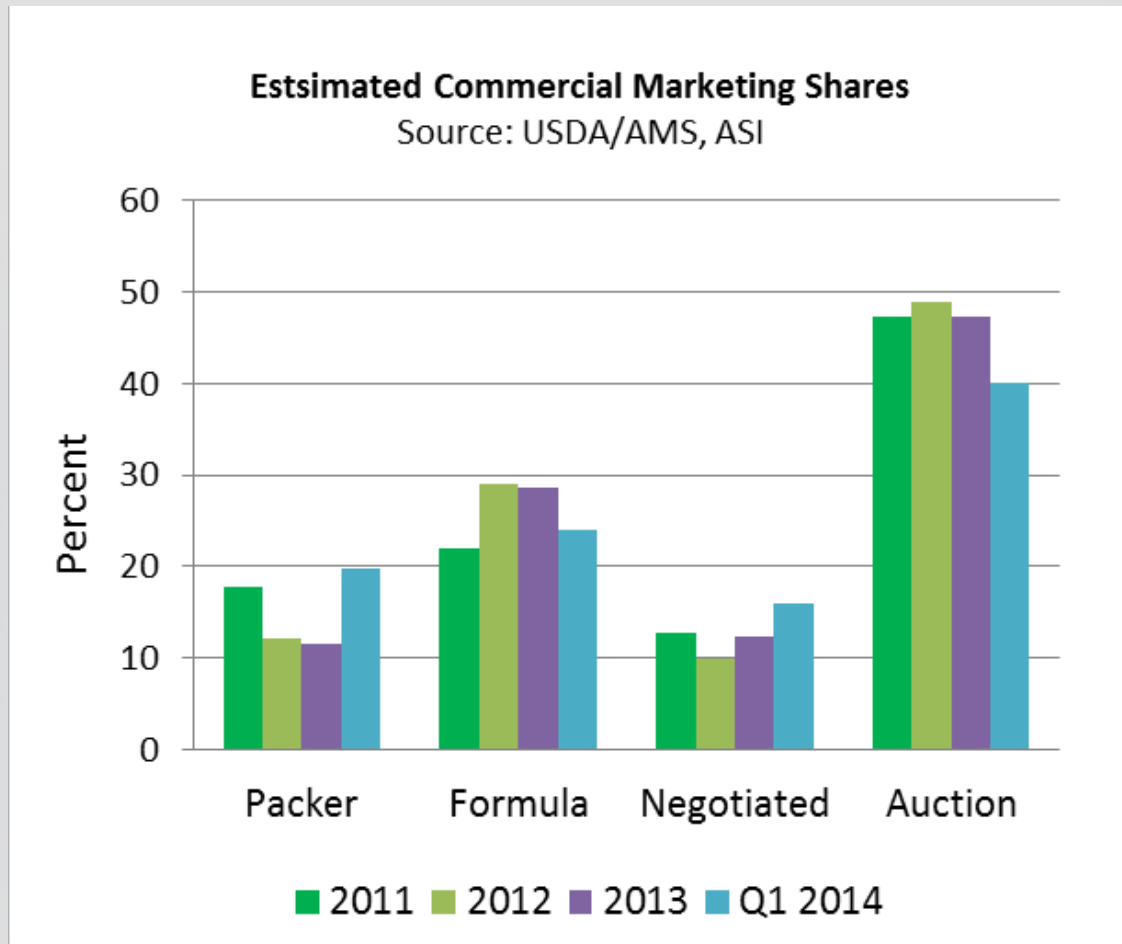
Source: USDA, AMS, Livestock and Seed Division.

	YG1	YG2	YG3	YG4	YG5
2009	4%	34%	45%	14%	4%
2010	5%	38%	42%	13%	3%
2011	6%	33%	43%	16%	3%
2012	5%	28%	37%	18%	12%
2013	7%	36%	35%	14%	7%
Q1 2014	4%	33%	44%	14%	4%

On average, 65% of lambs slaughtered were graded over last 5 years.



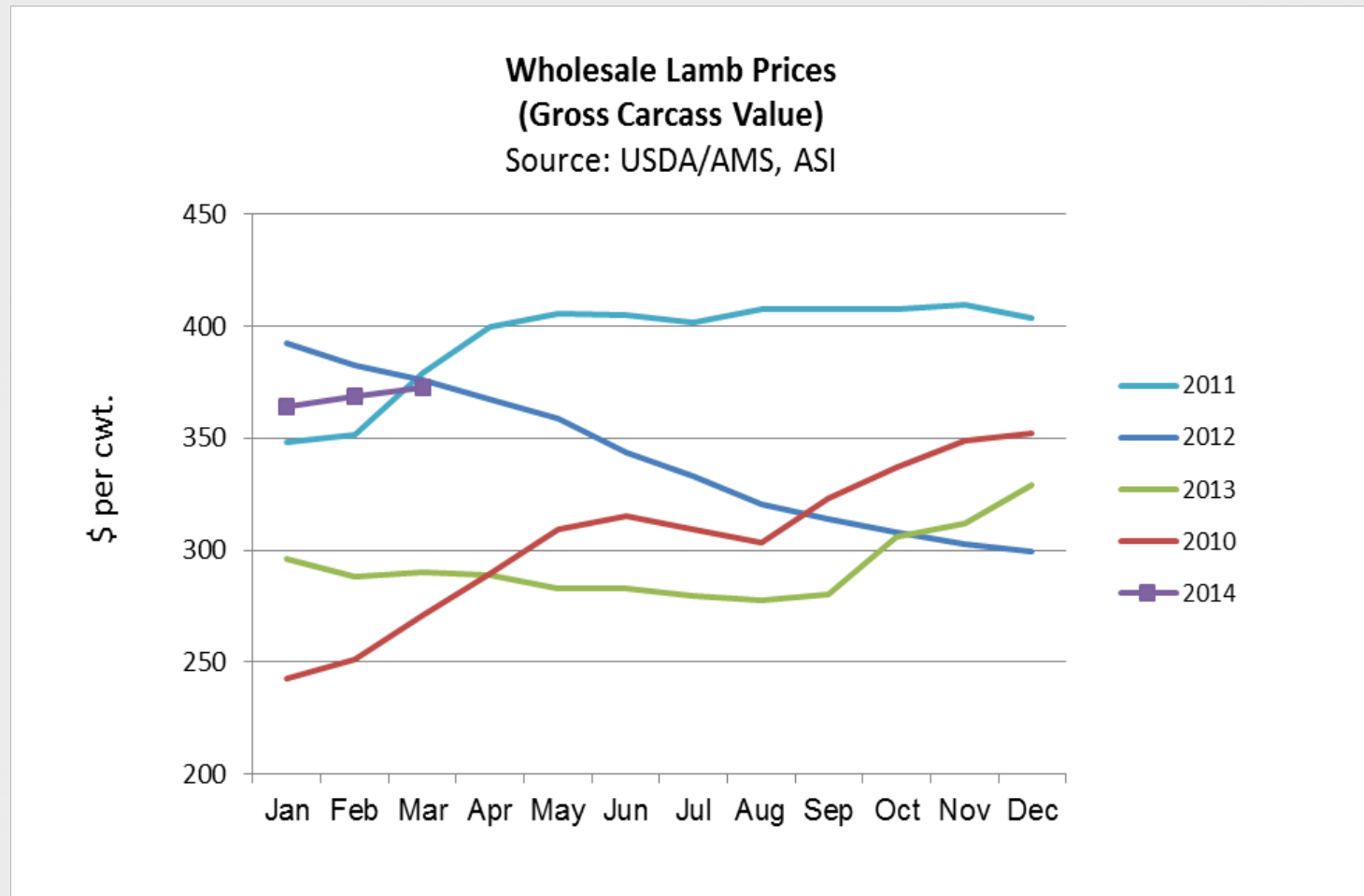
Percent of Negotiated Sales & Packer-Owned Sales in the Mix were Up in Q1



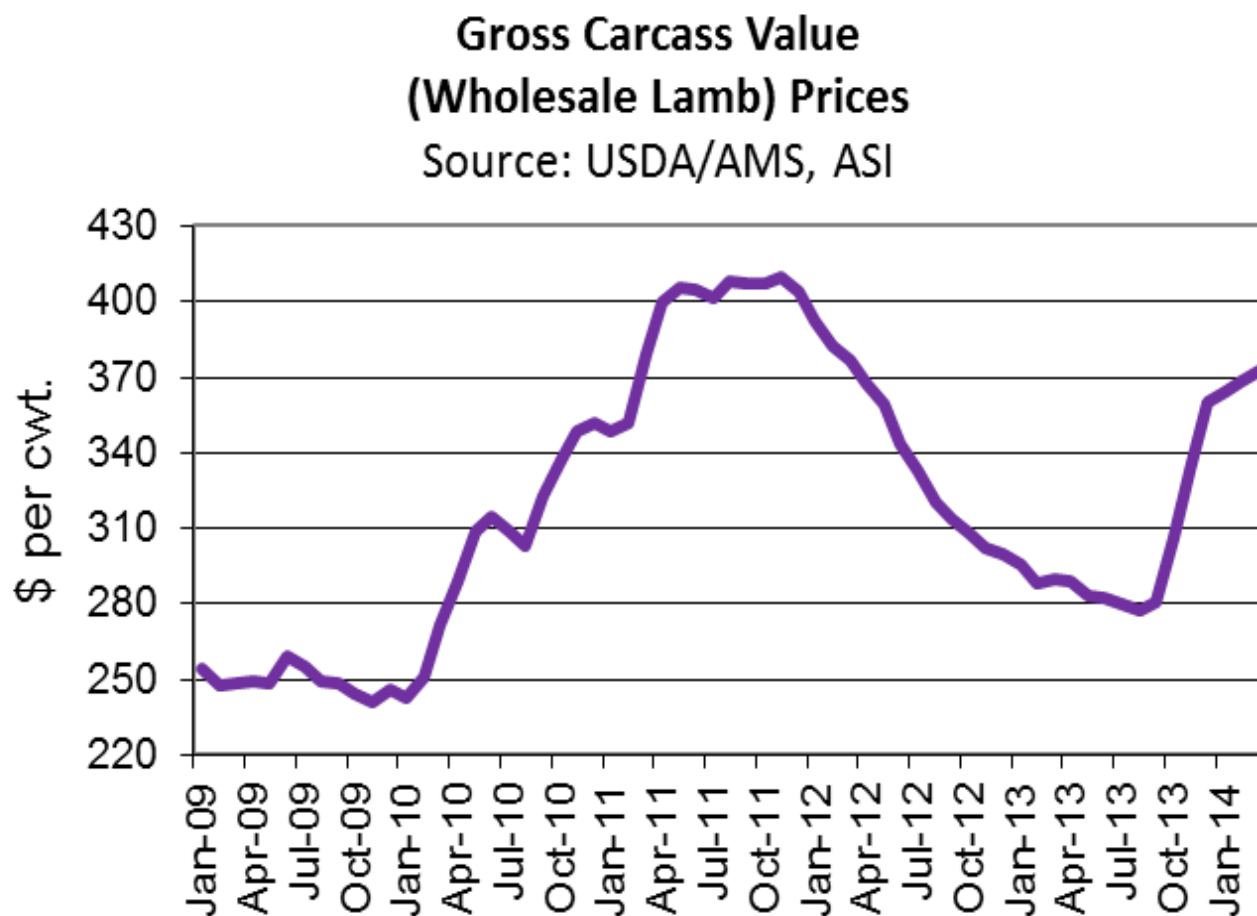
Q1 Gross Carcass Value (Wholesale Composite) Up Quarterly and Up Year-to-Year

- ▶ The gross carcass value averaged \$368.39/cwt. in Q1, up 11% quarterly and 26-percent higher year-on-year.
- ▶ Gross carcass value was \$364/cwt. in Jan., \$369/cwt. in Feb. and \$373/cwt. in Mar.

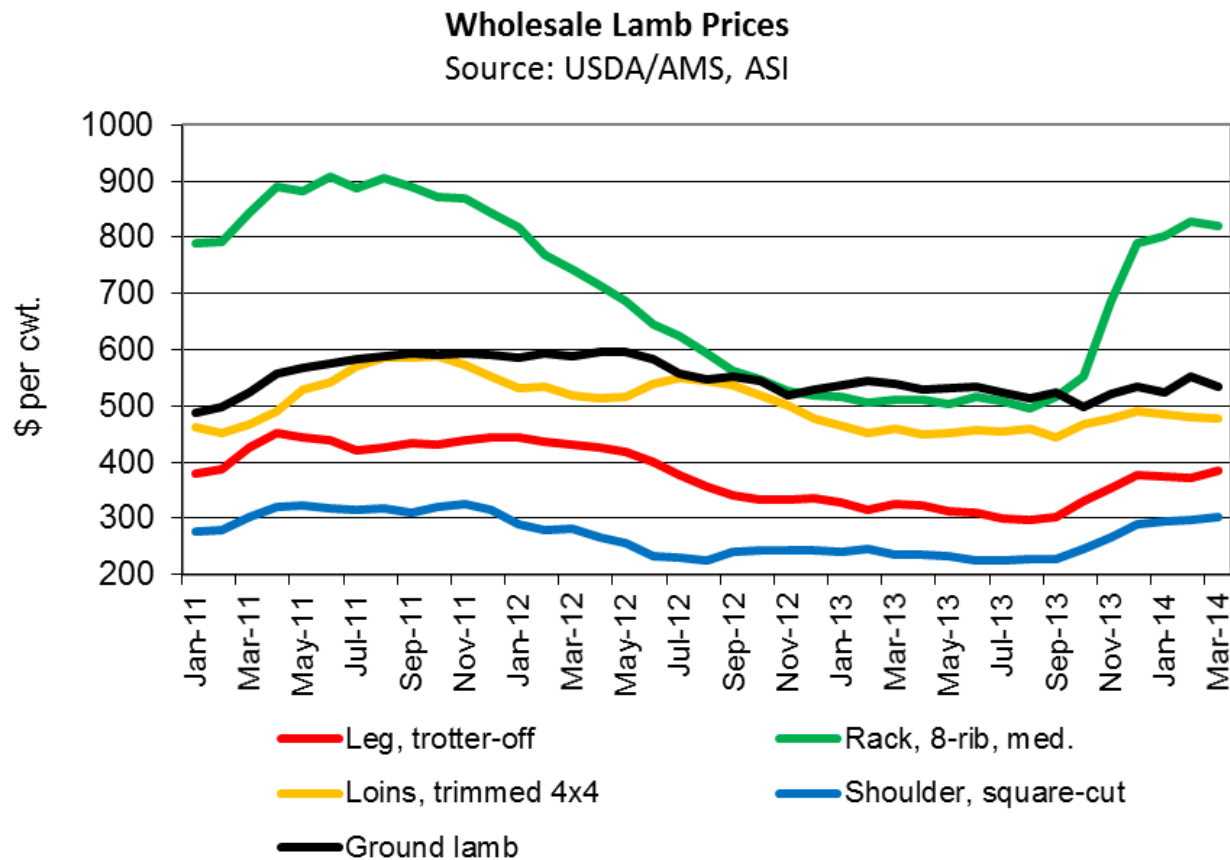
Modest Seasonal Upward 1st Quarter Trend



Q1 Gross Carcass Value 9-Percent Lower than Nov. 2011 Record High

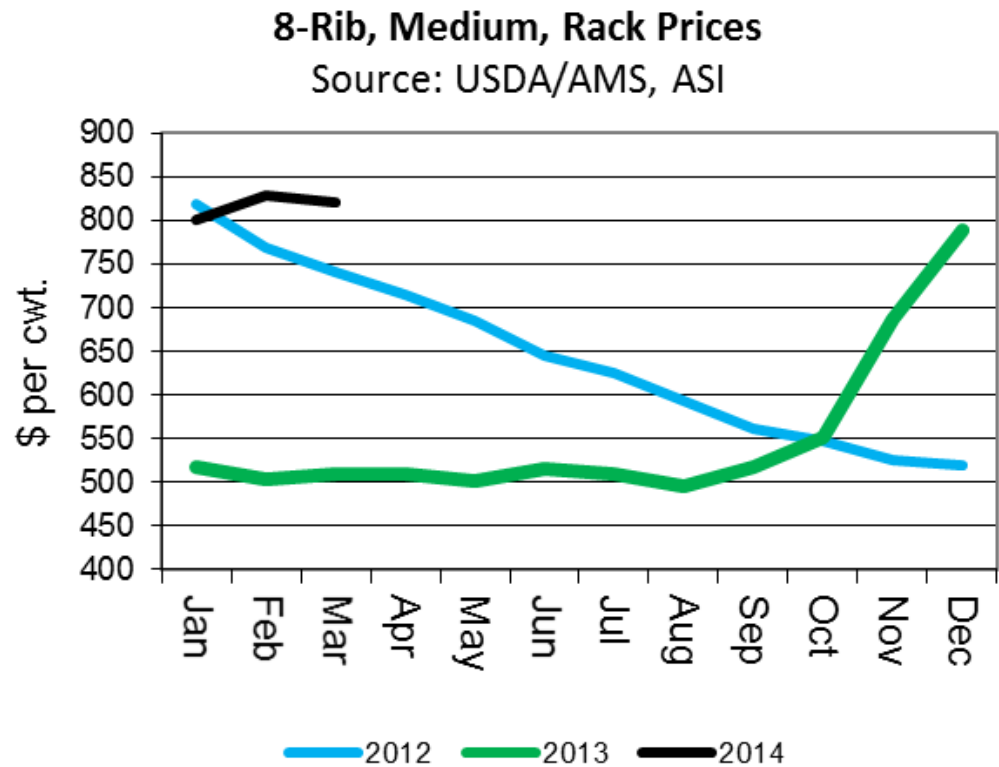


Lamb Primal Strengthening Moderates after Q4 Gains; Except Racks, Racks Weakened



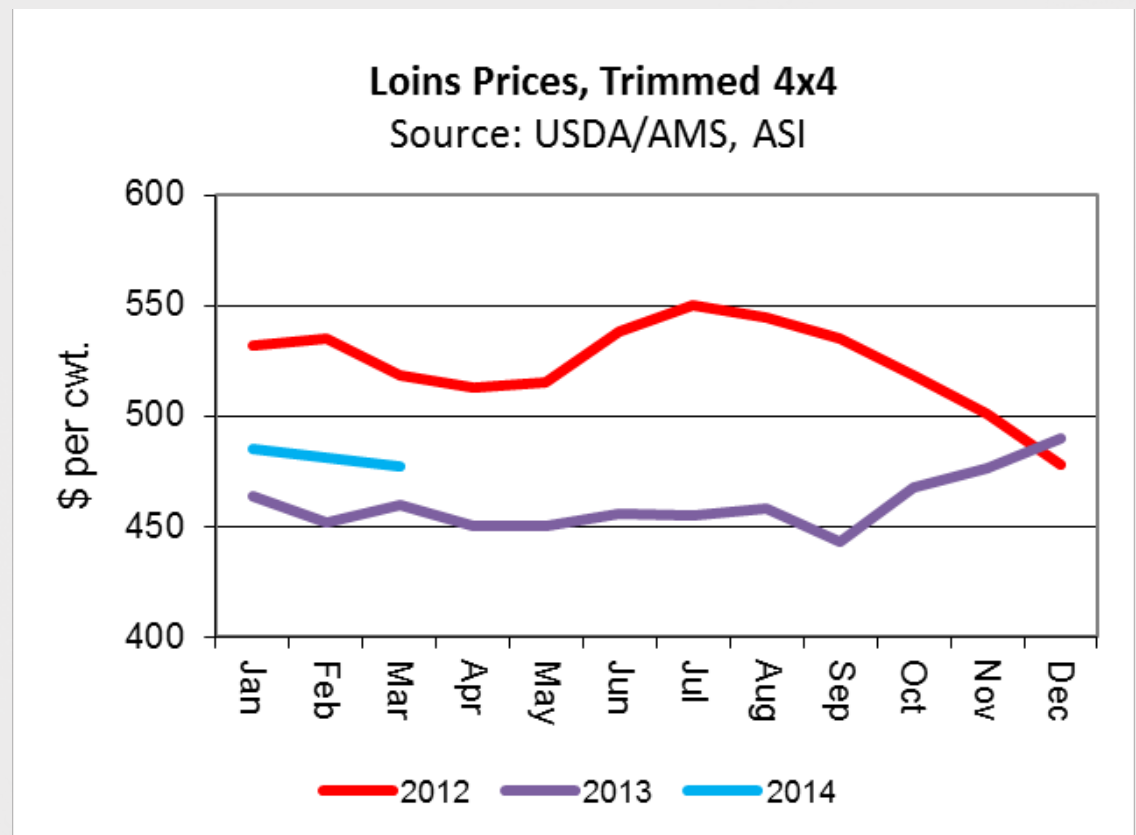
Q1 Rack Passed \$8 per lb. -- First time since early 2012.

- ▶ The rack averaged \$817.17/cwt. in Q1, up 21% quarterly and up 60% year-on-year.
- ▶ The rack was \$802/cwt. in Jan., \$829/cwt. in Feb. and \$821/cwt. in Mar.



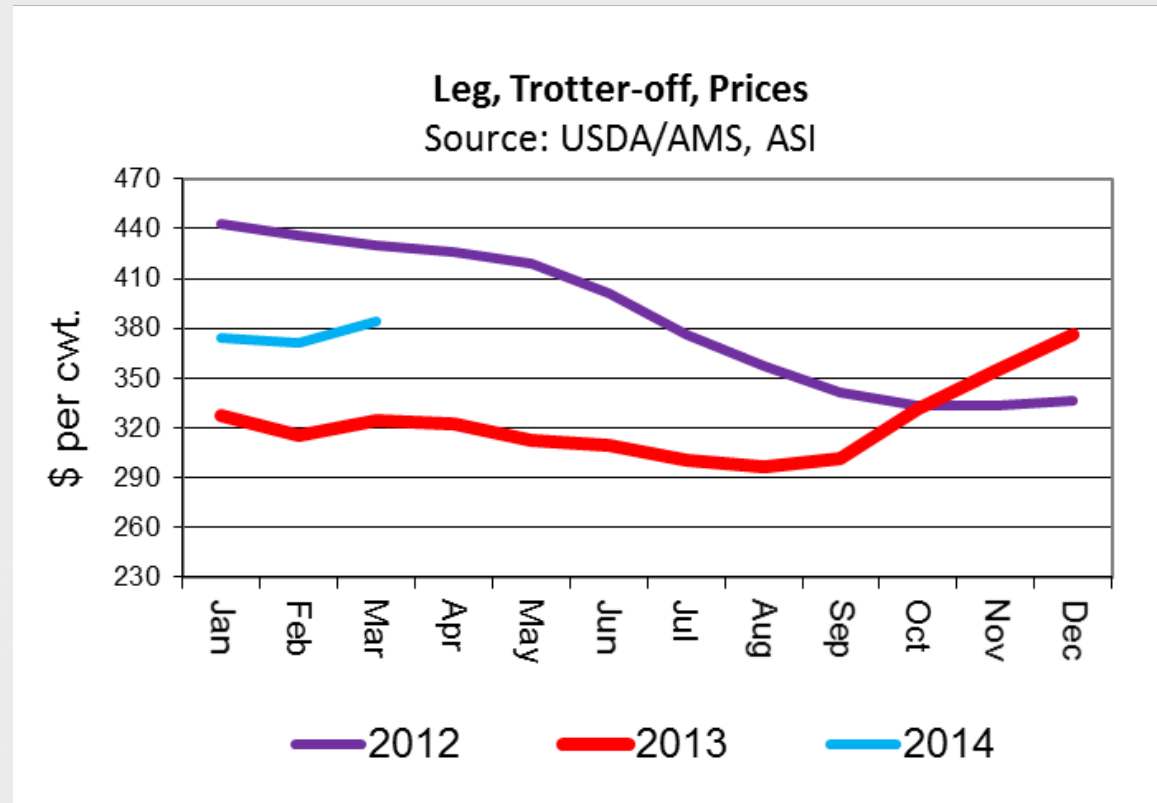
Loins Still Not Breaking \$5 per Lb.

- ▶ Loins, trimmed 4x4, averaged \$481.35/cwt., up 1% quarterly and up 5% year-to-year.
- ▶ Loins was \$485/cwt. in Jan., \$481/cwt. in Feb. and \$478/cwt. in Mar.



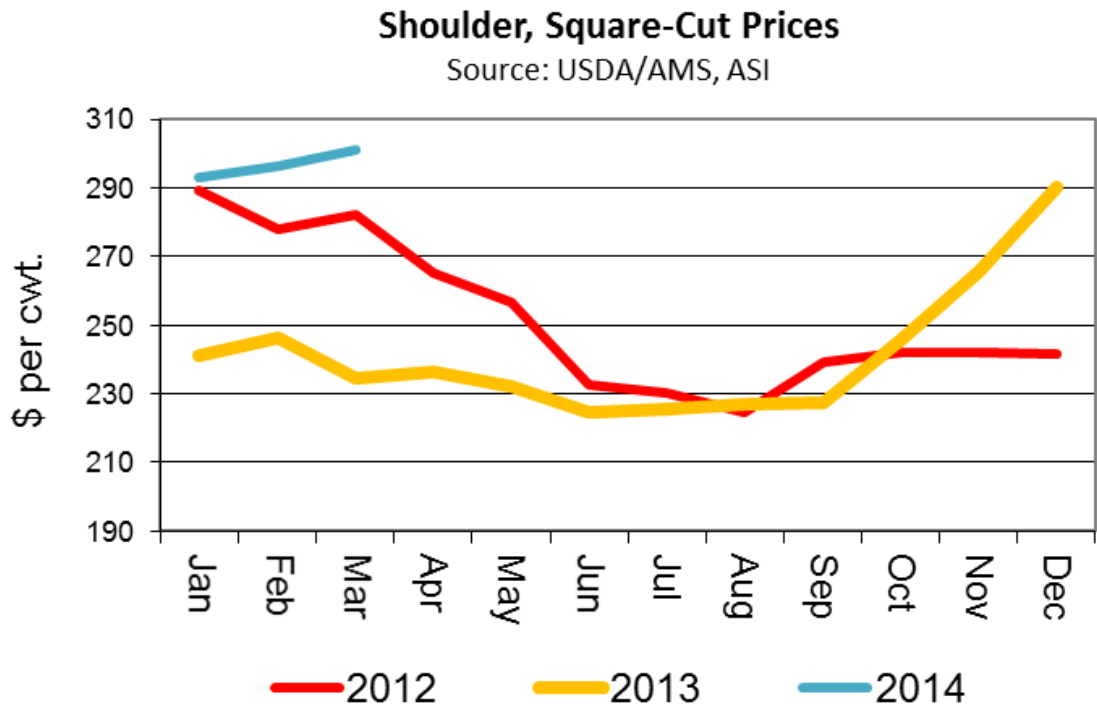
Leg, Trotter-Off, Sees Easter Boost

- ▶ The leg averaged \$376.79/cwt. in Q1, up 6% quarterly and up 17% year-to-year.
- ▶ The leg was \$374/cwt. in Jan., \$372/cwt. in Feb. and \$385/cwt. in Mar.



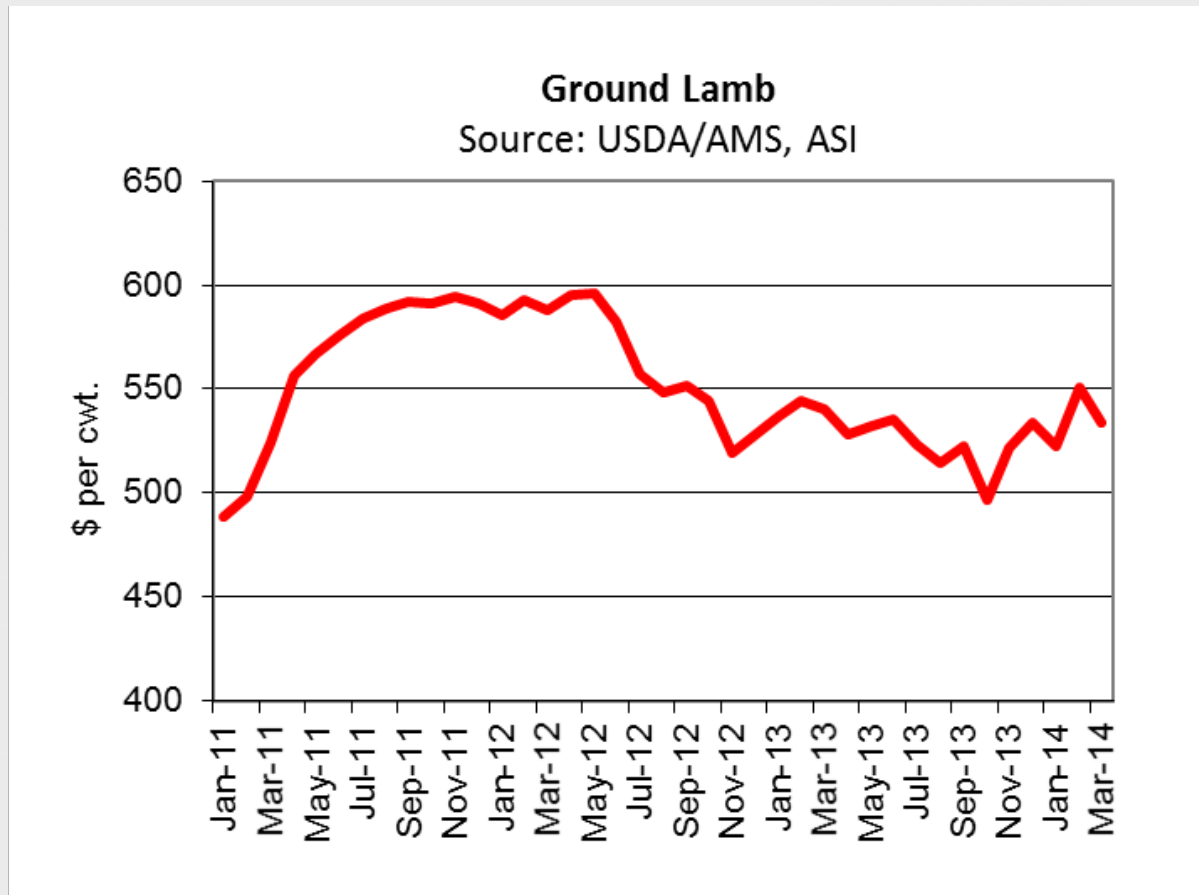
Q1 Shoulder, Square-cut, at 4-Year High

- ▶ The shoulder averaged \$296.85/cwt. in Q1, up 11% quarterly and up 23% year-on-year.
- ▶ The shoulder was \$293/cwt. in Jan., \$296/cwt. in Feb. and \$301/cwt. in Mar.



Ground Lamb Down Year-on-Year

- ▶ Ground lamb averaged \$535.75/cwt. in Q1, up 3% quarterly and down 1% year-on-year.
- ▶ Ground lamb was \$523/cwt. in Jan., \$551/cwt. in Feb. and \$534/cwt. in Mar.



III.

At Retail & Food Service



Food Service Sector Growth up in March, but Down Quarterly

- ▶ *Restaurant Industry News* reported that same-store sales grew 0.7 percent in March — a strong 1.4-percent improvement from the 0.7-percent decline reported in February and the first growth since November 2013 (4/14/14).
- ▶ The positive March result, however, was not enough to pull the industry's same-store sales growth into positive territory for the first quarter of 2014.
 - ▶ Same-store sales fell 0.2 percent for the first quarter of 2014. This is the third consecutive quarter in which same-store sales have been negative for restaurants.

Retail Featured Lamb Prices Mixed Depending Upon Cut

	Q1	% Change Quarterly	% Change Year-on-Year
Leg bone-In	\$5.85	-5.0%	2.0%
Shoulder blade chop	\$4.99	-1.0%	-0.2%
Loin chop	\$9.12	10.0%	-1.0%
Rib chop	\$14.74	-5.0%	16.0%

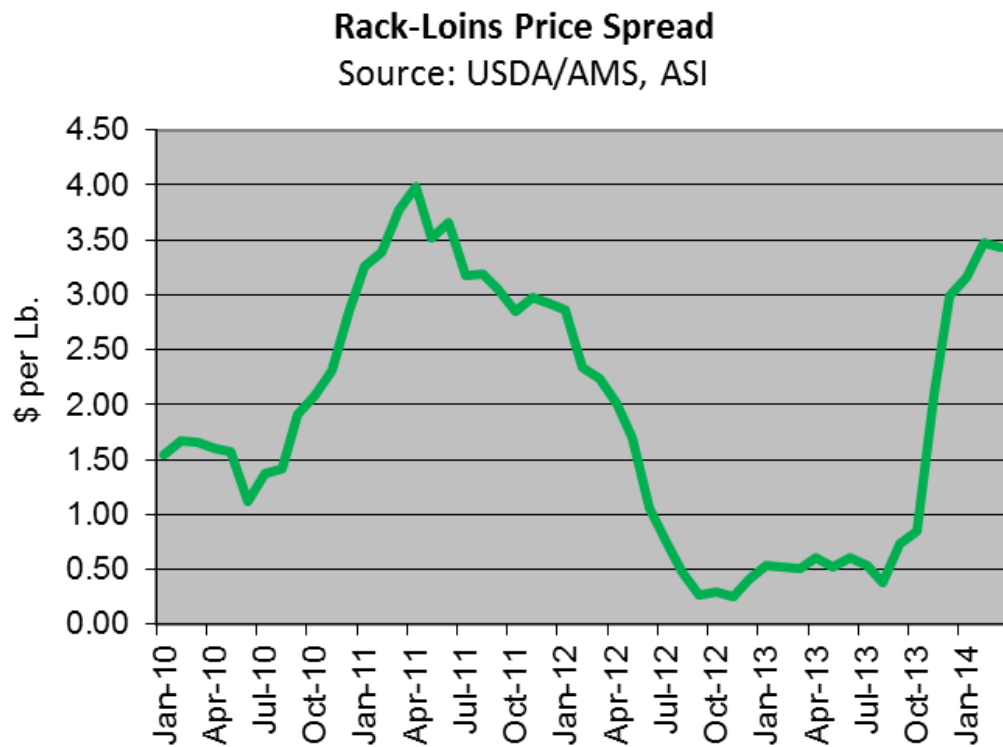
IV. Price Spreads



Ralmonline, 2008

The Rack-Loin Price Spread Increased in Q1

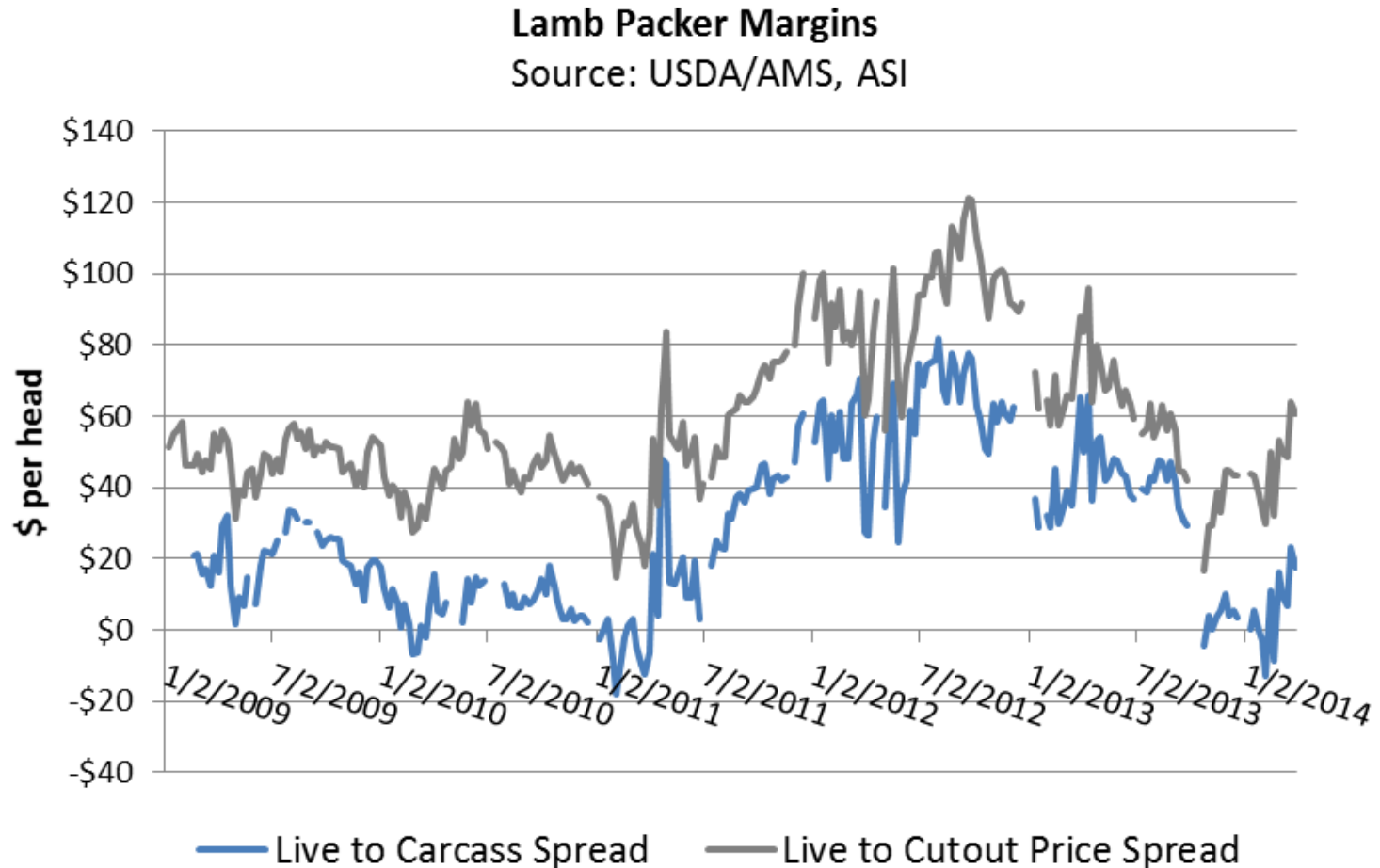
- ▶ The rack-loin price spread averaged \$3.36 per lb. in Q1, up 70% quarterly and up 545% from \$0.52 per lb. year-to-year.
- ▶ The loins has remained relatively flat compared to the rack.



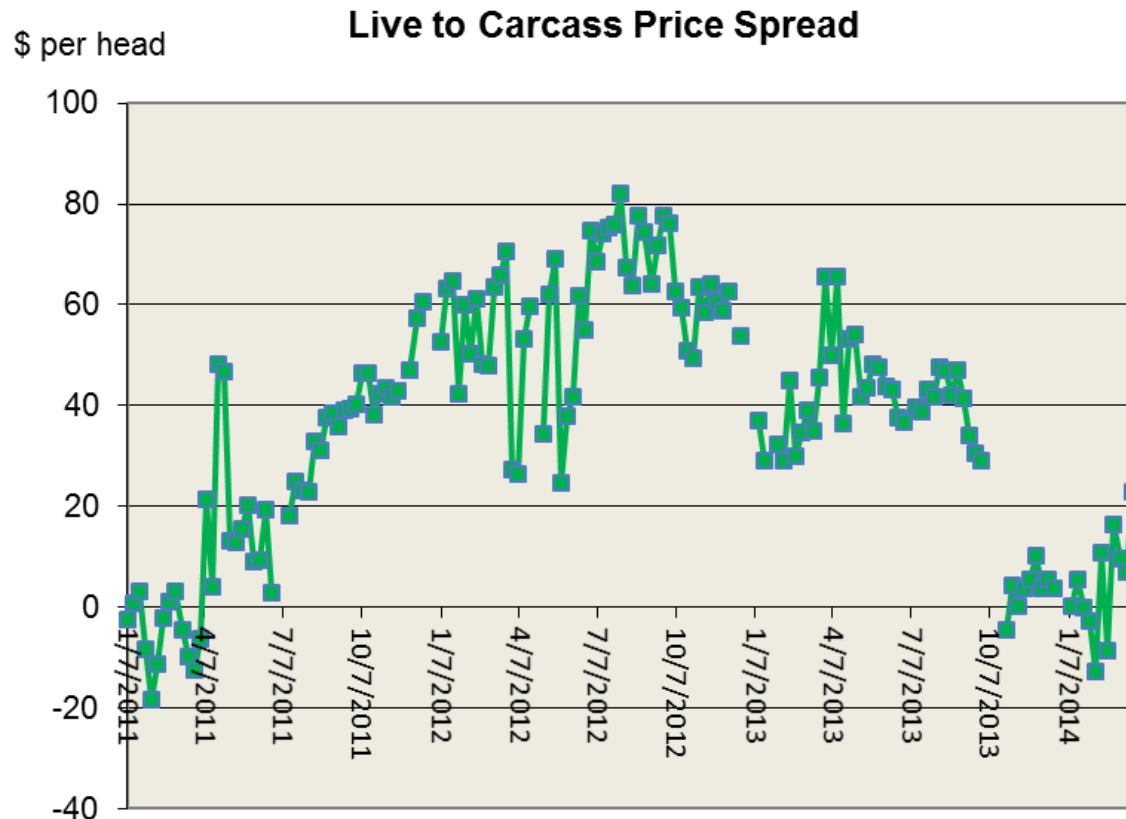
Understanding Packer Spreads

- ▶ Packer price spreads do not include any costs of processing.
- ▶ Packers sell wholesale primals (cuts) which are combined together and called the cutout.
- ▶ Packers also sell carcasses, to the processing industry and to one another.
- ▶ The price spreads assume that all that is processed sells and no allowance is made for cold storage tonnage.

Packer Spreads Gained in Q1

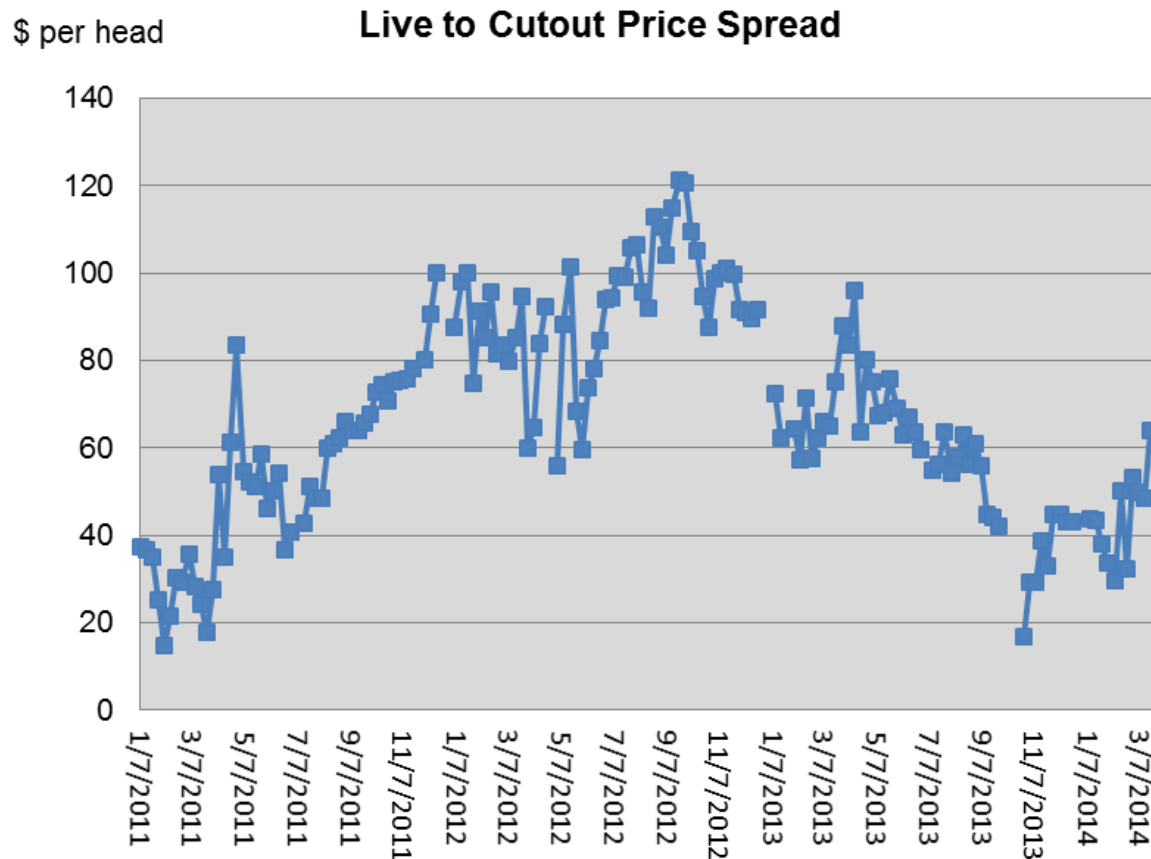


The live to carcass price spread averaged \$5.49 per head in Q1, up 53% quarterly and down 86% year-to-year.

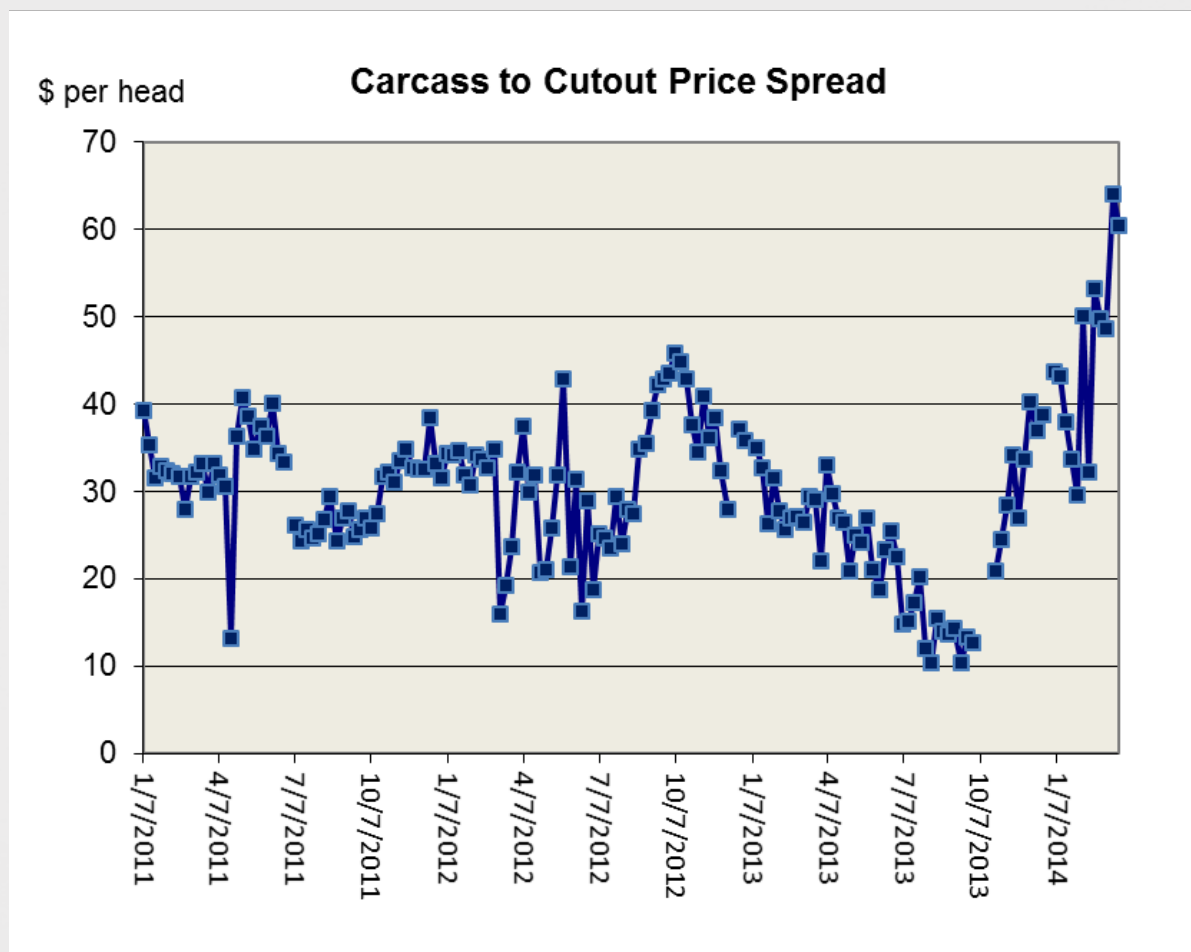


Live to cutout spread was \$45.55 per head in Q1, up 27% quarterly and down 32% year-to-year.

– In late 2013 the gain in slaughter lamb values outpaced the growth in the cutout, putting pressure on margins.



Carcass to cutout spread was \$39.39 per head in Q1, up 22% quarterly and up 39% year-on-year.



Break-Even Analysis

- ▶ After many feeders made money in the fourth quarter of 2013, feeder margins for some might be back in the red by March 2014 when slaughter lamb prices weakened.
- ▶ Recall the breakeven analysis is only one snapshot of feedlot marketing.
- ▶ On average, cost of gain held between \$1.10 to \$1.15 per lb. between quarters.
- ▶ March estimated break-even was \$162 to \$164 per cwt. compared to \$150.78 per cwt., the live-converted formula carcass-based price.

Sensitivity Break-Even Analysis A:

March kill of November-sold feeders from MT with a \$1.10 per lb. cost of gain.

<i>Item</i>	<i>Cost</i>
1. Total cost of feeder (87.50-lb. feeder @ \$178.50 per cwt. from MT in November 2013)	\$156.19/head
2. Average freight from MT	\$9.00/head
3. Cost of gain in Colorado feedlot (44.5 lbs. gained @ \$1.10/lb. to 132 lbs.)	\$48.95/head
4. Break-even price of slaughter lamb @ 132 lbs.	\$214.14/head
<i>Break-Even</i>	\$162/cwt.

Sensitivity Break-Even Analysis B:

March kill of November-sold feeders from MT with a \$1.15 per lb. cost of gain.

<i>Item</i>	<i>Cost</i>
1. Total cost of feeder (87.50-lb. feeder @ \$178.50 per cwt. from MT in November 2013)	\$156.19/head
2. Average freight from MT	\$9.00/head
3. Cost of gain in Colorado feedlot (44.5 lbs. gained @ \$1.15/lb. to 132 lbs.)	\$51.18/head
4. Break-even price of slaughter lamb @ 132 lbs.	\$216.36/head
<i>Break-Even</i>	\$164/cwt.

V. Pelts

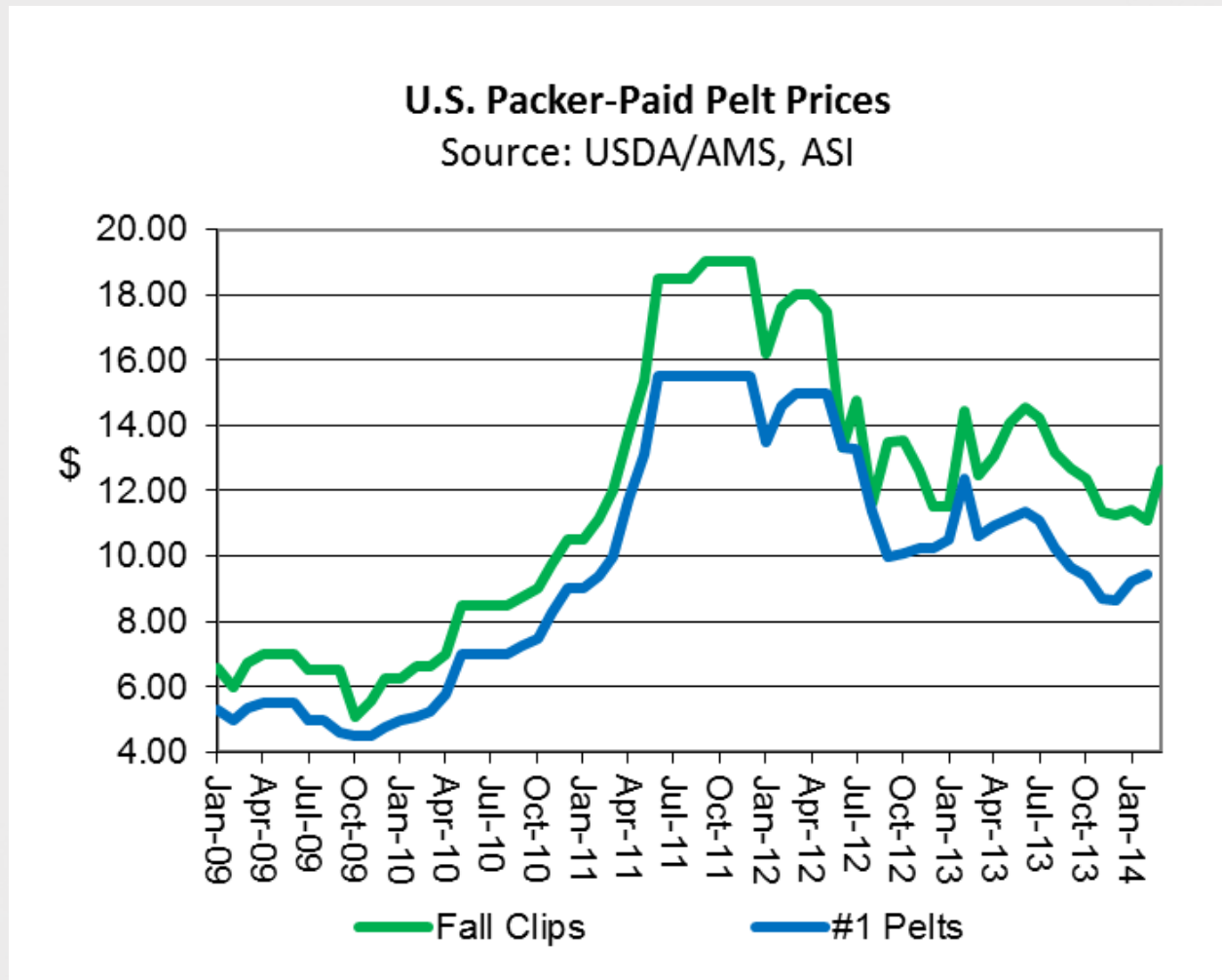




Pelts Down Quarterly and Year-to-Year

- ▶ Fall Clips were \$10.42 per piece in Q1, down 7% quarterly and down 21% year-to-year.
- ▶ No. 1 pelts were \$8.79 per piece in Q1, down 3% quarterly and down 19% year-to-year.
- ▶ Recall pelt prices are prices received by packers for pelts from slaughter lambs processed.

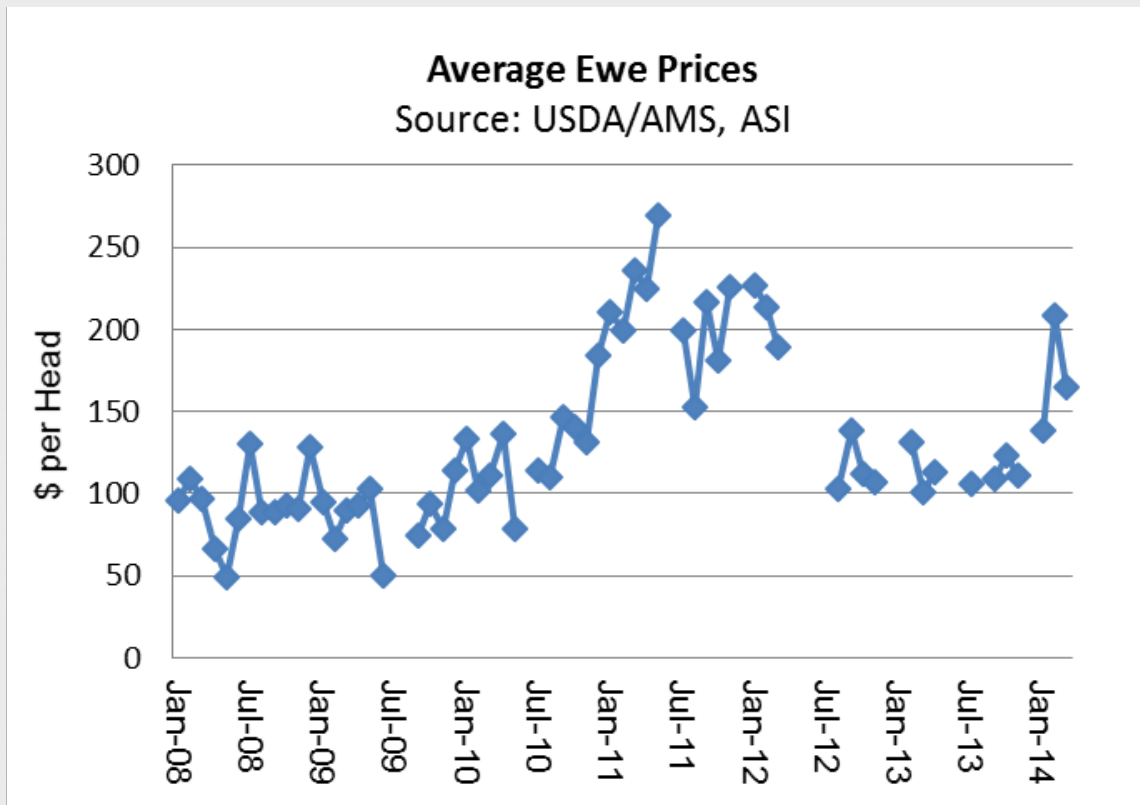
International Pelt Market Slow to Rebound



VI. Replacement Sheep



First-quarter Replacement Ewes Up: An Encouraging Sign that Flock Rebuilding is Occurring



- ▶ Ewes averaged \$171 per head in Q1, up 46% quarterly and up 47% year-on-year.

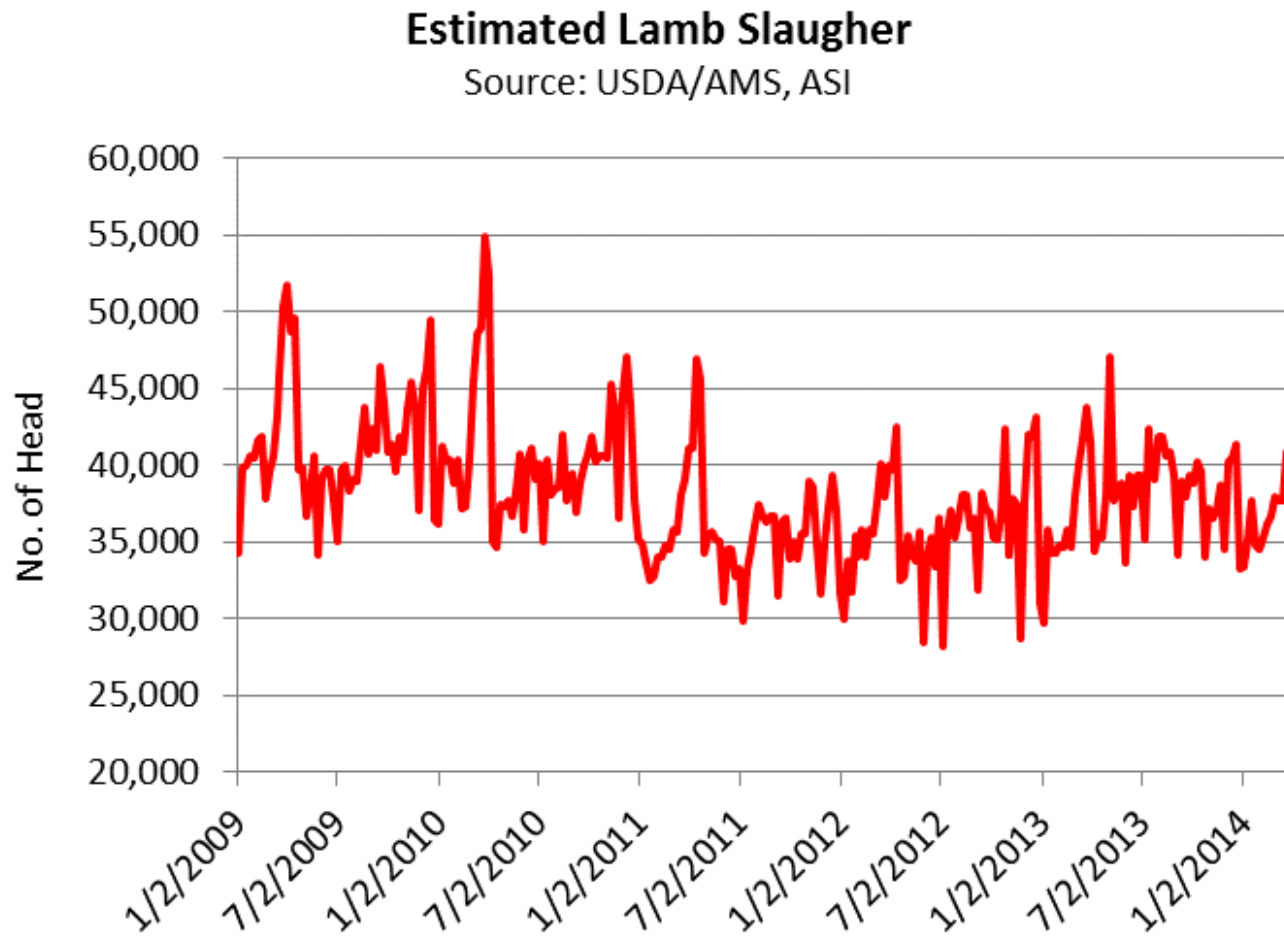
VII.

Domestic Production and Trade

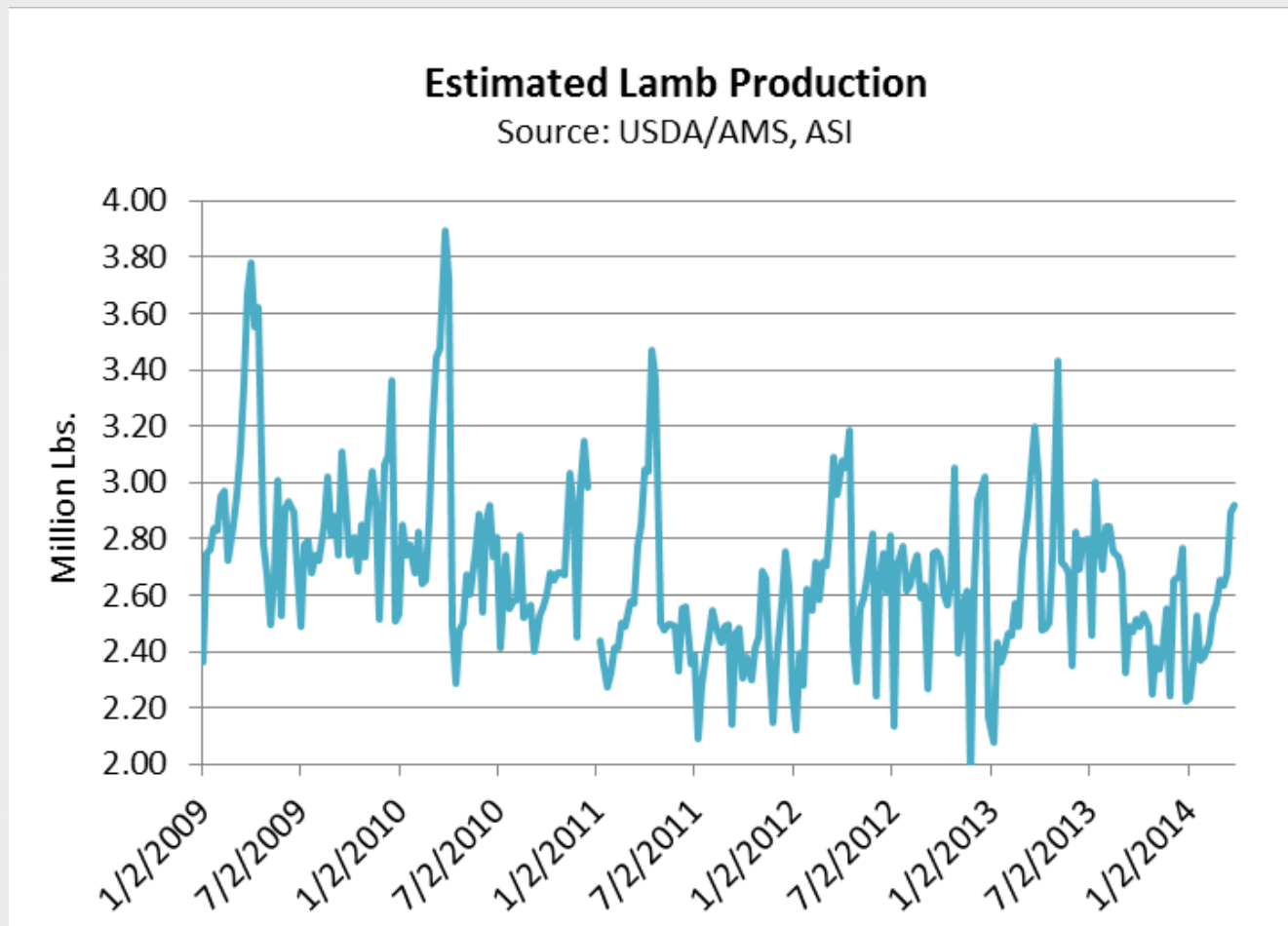


Donald Macleod, Stornoway, Scotland, 2010.

Q1 Slaughter was Steady with a Year ago at 478,877 Head



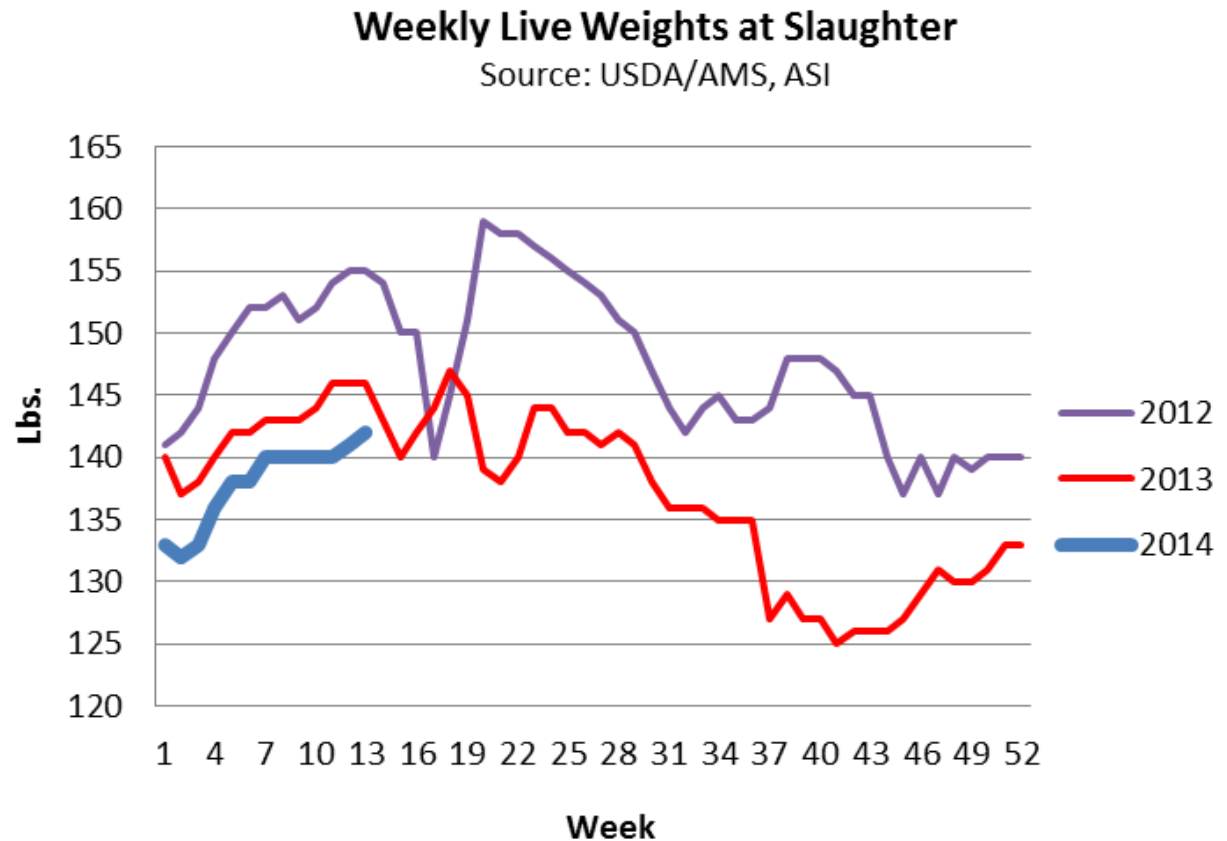
Lamb production was an estimated 3-percent lower in Q1 year-on-year at 33.2 million lbs.



Slaughter Weights Lower Year-on-Year

-- Between Q4 and Q1, live weights jumped from 129 lbs. to 138 lbs., up 7%.

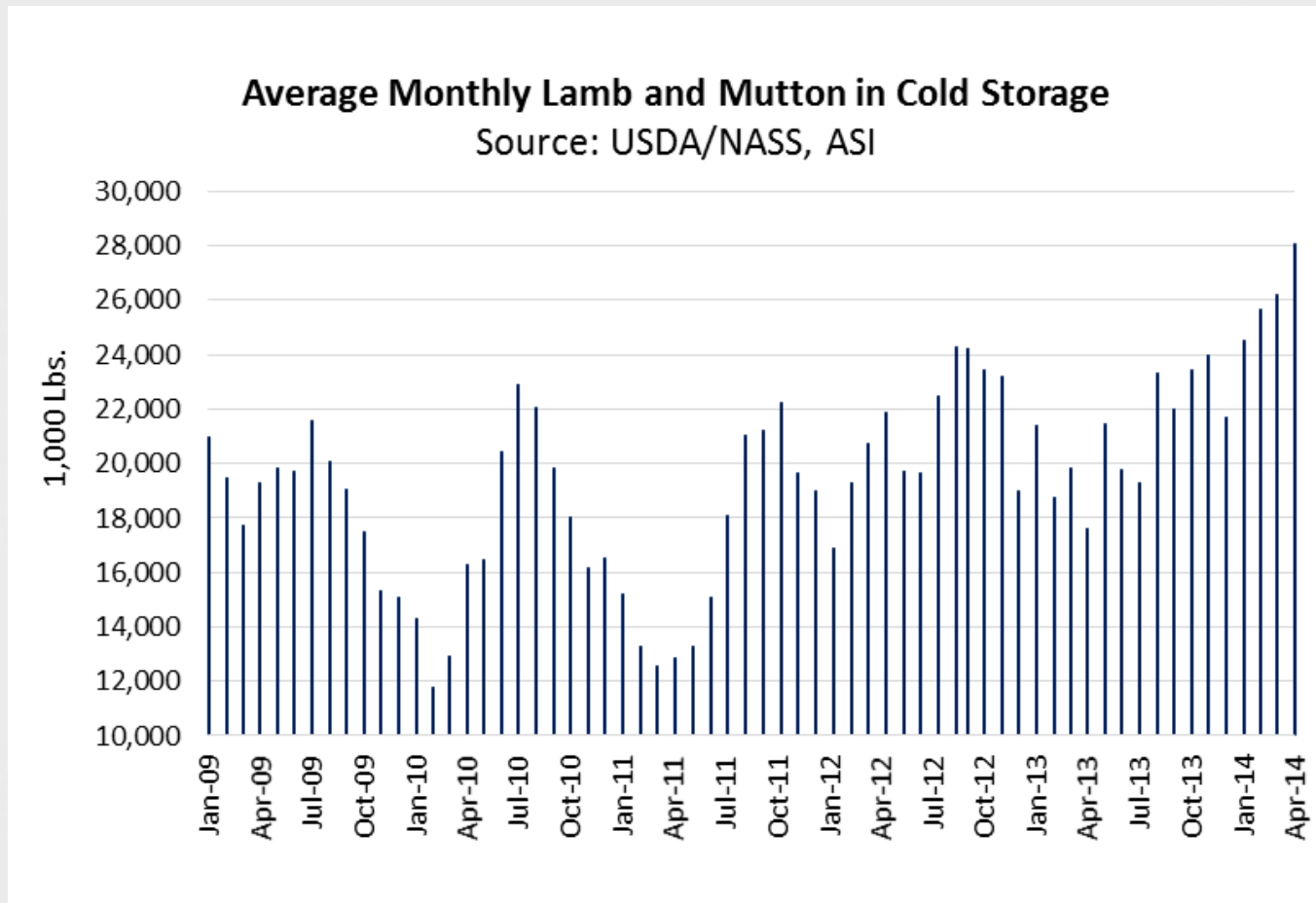
--Slaughter weights were 3-percent lower in Q1 year-on-year.



At 28 Mill. Lbs., March Cold Storage Hit Record High

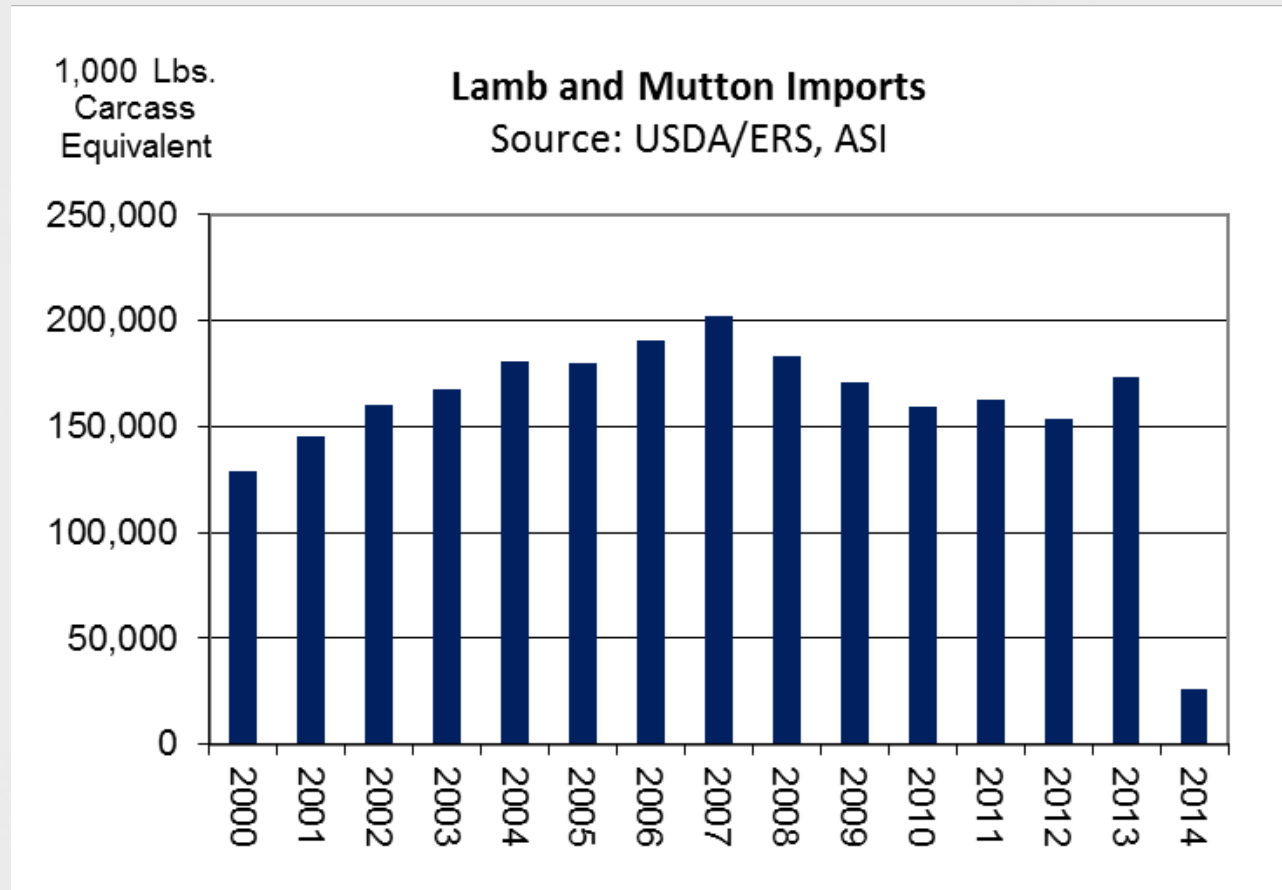
-- 7% Higher Monthly and 59% Higher Year-on-Year

- Recall that some portion of cold storage is imported product.

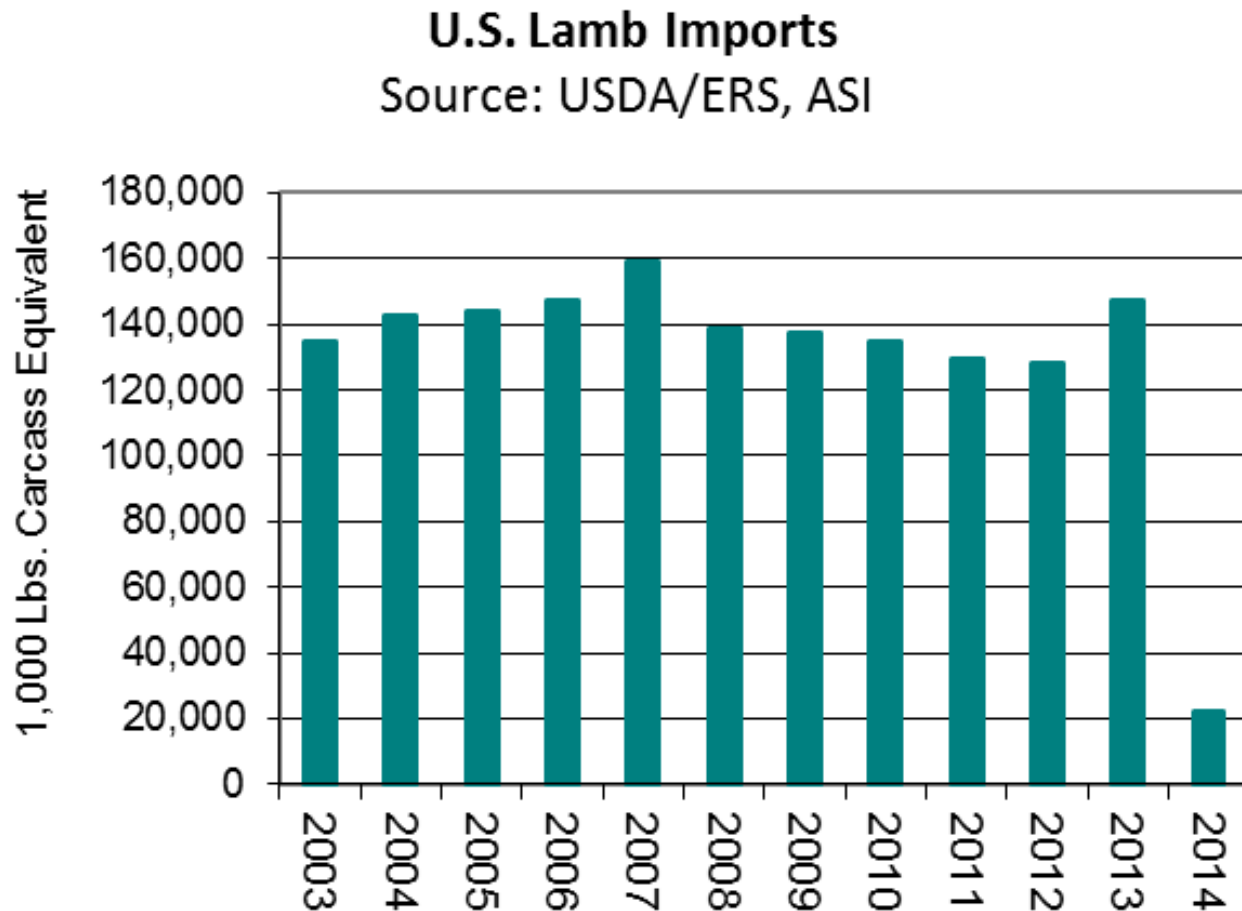


Lamb and Mutton Imports Drop Year-on-Year

-- At 25.8 million lbs., lamb and mutton imports in Jan. & Feb. were 11% lower year-on-year.

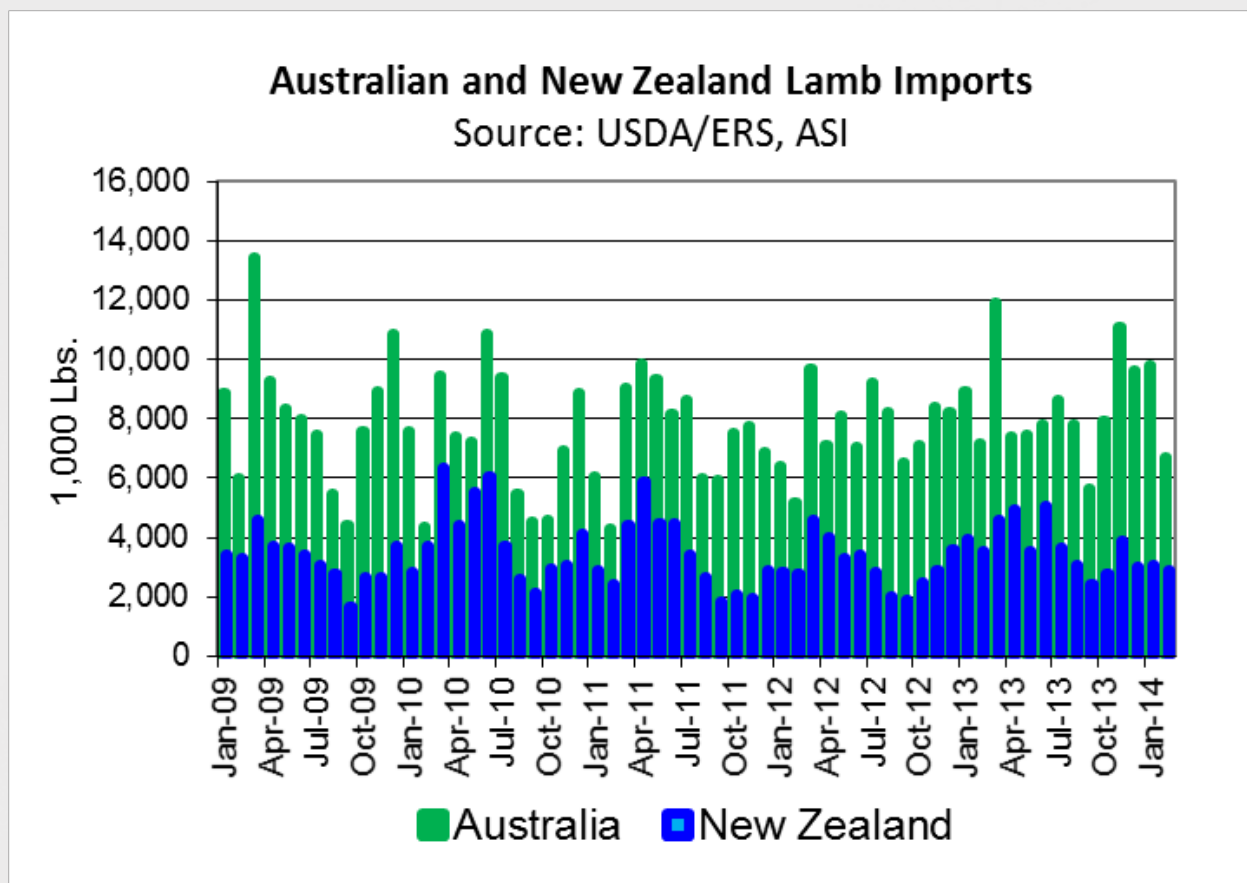


Lamb Imports Totaled 22.6 Mill. Lbs. in Jan. & Feb. – Down 4% Year-to-Year



Australian Lamb Up; New Zealand Down Sharply

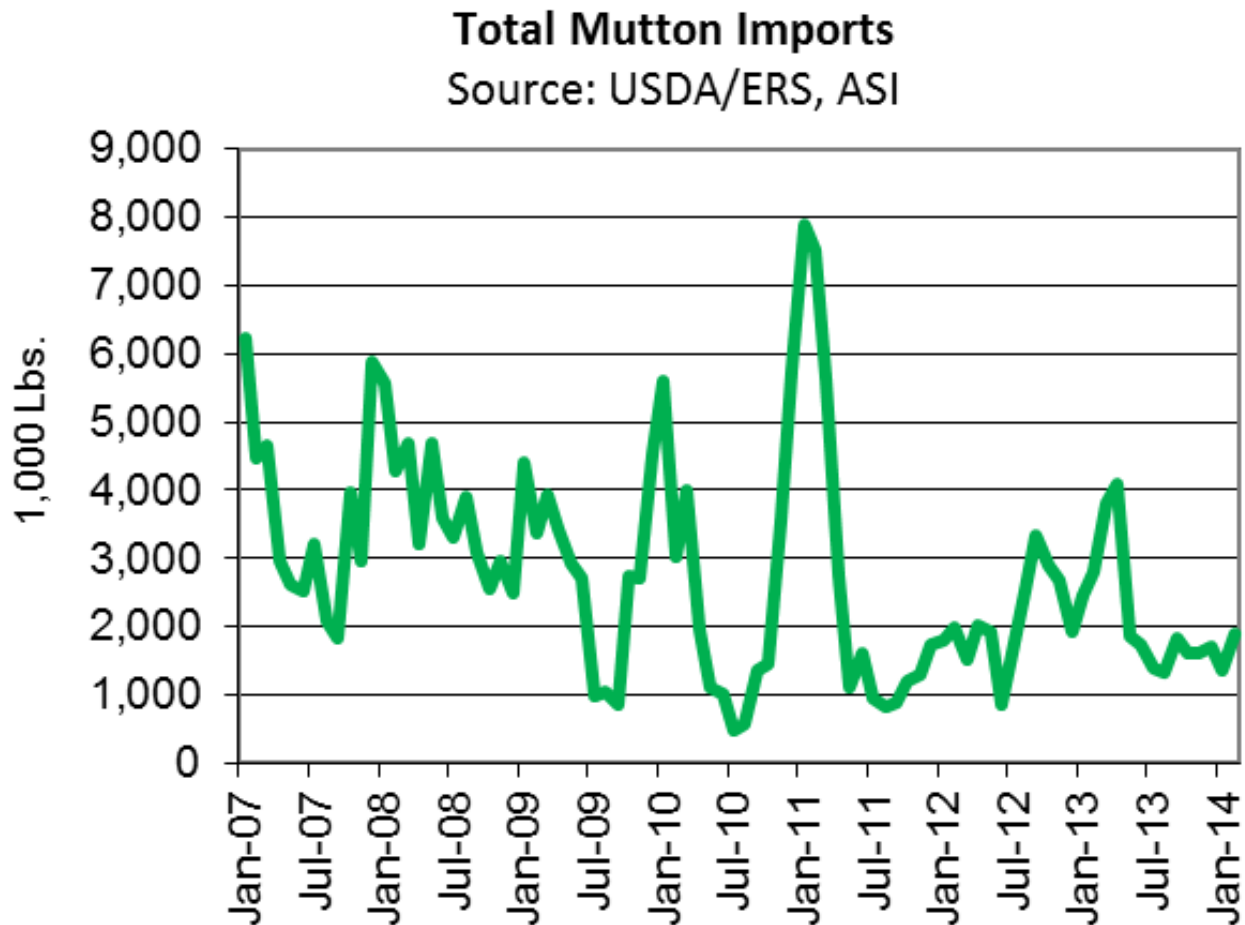
- ▶ Australian lamb imports in Jan.& Feb. were 16.5 mill. lbs., up 3% year-to-year.
- ▶ NZ's lamb imports were 6 mill. lbs., down 20% year-to-year.



Mutton Imports Lower Year-on-Year

- ▶ At 3.3 million lbs., mutton imports were 38% lower in Jan. & Feb. compared to a year earlier, same period.
- ▶ Mutton imports from Australia were 2.8 million lbs. in Jan. & Feb. down 6% year-to-year.
- ▶ New Zealand mutton imports were down 81% to 445,000 lbs. in this period.

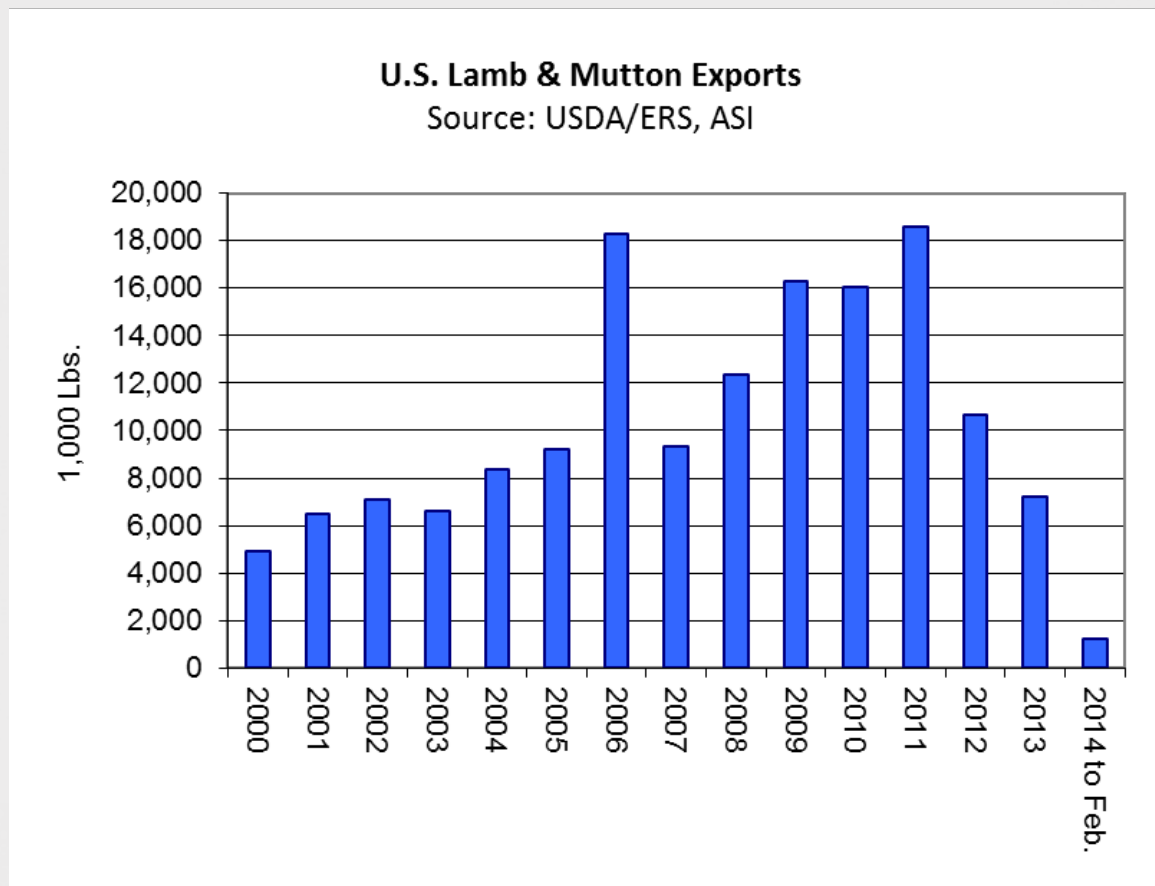
Mutton Imports Lower Through February



Lamb & Mutton Exports Down 16%

in Jan. & Feb. Year-to-Year;

Lamb Exports Up 7-Fold & Mutton Exports Down 30%



Total Live Sheep Exports Up 18% in Jan. & Feb. Year-on-Year

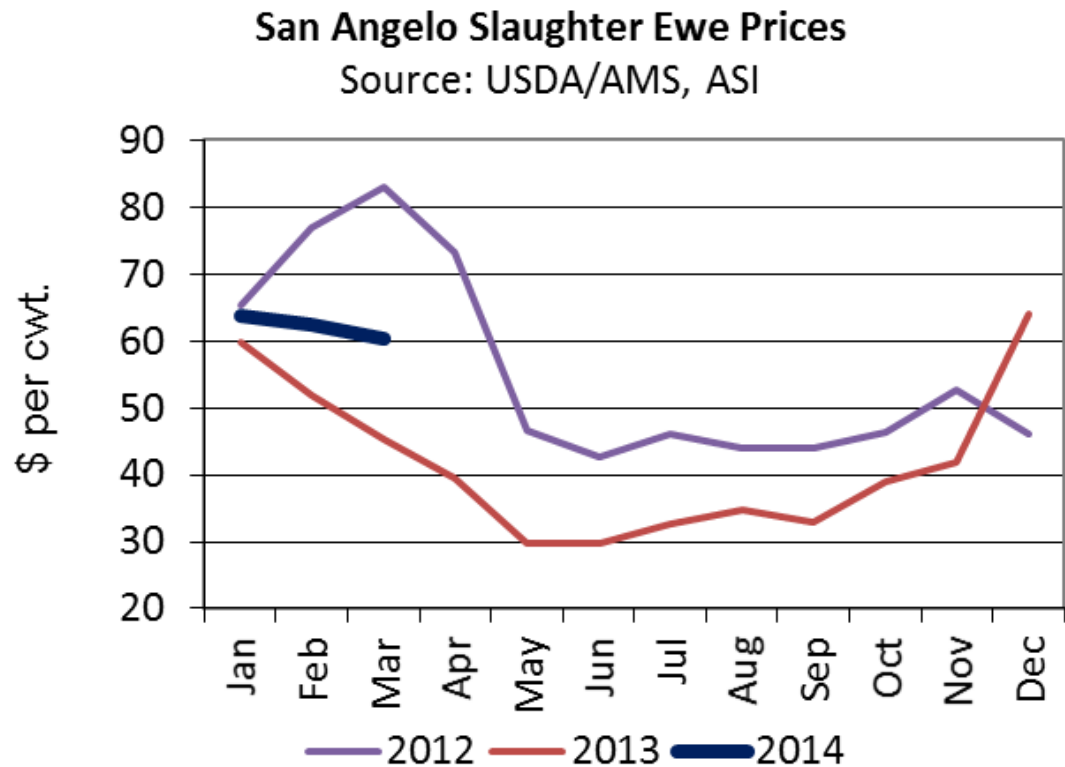
- ▶ U.S. live sheep exports to Mexico were 7,151 head in Jan. & Feb., up 258% year-on-year.
- ▶ At 191 head, live exports to Canada were down 95% in Jan. & Feb. year-to-year.



Q1 Cull Ewe Prices Higher Quarterly and Year-on-Year

--San Angelo ewe prices averaged \$62.26 per cwt. in Q1, up 29% quarterly and up 19% year-on-year.

--Culls averaged \$64/cwt. in Jan., \$63/cwt. in Feb. and \$60/cwt. in Mar.



XIII. Nontraditional Market

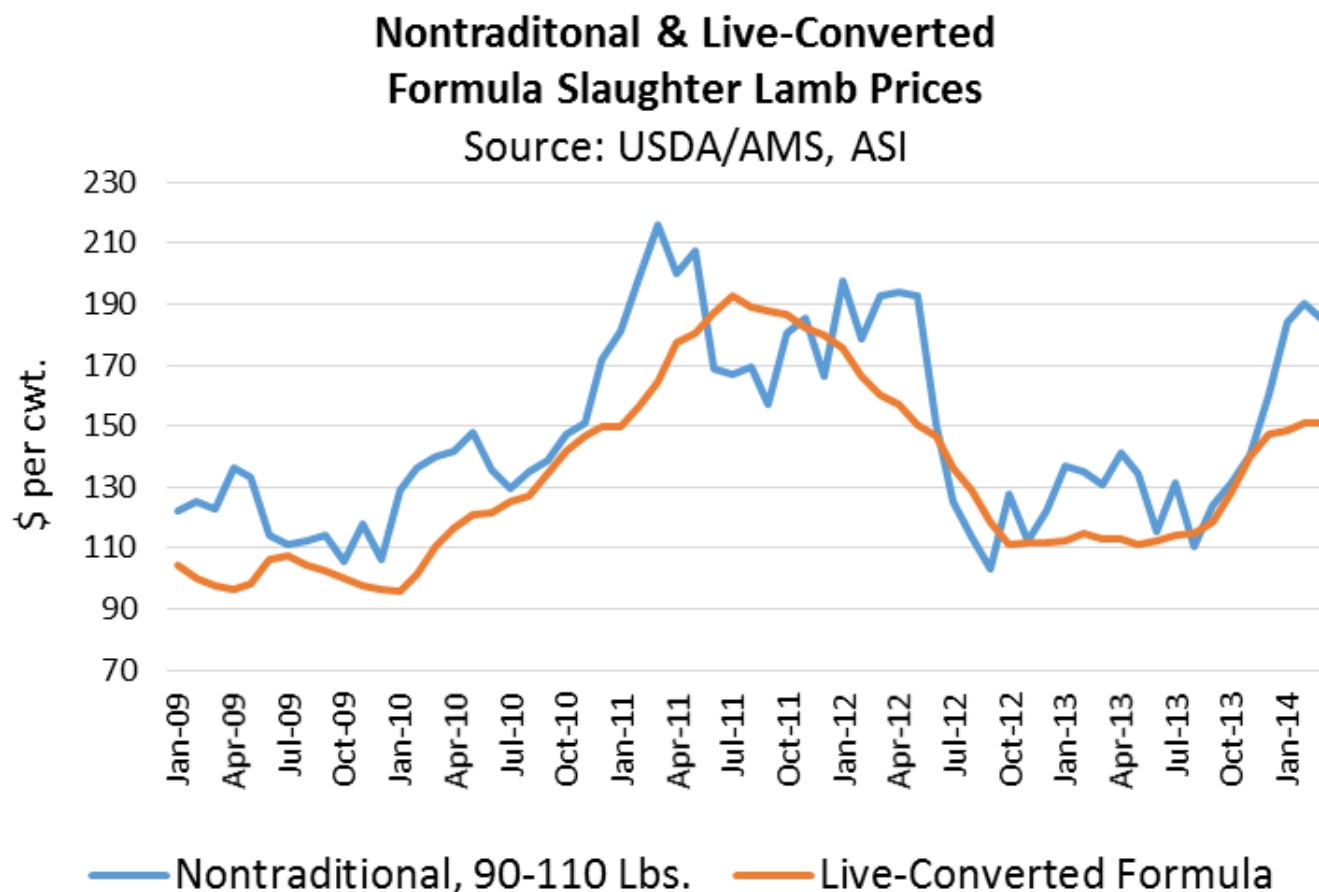


Andrew, 2006.

Nontraditional Market Significant Segment of U.S. Sheep Industry

- ▶ The nontraditional market is often characterized by a lighter-weight lamb, around 100 lbs., but very variable depending upon customer.
- ▶ The nontraditional market is mainly comprised of lambs sold direct to consumers.
- ▶ Some nontraditional lambs are processed by state inspected plants and even some FI plants.
- ▶ The largest nontraditional markets are the livestock auctions at New Holland, PA and San Angelo, TX, but nontraditional markets exists across most auctions.

Nontraditional (New Holland) Lamb Market Prices Much Higher than Commercial Market Prices in Q1



IX. Total Lamb and Mutton Availability

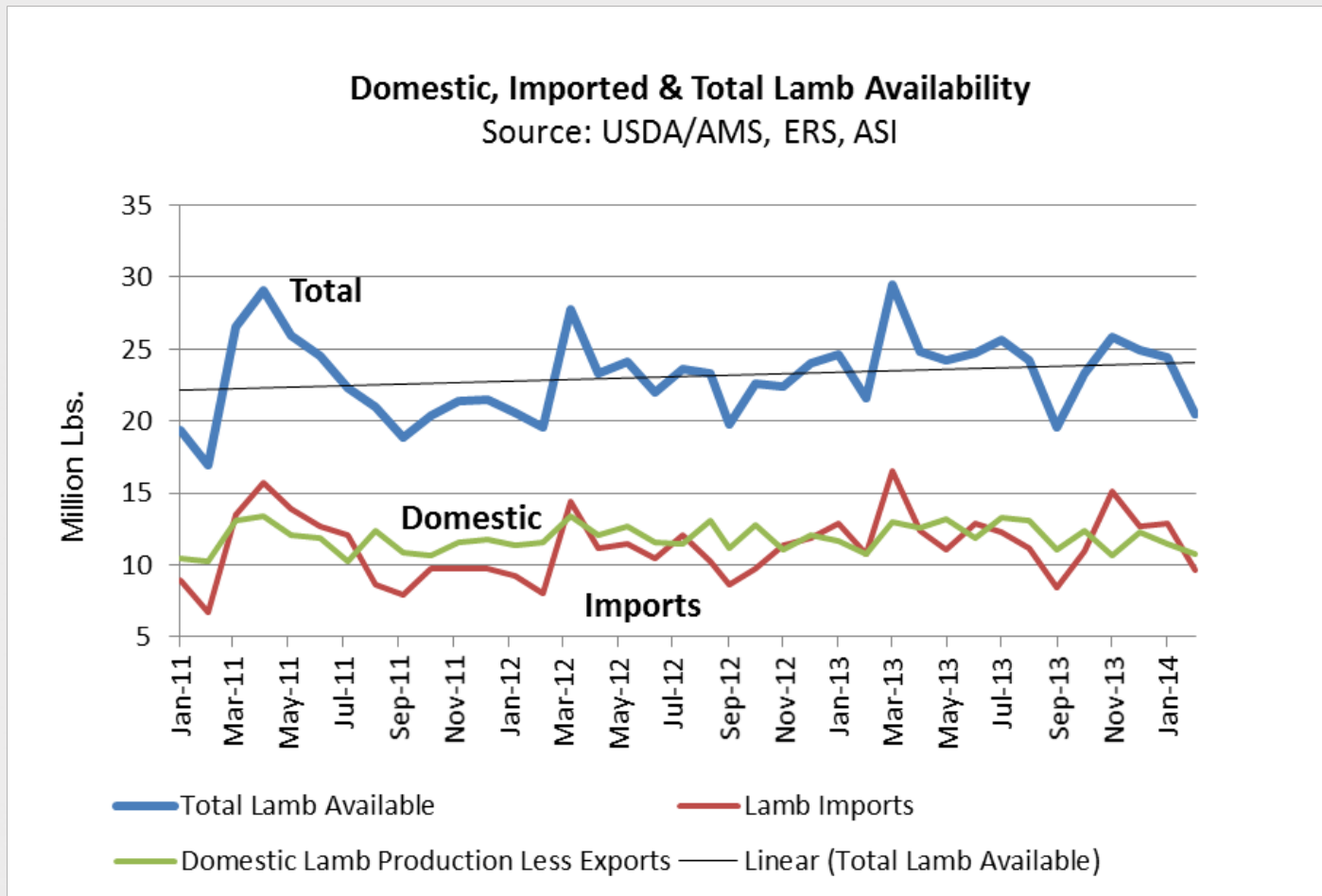




Total Lamb Availability Down Year-on-Year in Jan. and Feb.

- ▶ In January and February, total lamb availability (imports plus domestic production, subtracting exported lamb) was 44.84 million lbs., down 3% year-on-year.
- ▶ In this period, U.S. domestic commercial lamb supply was down 1% to 22.27 million lbs. compared to a year ago.
- ▶ Imports were down 4% year-to-year to 22.57 million lbs.
- ▶ Note: These figures do not include the nontraditional market estimated volume.

Total Lamb Availability Trending Up?





U.S. Gained Market Share from a Year Ago

► In January & February:

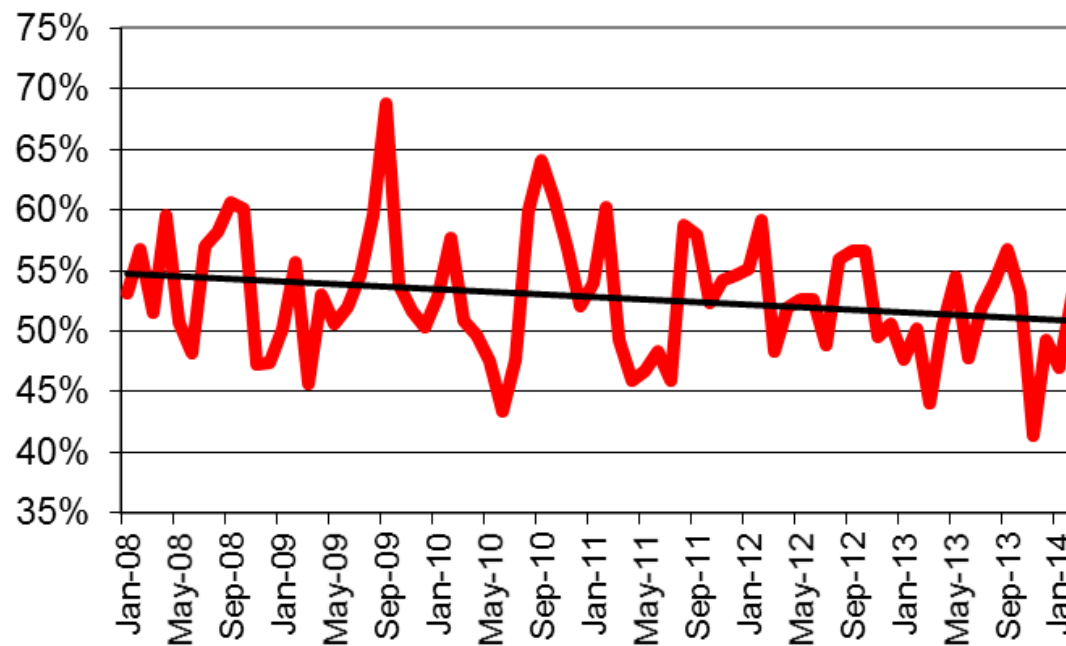
Domestic lamb market share was 50%, up from 49% year-on-year.

Domestic lamb & mutton market share was 48%, up from 45% year-on-year.

Domestic mutton market share was 32%, up from 20% a year ago.

Domestic Share of Lamb Market Contracting, Challenging Growth

**Share of Domestic Lamb
in Total Lamb Availability**
(Imports plus domestic production, incl. exports)
Source: USDA, ASI



X. Imported Product Price Comparisons





Domestic & Imported Cuts not Identically Specified: Challenges an “Apples to Apples” Comparison

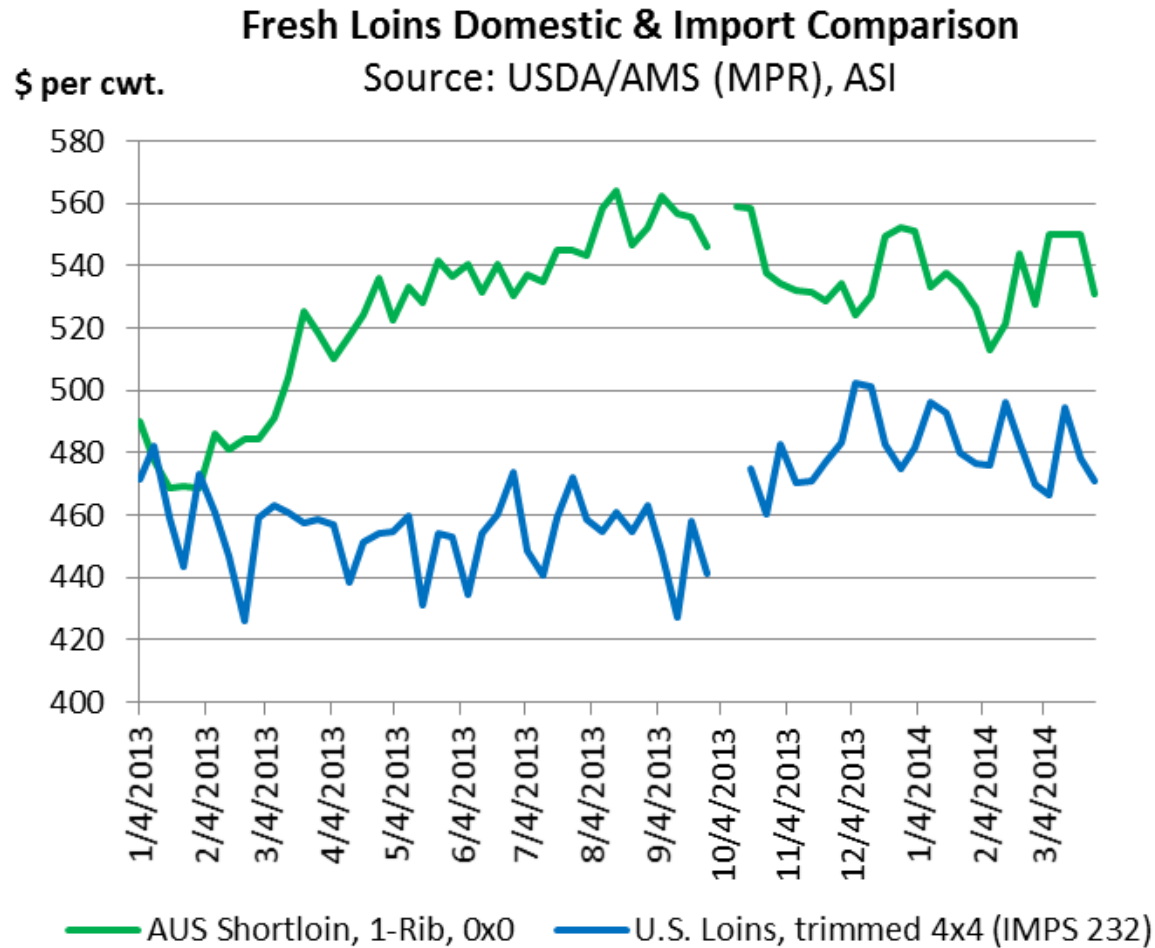
- U.S. Commerce data only offers broad cut categories.
- There are limitations to USDA/AMS/MRP import data:
 - Confidentiality measures can sometimes prohibit price reporting.
 - The volume threshold might not be met if smaller importers/reduced volumes are imported.

Price Comparison with Imports is Tricky

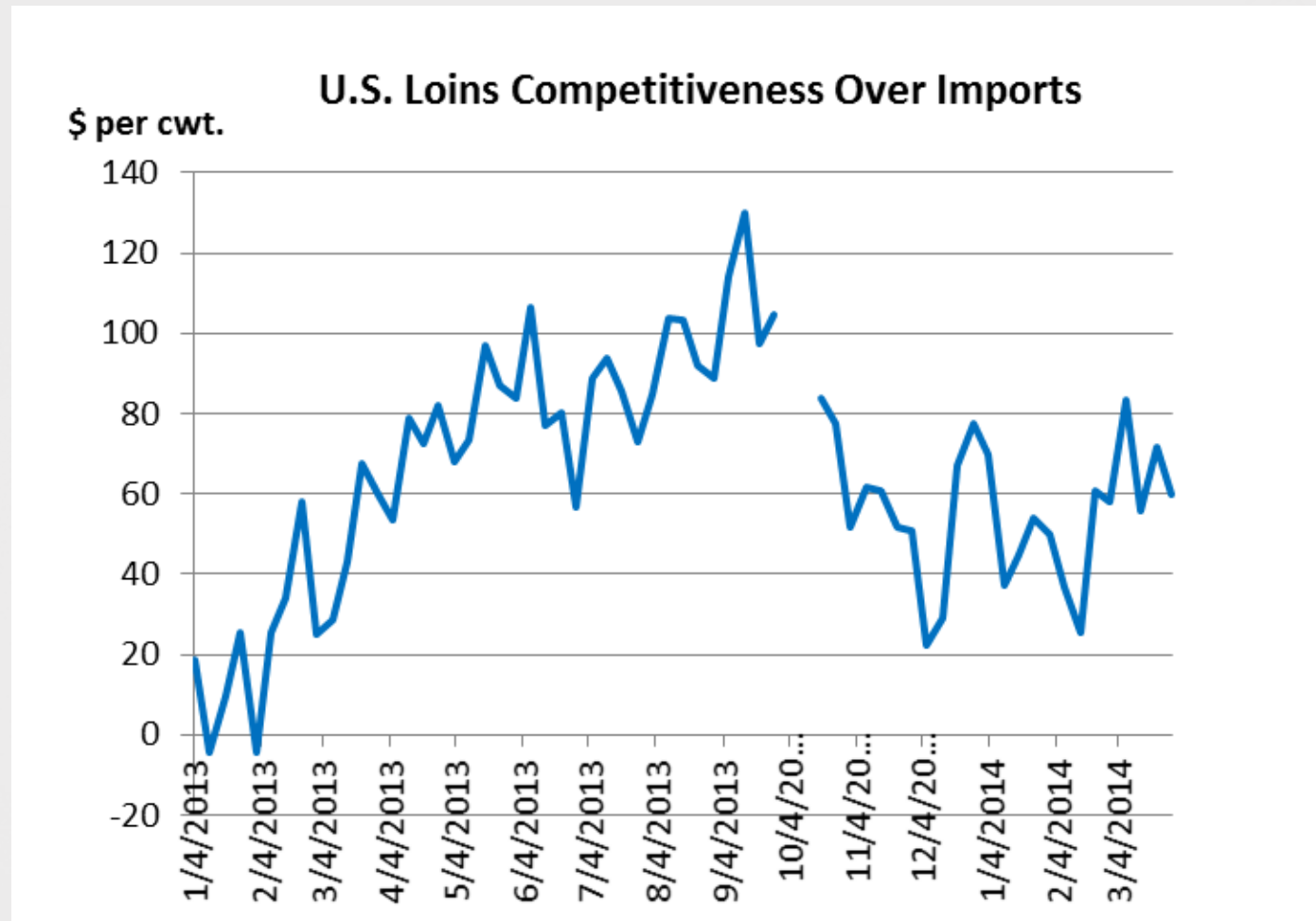
Caveats:

1. Imported product might be sitting in cold storage and not competing directly with domestic product at a specific time period.
2. Imported product is lighter weight.
3. Prices reported in Commerce data could have been established in forward pricing.

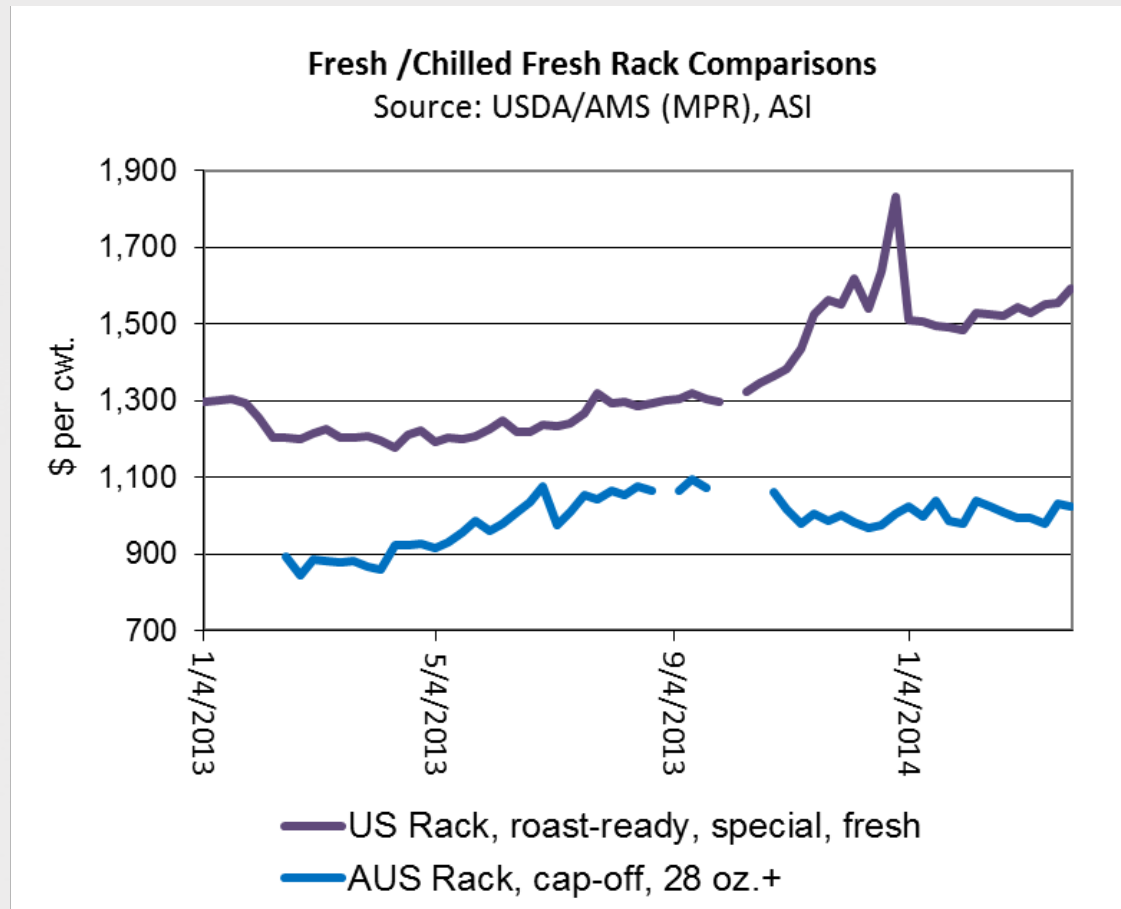
U.S. – AUS Shortloin Price Spread Widened in Q1



U.S. loin has been relatively flat relative to other cuts. Perhaps retailers deliberately holding U.S. loins competitive to maintain accounts.

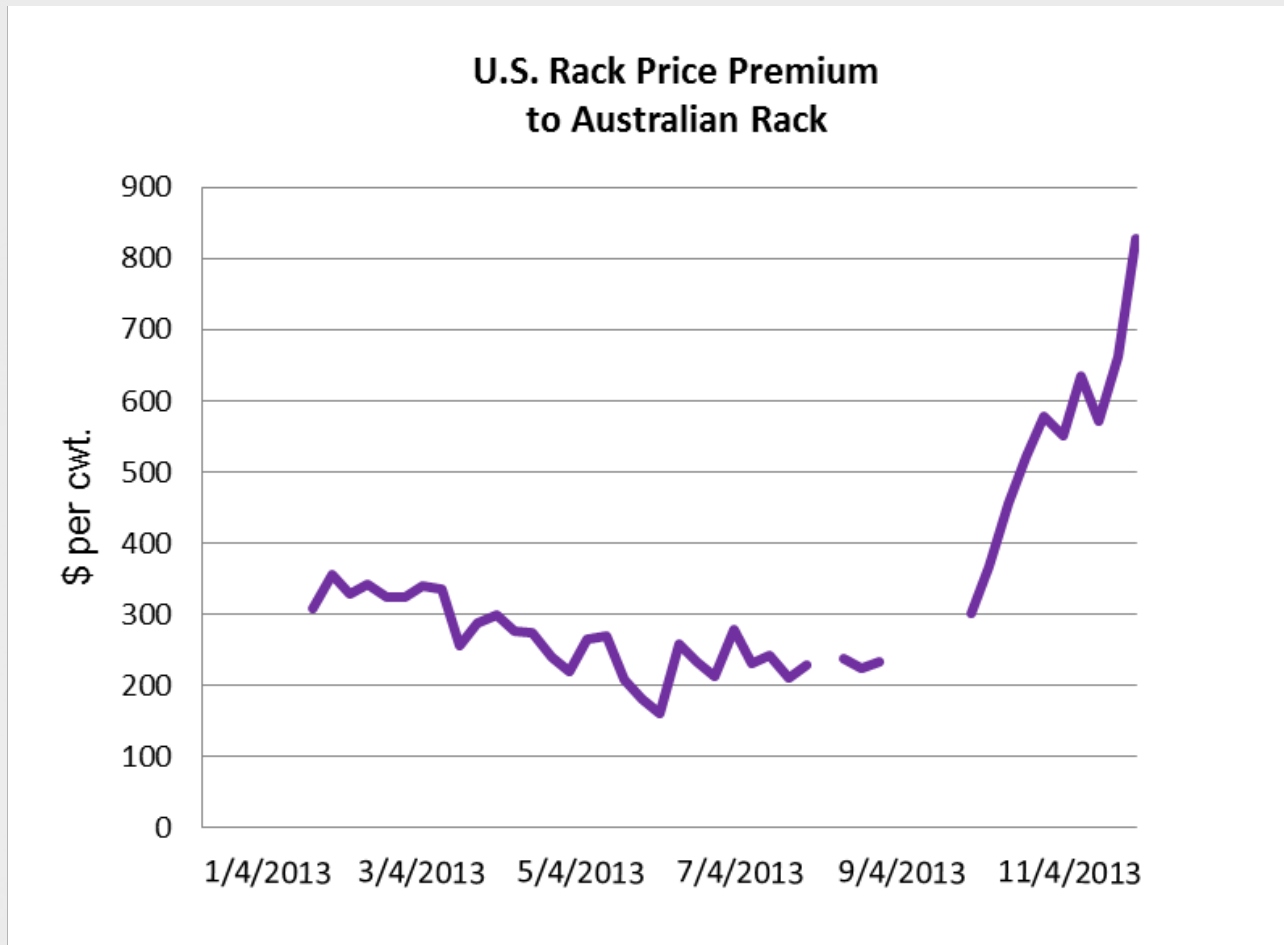


U.S. Rack Premium Widened in Q1



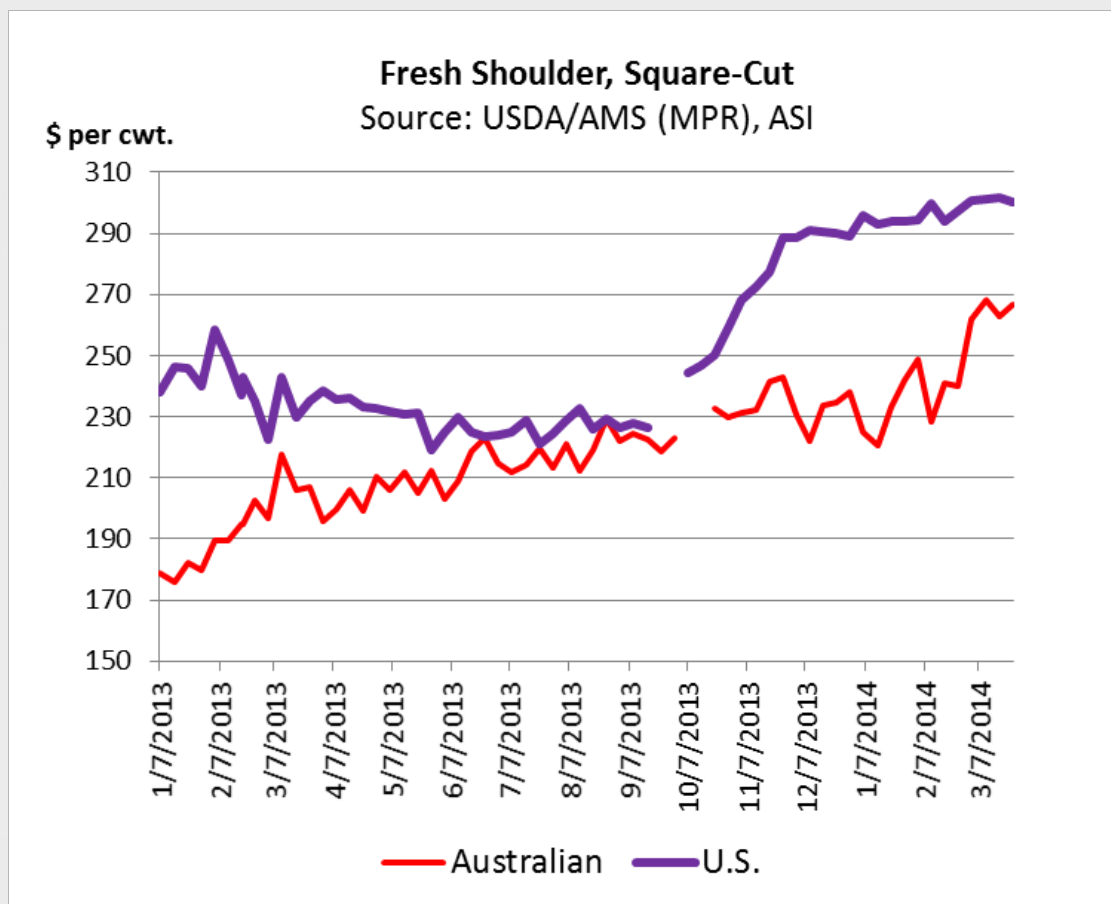
*Note weight differences: U.S. rack 1.5-3.0 lbs. and imported rack 28 oz. +, not a perfect comparison, but useful as a snapshot.

The Competitiveness of the U.S. Rack Fell Sharply in Q1 -- Over \$800 per cwt.

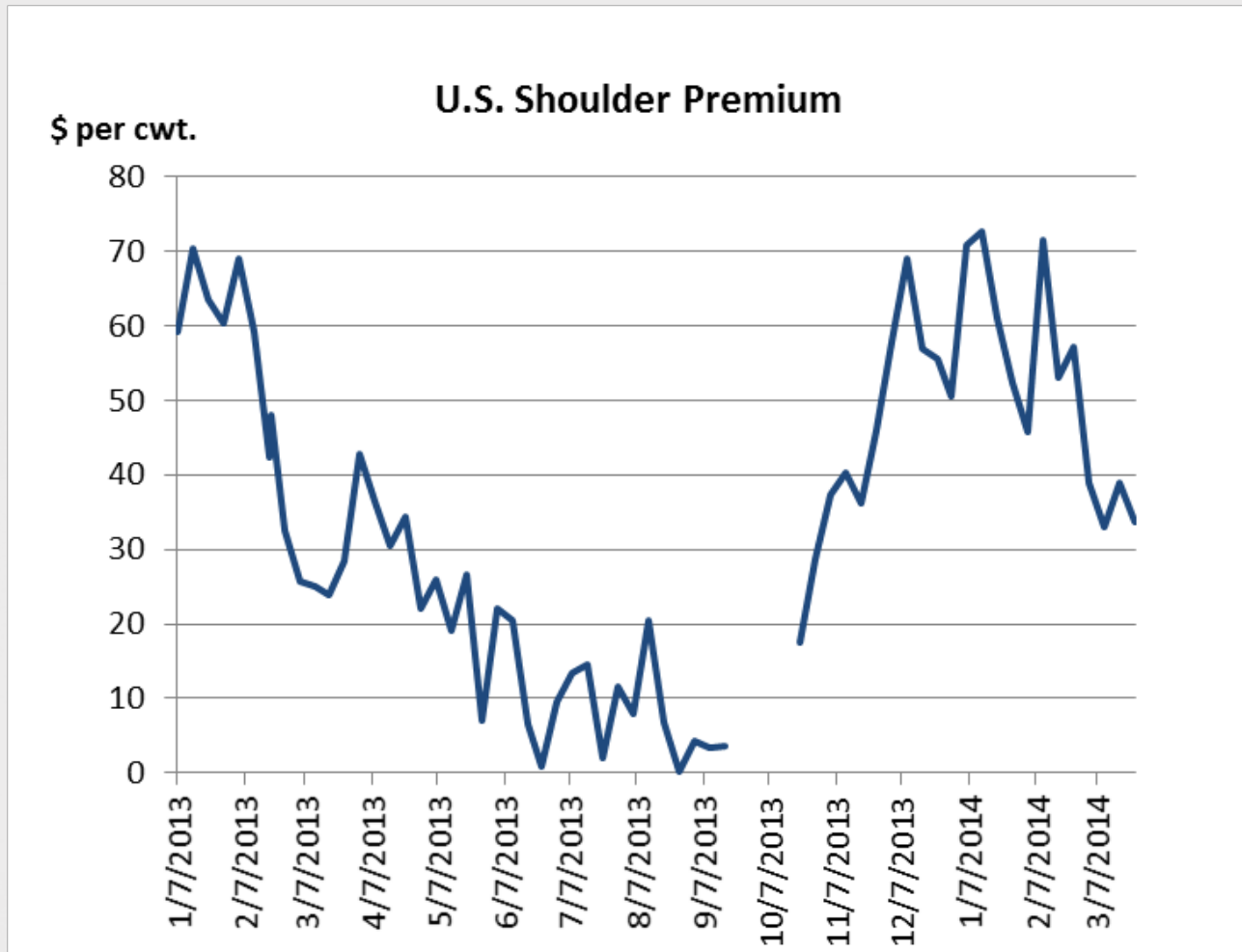


U.S. Shoulder Competitiveness Increased in Q1

Imported shoulder strengthened while the gains in the domestic shoulder slowed.



Shoulder Premium Fell in 2014

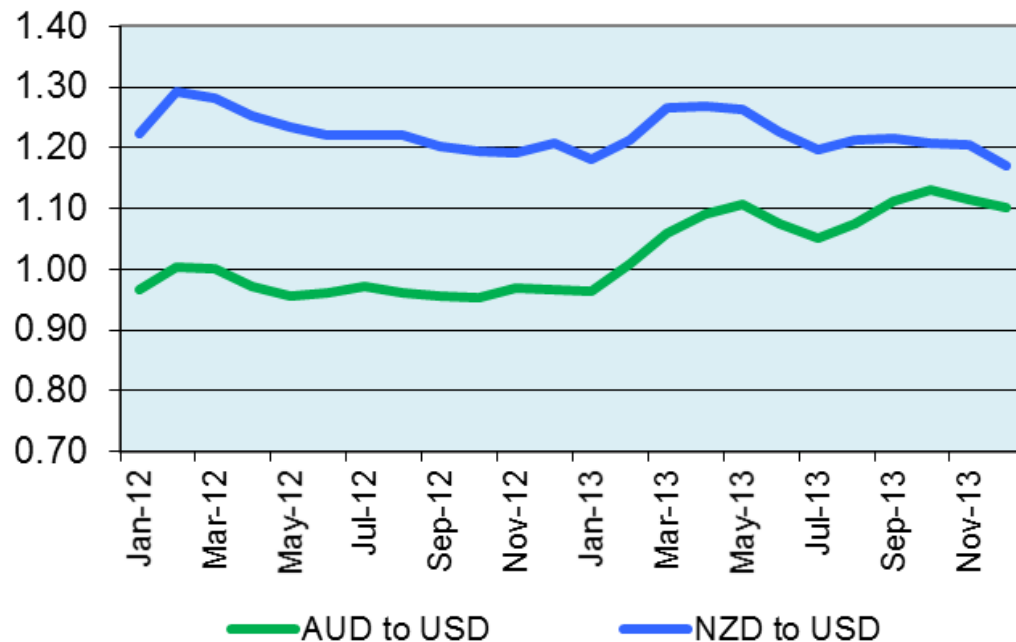


XI. Exchange Rates



U.S. Dollar Mixed Against Australian and New Zealand Dollars

Exchange Rates
Source: Pacific Exchange Rate Service

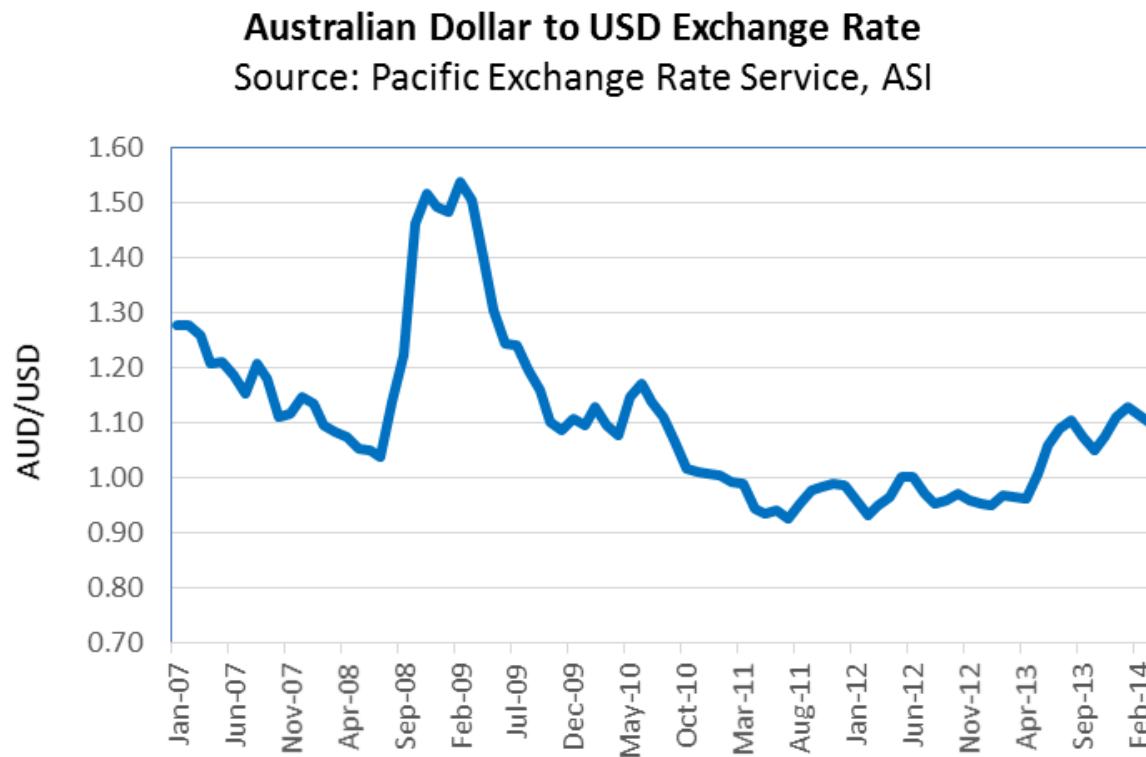


-- In Q1 the Australian/U.S. dollar gained 3% quarterly to \$1.11.

-- In Q1, the New Zealand/U.S. dollar hit \$1.19, down 1% quarterly.

Year-over-year the U.S. dollar has appreciated against the Australian dollar (16%)

In terms of U.S. exports, a higher exchange rate directly translates into higher costs for the buyer and usually a drop in tonnage sold. Also, a higher dollar tends to increase U.S. imports (LMIC, 4/4/14).



XII. Price Projections and Outlook





High-Priced Substitute Proteins and Continued Tight Supplies Could Support Lamb Prices in Q2

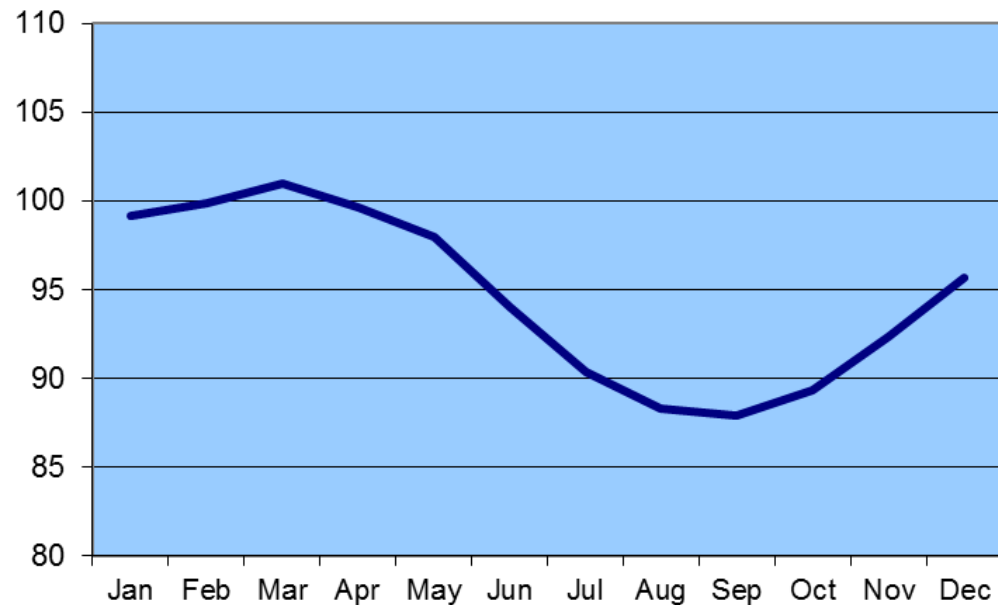
- ▶ In late April, LMIC expected slaughter lambs on a carcass-weight basis to range from \$315 to \$320 per cwt. in the second quarter (about \$159 per cwt. live), 41-percent higher than a year ago.
- ▶ LMIC forecasted 60-90 lb. feeder lambs to range from \$225 to \$233 per cwt., up 100% over a year ago.

Seasonal Index Lends Predictive Insight

- ▶ Price trends--up or down--depend on which factor dominates, supply or demand.
- ▶ Feeder lamb prices typically fall through the second quarter when supply high and feeders moving into feedlots.
- ▶ Slaughter lamb prices typically rise through the second quarter when supplies are seasonally tight and feeders not yet ready for market.
- ▶ The index shows the average relationship of prices in each month to the average for the year. An index of 105 means prices are 5% above the annual price average.

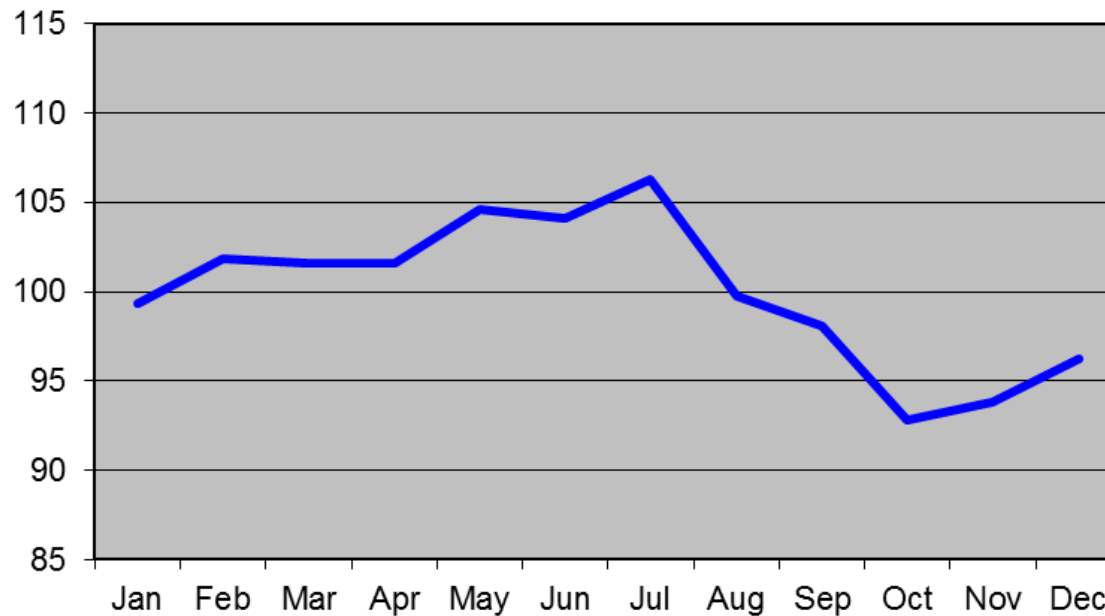
Feeder Lamb Prices Forecasted to Fall 3% Below Annual Average in Q2, but Tight Supplies can Trump Historical Seasonal Trends

Monthly Feeder Lamb Seasonal Index,
Auction, 60-90 Lbs., 1990-Q1 2014
Source: Derived from LMIC, ASI



Slaughter Lamb Prices at Auction Predicted to Gain 3% Above Annual Average in Q2

Seasonal Index for Live
Slaughter Lambs at Auction,
2000-Q1 2014
Source: Derived from USDA/AMS, ASI



Feeder Cost of Gain Might Increase Marginally in Q2 if Corn Prices Rise

- ▶ Unexpectedly strong corn export demand raised the season-average corn price forecast in April by 10 cents to \$4.40 to \$4.80 per bu. in its 2013/14 marketing year (USDA/ERS).
- ▶ Yet, “prospects for markedly higher U.S. corn prices through spring-summer 2014 are still somewhat limited by the presence of larger U.S. and World corn supplies in grower’s ownership that remain to be moved on to the market,” (KSU, 4/2013).

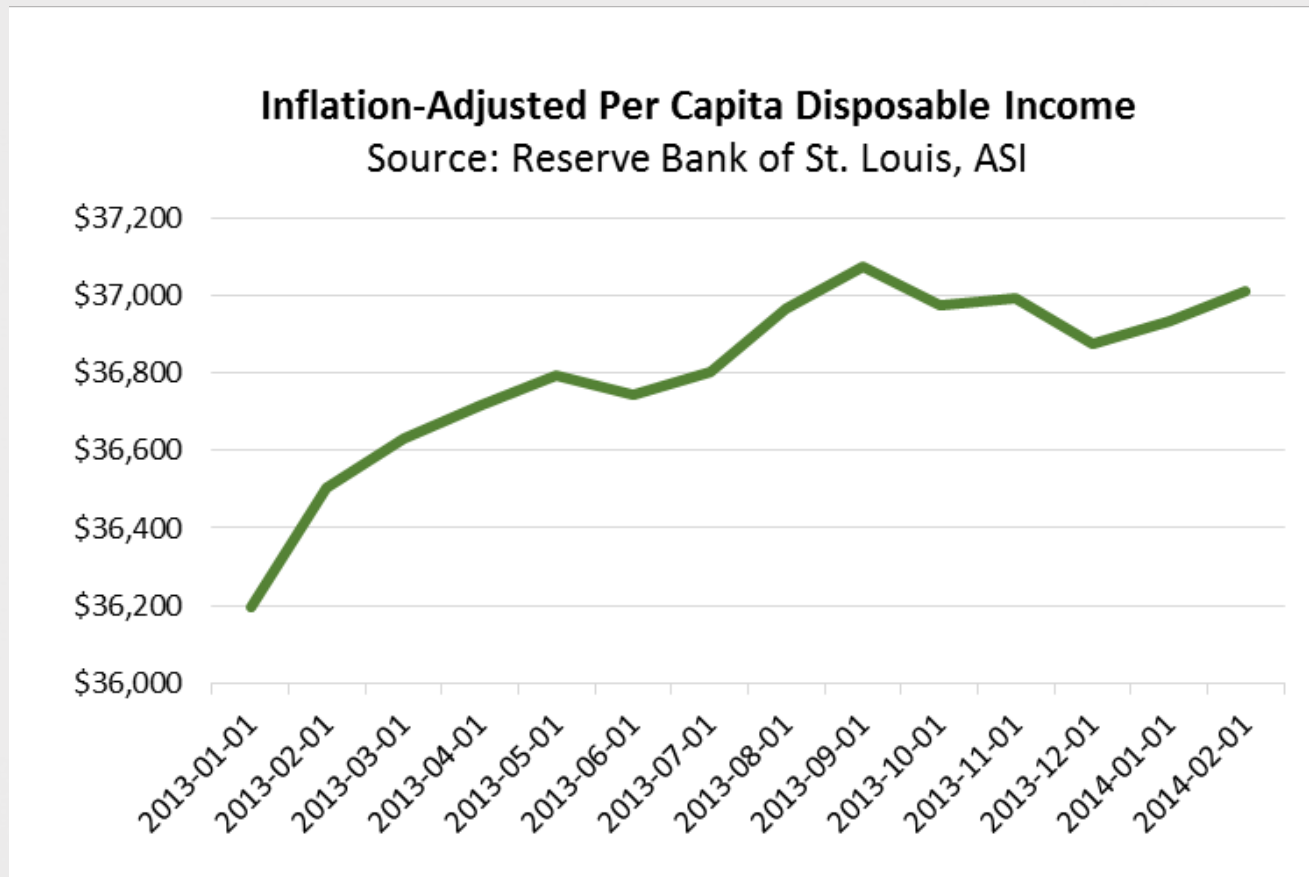
Retail & Foodservice Forecasts



- ▶ Higher expected meat prices could challenge meat sales.
 - ▶ And yet, planned purchases for beef, pork, and chicken in April were steady despite the increased price expectations (*Food Demand Survey*, Oklahoma State, 4/2014).
- ▶ In April, consumers anticipate eating out less often and spending less money doing so (*Food Demand Survey*, Oklahoma State, 4/2014).
- ▶ Restaurant sales registered a solid gain in March, and returned to the levels reached before the recent soft patch (National Restaurant Association, 4/14/2014).
- ▶ While 55% of surveyed restaurant operators expect economic conditions to remain generally unchanged in the next six months, 40% of operators said they expect to have higher sales in six months compared to a year ago (National Restaurant Association, 4/14/2014).

As meat prices rise, higher incomes will help maintain demand.

-- Income grew in Jan. & Feb. after falling 5% between last Sept. and Dec.



LMIC Forecasted Total Lamb & Mutton Supplies Could be up 7% Year-on-year in the First Half of 2014

- ▶ Higher domestic slaughter could translate into higher production, compensating for lower forecasted imports.
- ▶ In a period of increased lamb supplies, price trends in coming months will ultimately depend upon lamb quality and the ability for lamb demand to rebound.