

# Industry projections 2023

## Australian sheep





MLA's Market Intelligence – [insights@mla.com.au](mailto:insights@mla.com.au)

### KEY POINTS

- National flock is forecast to grow to its highest level since 2007.
- On farm medium term confidence, a genetically superior flock and larger breeding ewe numbers are the drivers.
- Record lamb production and exports are forecast for 2023, eclipsing 2016 and 2022 respectively.



### KEY 2023 NUMBERS

-  **Flock:**  
**78.75** million head
-  **Lamb slaughter:**  
**22.6** million head
-  **Lamb production:**  
**569,000** tonnes cwt
-  **Sheep slaughter:**  
**7.6** million head

\*Graphic illustrates year-on-year change

## Summary

In 2023, the national sheep flock will grow to its highest level since 2007 at 78.75 million head.

Growth is forecast across all states, with larger improvements in flock numbers expected from SA, WA, Queensland and Tasmania. The key states of NSW and Victoria are also forecast to lift numbers, although not as significantly as the others.

Optimal breeding conditions, a genetically superior flock, improved lambing percentages and medium-term industry confidence at the farm gate level are all key factors driving this growth. As the flock grows in 2023, turn-off is expected to increase slaughter numbers and therefore production.

Internationally, the decline of the New Zealand (NZ) flock size presents an opportunity for Australia to increase its market share as the largest exporter of sheepmeat in the world. In the United Kingdom (UK), declining NZ imports and a heavy reliance on UK exports entering European Union (EU) nations may support Australia's position to expand exports into the UK once the Australia-UK Free Trade Agreement comes into effect later this year.

Overall, Australia's sheep industry is in an exciting position of continued growth and development, with local production and the flock forecast set to rise, while global demand for high quality sheepmeat in established and emerging markets continues. The industry's ability to continue to deliver high quality protein and be a world-leading producer will define 2023 as a positive and optimistic year.

Table 1: Situation and outlook for the Australian sheep industry

	2017	2018	2019	2020	2021	2022e	% change 2022 <sup>e</sup> on 2021	2023 <sup>f</sup>	2024 <sup>f</sup>	2025 <sup>f</sup>	% change 2025 <sup>f</sup> on 2022 <sup>e</sup>
<b>Sheep and lamb numbers ('000 head)*</b>											
As at 30 June	72,125	70,607	65,755	64,000	70,885	76,024	7%	78,751	79,510	78,524	3%
Percentage change	6.8%	-2.1%	-6.9%	-2.7%	10.8%	7.7%		3.6%	1.0%	-1.2%	
<b>Slaughtering ('000 head)</b>											
sheep	7,536	9,521	9,344	5,956	5,100	6,120	17%	7,589	8,467	9,483	55%
lamb	22,431	22,725	21,624	19,900	20,250	22,036	9%	22,631	23,197	22,965	4%
Total	29,967	32,246	30,968	25,856	25,350	28,156	11%	30,220	31,664	32,448	15%
<b>Avg carcass weight (kg)</b>											
sheep	24.8	23.7	24.2	25.5	25.6	25.1	-2%	25.5	25.3	25.0	0%
lamb	22.7	22.5	23.3	24.7	24.7	24.9	1%	25.1	24.9	24.6	-1%
<b>Production ('000 tonnes carcass weight)</b>											
mutton	188	225	228	152	128	154	17%	193	214	237	54%
lamb	509	511	504	487	502	549	10%	569	577	585	7%
Total production	697	736	732	639	630	702	11%	762	791	822	17%
<b>Live exports ('000 head)</b>											
	1,887	1,176	1,118	811	575	502	-9%	500	540	580	16%
<b>Sheep exports** ('000 tonnes)</b>											
mutton shipped weight	147	180	184	123	104	144	33%	155	172	191	33%
carcass weight	179	215	218	150	127	173	31%	187	208	230	33%
lamb shipped weight	251	267	282	264	265	284	7%	310	306	306	8%
carcass weight	302	324	337	320	319	342	7%	373	369	369	8%
<b>Domestic utilisation ('000 tonnes c/c weight)***</b>											
Total Carcass Weight	207	187	167	166	162	207	27%	196	208	216	5%
kg/head***	8.4	7.5	6.6	6.5	6.1	6.6	8%	6.7	6.6	6.6	

Source: ABS, DAFF, MLA forecasts

\* MLA's forecasts and estimates are based off ABS data including operations with an EVAO below \$40,000 per annum. For more information, please visit [www.abs.gov.au](http://www.abs.gov.au)

\*\* excl. canned/misc, shipped weight

\*\*\* Domestic meat consumption is measured by removing the portion of exports (DAFF data) from total production (ABS data) and assuming the difference is consumed (or at least disappears) domestically. Imports are also added to domestic consumption when present. Per capita consumption is calculated by dividing domestic consumption by ABS population data. Please note that domestic per capita consumption is entirely a supply statistic and does not take account of waste or non-food uses of livestock meat products.

f = forecast  
e = estimate

# Assumptions

## Weather

In December 2022, Australia registered the second highest winter grain harvest on record, demonstrating the strong seasonal conditions across southern Australia over the past 12 months. These harvest records are indicative of favourable seasonal conditions for Australia's major sheep growing regions within the wheat–sheep production zone.

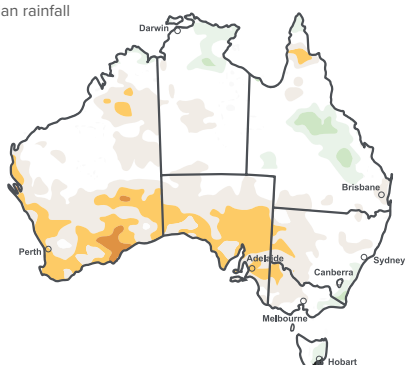
The Bureau of Meteorology (BOM) has forecast that the Indian Ocean Dipole (IOD) will enter a positive phase in 2023. A positive IOD results in less rain across southern Australia, where most of Australia's sheep population is located.

Figure 1: Australian rainfall outlook – Feb to April 2023

Chance of exceeding the median rainfall

### Legend

- Above 80% chance
- 75-80% chance
- 70-75% chance
- 65-70% chance
- 60-65% chance
- 55-60% chance
- 45-55% chance
- 40-45% chance
- 35-40% chance
- Below 30% chance



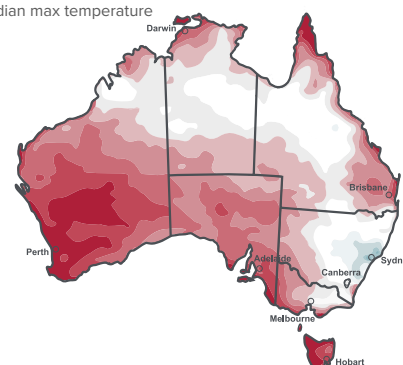
Source: Bureau of Meteorology

Figure 2: Australian temperature outlook – Feb to April 2023

Chance of exceeding the median max temperature

### Legend

- Above 80% chance
- 75-80% chance
- 70-75% chance
- 65-70% chance
- 60-65% chance
- 55-60% chance
- 45-55% chance
- 40-45% chance
- 35-40% chance
- 30-35% chance
- 25-30% chance
- Below 20% chance



Source: Bureau of Meteorology

## Wool

The main wool price indicator – the Eastern Market Indicator (EMI) – has improved 11% since December 2022 when it sat at 1,224¢/kg. The EMI currently sits at 1,358¢/kg – back to where it sat in July last year.

The December wool price was the lowest it had been since January 2021. The wool price fall experienced at the end of 2022 was linked to China's strict COVID-19 lockdowns as the virus spread through the country, which also impacted port access.

Typically, high wool prices tend to shift the sheep flock demographics away from meat sheep to Merino types. In turn, lower wool prices encourage producers to invest in meat breeds. Higher wool prices are an important incentivisation for producers to grow more sheep – it is mutually beneficial for the wool price to be high for both wool growers themselves and the broader industry to produce more sheepmeat.

While wool prices have stabilised and declined in some categories and an acute shortage of shearers continues to plague wool growers, prime lamb producers are fetching premium prices for good quality stock. This means that producers have been incentivised to breed more crossbred, dual-purpose and shedding sheep breeds.

## Interest rates

At the date of writing, Australia's cash rate sits at 3.1% – the highest it's been since October 2012. High interest rates may impact land values and businesses that are heavily reliant on debt financing or overdrafts. Many analysts expect interest rates to keep rising until inflation sits within the Reserve Bank of Australia's (RBA) target range of 2–3%.

The big four banks have forecast the interest rate to remain above 3% in 2023. Their forecasts are outlined below:

- Westpac: 3.85%
- Commonwealth Bank of Australia (CBA): 3.35%
- National Australia Bank (NAB): 3.60%
- Australia and New Zealand Bank (ANZ): 3.85%

## Exchange rate

The Australian exchange rate, compared to the USD, sits at 69c as of 5 February 2023. This is the highest the Australian dollar (AUD) has been since August 2022, but it is 2¢, or 2.7%, below where it sat in January 2022. A high AUD affects the competitiveness of Australian meat exports but makes imported input supplies cheaper.

Australia's trade weighted index (TWI) currently sits at 61.9, below the 64.1 recorded in March 2022. The TWI reflects Australia's exchange rate compared to our main trading partners, weighted for the size of trade with each country.

## Farm Management Deposits (FMDs):

As of 30 December 2022, there was \$388m being held in Farm Management Deposits (FMDs) by 3,643 sheep farms. There is an additional \$1.195b held by mixed sheep-cropping farms.

FMDs ensure that Australian sheep producers have funds available should seasonal conditions deteriorate, or market prices fall. Compared to 2019 figures (when Australia was still in the grips of drought), these FMD numbers are far more positive. In December 2019, there was only \$365m being held in FMDs by sheep farms – today, there are 7% more funds being held by sheep farms in FMDs.

## Inflation

The RBA estimated that inflation for Q4 of 2022 would reach 8%, before falling to 6.25% by June 2023. This high inflation rate may mean consumers will become more conservative with expenditure as costs increase across the supply chain. It is also likely to lead to higher wage costs within the supply chain as salaries increase to reflect the rising cost of living.

## Input prices

### Fuel

According to the Australian Bureau of Statistics (ABS) Consumer Price Index (CPI) data, the average daily price of petrol in Australia was 179.9¢/L at the end of November 2022 (the most recent data point available). This price is 7.9% higher than petrol prices for the corresponding date in 2021 but is 17% below the 216.9¢/L record posted in March 2022 following the Russian invasion of Ukraine.

### Electricity

In the RBA November economic outlook, it was estimated that electricity costs could increase by 20–30% in 2023. Given the high energy needs of processing plants, such a rise in electricity costs will impact the profit margins of Australia's processing sector.

## Employment

Australia's Department of Home Affairs Migration Program planning indicates that in 2022–23, Australia will welcome 142,400 skilled workers, an increase of 79% on the previous financial year. This is an increase of 29% in reference to pre-pandemic (2018–19) levels. Encouragingly for the processing sector, regional skilled immigration is expected to reach 34,000 people – an increase of 204% on last year. It is hoped that the projected increase in immigration can help alleviate labour issues in the sector.

The availability of shearers has had a significant impact on the sheep industry over the last 12 months. According to the 2021 Census, there were only 2,395 shearers in Australia, 16% below the number of shearers reported in the 2016 Census (2,841). This significant reduction in shearing numbers has put pressure on wool-producing businesses, causing many to shift to meat and shedding breeds.

[Click here to view the 2022 Year in Review: A year of growth for the sheep industry](#)

# Supply

## Flock

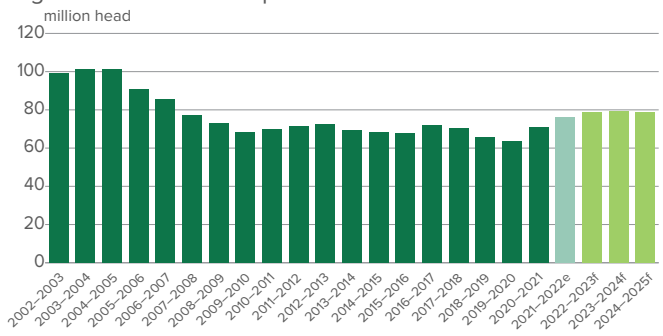
In 2023, Australia’s sheep flock is forecast to grow a further 3.6% or 2.75 million head to reach 78.75m – the highest level since 2007.

Medium-term confidence at the farm gate level, coupled with historically large numbers of breeding ewes and high marking rates, are driving increases across all states.

All states are expected to experience flock growth, with southern WA, Queensland and SA growing quickly as breeding ewe numbers rise. NSW and Victoria will continue to contribute to national flock growth, but it’s expected the growth in other states will be more prominent.

Looking ahead to 2024, the national flock’s growth is projected to moderate and plateau, reaching 79.5 million head (a rise of 1%, or 750,000 head year-on-year). In 2025, the national flock is estimated to fall to 2023 levels, although it will remain above the 10-year average.

Figure 3: National sheep flock



Source: ABS, MLA forecasts

## Slaughter

Lamb slaughter is forecast to reach 22.6m in 2023 as a result of large numbers of breeding ewes and strong marking rates. This is a rise of 595,000 head or 2.7% year-on-year.

Slaughter performance in 2022 demonstrated small stock processors had a greater ability to increase their throughput in line with higher supply – a trend MLA expects will continue in 2023.

According to the latest MLA Sheep Producer Intentions Survey, lambs released into the market after being held back last year will lead to an increase in lamb slaughter rates for the first half of 2023.

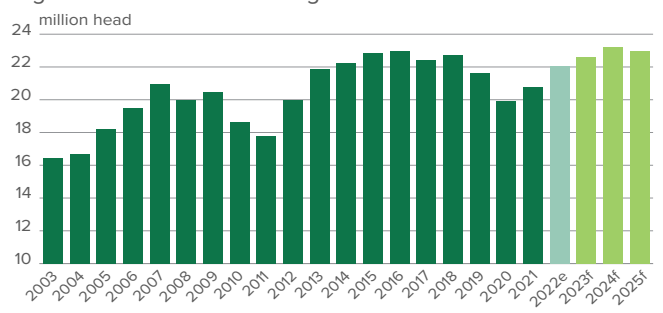
Looking further ahead, 2024 is forecast to be a record year for lamb slaughter, reaching 23.2m head. This would be a rise of 3%, or 560,000 year-on-year and higher by 1.1m head or 5% on the 10-year average. Numbers are forecast to soften mildly in 2025 to 22.9m head.

Sheep slaughter is set to increase significantly over the coming year as the current breeding ewe base grows beyond 2016 levels and producers remove non-performing females and introduce new genetics to their breeding flock.

In 2023, sheep slaughter is forecast to lift by 24% or 1.46m to reach 7.6m head.

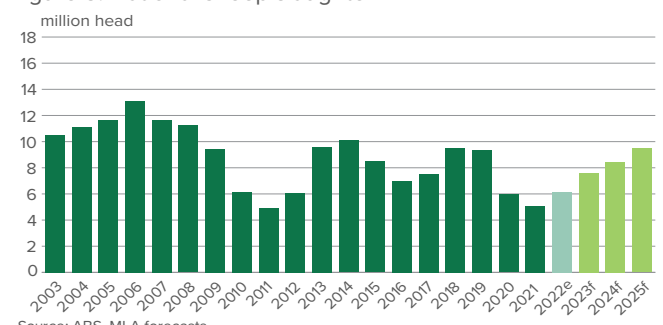
In 2024 and 2025, further rises are forecast, reaching 8.46m and 9.48m respectively. The 2025 slaughter volumes would represent a 55% or 3.3m head increase on 2022 volumes.

Figure 4: National lamb slaughter



Source: ABS, MLA forecasts

Figure 5: National sheep slaughter



Source: ABS, MLA forecasts

[Click here to access the MLA’s NLRs Weekly Slaughter Report](#)

# Carcase weights

Due to long term, genetic investment delivering productivity gains in the national flock, carcass weights are forecast to remain historically elevated moving forwards. This is despite weather forecasts suggesting drier conditions will occur in the second half of 2023.

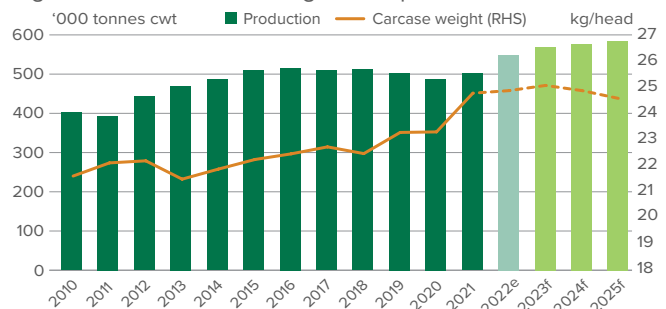
In 2023, lamb carcass weights are forecast to remain high at 25.1kg. This would be 11%, or 2.5kg/head, above the 10-year average.

The increases across key production metrics such as carcass weights demonstrate the productivity improvements made within the flock over the longer term and 2023's forecasts for carcass weight performance are indicative of this.

In 2024 and 2025, lamb carcass weights are forecast to decline to 24.9kg and 24.6kg/head respectively. These declines will be affected by seasonal conditions, although genetics are expected to support carcass weights remaining above the long-term average in these years.

Mutton carcass weights are set to remain relatively stable over the next three years, remaining above 25kg/head. They are forecast to rise marginally in 2023 to 25.5kg/head. The forecast for 2024 and 2025 suggests that weights are estimated to soften further to 25.3kg and 25kg/head.

Figure 6: Lamb carcass weights and production



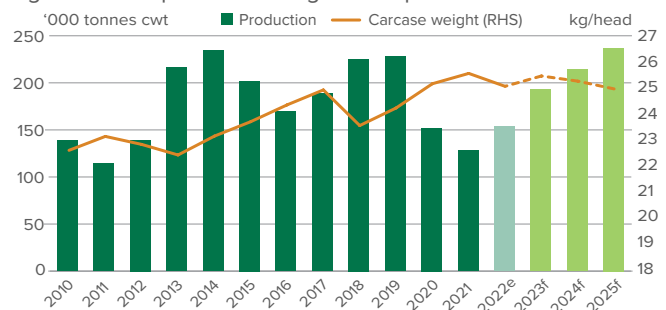
Source: ABS, MLA forecasts

## Production

Lamb production is set to break a new record in 2023, beating the old record achieved in 2022. This record will be achieved by historically high carcass weights and strong improvements in slaughter. Production is set to reach 569,000 tonnes in 2023. If this eventuates, this will be a 3.5%, or 20,000 tonnes, rise on 2022 estimates and 15%, or 74,000 tonnes, higher than the 10-year average.

In 2024 and 2025, further increases to 577,000 and 585,000 tonnes respectively are forecast as carcass weights remain strong and slaughter reaches record highs.

Figure 7: Sheep carcass weights and production



Source: ABS, MLA forecasts

It is expected that these record production levels will significantly enhance Australia's export volumes, also forecast to hit records for the three years from 2023.

Sheep production will strongly improve this year as slaughter volumes lift. Production is forecast to reach 193,000 tonnes of sheepmeat, a 25% increase year-on-year.

In 2024, mutton production is forecast to rise to 214,000 tonnes. This figure would reflect an 11% or 21,000 tonne increase on the 10-year average. By 2025, mutton production is forecast to reach 237,000 tonnes, the highest volume since 2014.

## Live export

For 2023 and beyond, a subdued outlook is anticipated for Australian live sheep exports. This is attributed to industry uncertainty compounding the ongoing impacts of significant regulatory changes imposed on the industry since 2018. With limited growth opportunities for exporters, consultation with various industry stakeholders estimate a static export volume of between 500,000 to 525,000 head expected for 2023.

The Gulf (Kuwait, United Arab Emirates, Oman and Qatar) remains the largest destination for Australian live sheep exports, with a collective market share of 80%. Despite increased Australian sheep supply and easing prices, exports to this region are anticipated to see limited, if any, growth in 2023. This is due to the prohibition on exports during the northern summer and Qatar's removal of subsidy support for Australian sheepmeat (live and boxed) effective from 2021.

One of the few markets to see growth is Israel, the only destination for Australian live feeder sheep exports, which is up 45% year-on-year to 69,308 head in 2022.

Since 2020, exports of Australian sheep to South-East Asia, particularly the key market of Malaysia, have also been declining, however regional import demand is expected to grow at a compound annual growth rate (CAGR) of 9.5% from 2023 to 2027 (Source: GIRA).

Middle East and North Africa (MENA) represents the largest destination for global live sheep trade, representing a share of approximately 60%. Live sheep demand across the Middle East remains strong due to sheepmeat's intrinsic connection with the region's culture, religion and lifestyles.

Although imports are likely to remain below pre-pandemic levels in 2023 and 2024, the region's growing population, expanding affluence and disposable incomes will increase sheep import demand longer term. Total live sheep and goat import demand in the MENA region (of 21 countries) is currently forecast to grow substantially at a CAGR of 4.8% from 2023 to 2027 (Source: GIRA).



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## Issues identified in MLA's Sheep Producer Intention Survey

### Input prices

Inflation continues to increase sitting at 7.3% in January 2023. This places pricing pressure on inputs and was further highlighted by unanimous feedback across all states in the Sheep Producer Intentions survey. The survey identified that 51% of producers expected a 0–10% increase in input prices and 35% expected an increase of more than 10%.

### Resource allocation

With many of the sheep operations in Australia considered 'mixed enterprise', fluctuations in grain prices can influence producer decisions and land use. Grain prices have been particularly high in the last few years with reduced supply on the international market due to the Ukrainian and Russian conflict and widespread drought conditions in the northern hemisphere. However, extremely high fertiliser costs, a key input in crops, has reduced the margins of many cropping enterprises.

Farmers are continually considering their land allocation for either grazing or cropping on a \$/ha basis. In some instances, sheep grazing will be more profitable, while in others it is more profitable to use the land for cropping. Overall, sheep and crop production complement each other.

### Cost of production

Energy costs are expected to rise 20–30% in 2023 according to the RBA. This will have a large impact on the processing sector and reduce profit margins.

According to the ABS Consumer Price Index (CPI) data, the average daily price of petrol in Australia was 179.9¢/l at the end of November 2022 with fuel prices remaining high. This will have a large impact along the entire supply chain but also on mixed farming enterprises who will have to decide between sheep or crop production.

Inflation and logistical issues have increased the cost of transport and other key production components such as packaging and waste removal. These are all key activities for all areas of the industry and subsequently, with limited supply available, the cost will increase.

### Labour

Labour continues to be an issue in the sheep industry with the cost of key skilled labour, such as shearers, increasing. The recent Sheep Producer Intentions survey released by MLA indicated that 65% of producers believed that access to labour will become more difficult over the next 12 months. Wages and lag times due to training have remained a large issue for all areas of the supply chain. Although some aspects of sheep and lamb processing are automated, there are still difficulties in filling jobs to keep up with capacity. These bottlenecks have been felt from farm to processor.

Although the Pacific Australian Labour Mobility (PALM) scheme encourages international workers to come to Australia for agricultural work, the upskilling of these workers for shearing and processing is lengthy and causes extensive lag times. New Zealand still have a more competitive market, allowing for older workers to gain access to the visa, an incentive that Australia has not implemented.

▶ [Click here to read the latest \*Sheep Producer Intentions survey\*](#)

# Global supply dynamics

## New Zealand

As the second largest sheepmeat exporter in the world, NZ plays an important role in the global lamb and mutton market. Good market access, quality assurance schemes and a strong reputation internationally mean that NZ sheepmeat often competes with Australian lamb and mutton in international markets.

However, due to the ongoing and substantial contraction in flock size in NZ, new opportunities may be made available to Australian producers and exporters as NZ's flock size decreases, wool and lamb production become less profitable compared to dairy production, and land availability decreases.

In 2022, sheepmeat production in NZ is estimated to peak at 440,000 tonnes, slightly below 2021 values but close to the 10-year average. Since the sharp decline in slaughter between 2008 and 2011, production has been relatively stable, sitting between 400,000–500,000 tonnes carcase weight.

This is despite a substantial reduction in flock size – which has been in decline for decades. Between 2000 and 2020, the NZ sheep flock declined by 42% from 43 million head to slightly over 25 million head, while the cattle herd grew by 6% and the dairy cattle herd grew by 29%, to 5.9 million head.

The relative stability in production compared to the flock size is mostly due to increases in carcase weights, which have steadily increased from 17.9kg/head in 2000 to 20.5kg/head in 2022. Although relatively marginal, this has kept production high enough to keep export volumes stable.

Since 2019, lamb weights have been relatively stable around 19.5kg/head, while adult sheep have been somewhat more volatile, peaking at 26.5kg/head in 2019 before falling back to 25.3kg/head in 2022.

Additionally, domestic consumption of sheepmeat has fallen rapidly and substantially. According to the OECD, domestic consumption in 2022 was 3.2kg/capita. This is an 87% fall from 2000 and a 43% decline from 2012. Currently, over 95% of lamb production is exported each year, and the very small amount of sheepmeat that is consumed domestically is unlikely to factor substantially into export predictions in the future.

With a shrinking national flock and little domestic consumption that could be exported, any increase in exports will most likely come from increased carcase weights and will be a key factor in determining export volumes. Seasonal conditions could also affect fluctuations.

Investments in genetics may increase carcase yields in the future but shifts in genetics take time to propagate through the flock and the impact will be seen slowly. This presents an opportunity for Australian producers and exporters as NZ and Australian sheepmeat have the main market positions, and slower export growth from NZ is likely to increase demand for Australian lamb and mutton.

Since 2019, over half of NZ's sheepmeat exports have gone to China, reflecting very high demand in that market. This is a shift from the 2000s, when similar volumes were exported from NZ to the United Kingdom (UK) and the Eurozone – markets that Australian exporters have difficulty in due to limited market access.

In recent years, successive Australian Governments have made considerable strides in gaining European market access, with talks ongoing for an Australia (AU)-European Union (EU) Free Trade Agreement (FTA) and the AU-UK FTA signed in December 2021. As NZ exports have increasingly shifted away from Europe, and towards China, improved opportunities for Australian sheepmeat in European markets may continue. This will be made possible by the demand in those markets for high quality imported lamb and mutton, which could potentially develop into a reliable trade and provide strong prices for Australian sheepmeat.

Figure 8: New Zealand shifts in herd and flock composition

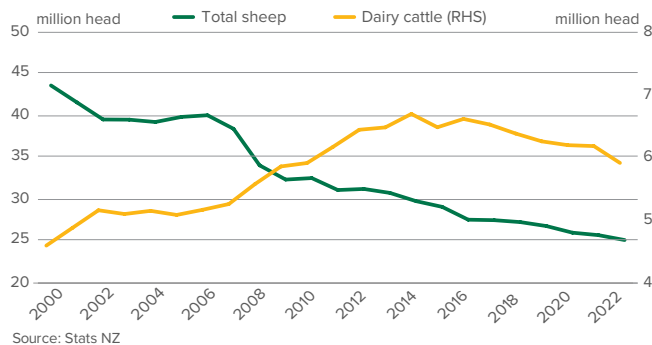


Figure 9: New Zealand sheep carcase weights since 2000

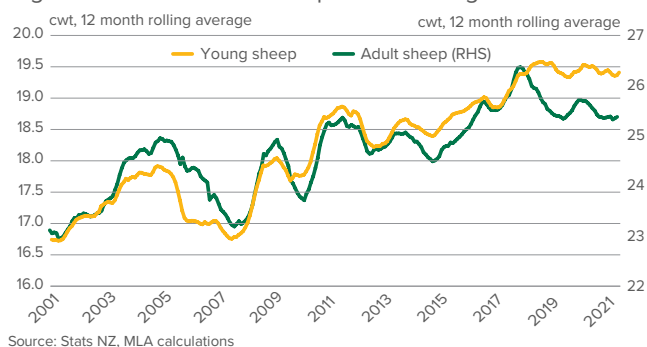
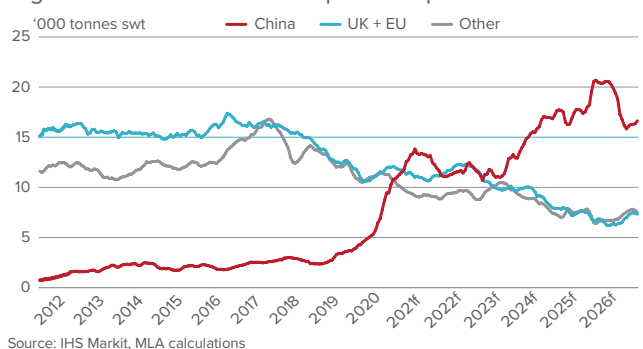


Figure 10: New Zealand sheepmeat exports since 2000



# UK

The ratification of the AU-UK FTA by the UK House of Lords is expected this year. When this occurs, Australian sheepmeat producers and exporters will be presented with an opportunity of a high value market that has been difficult to access since the UK's entry into the European common market in 1972.

As a major sheepmeat producer, the UK is deeply connected to the global market as an exporter and importer. As such, shifts in the global market over the past decade have reduced imports and presented an opportunity for Australian exporters to provide high quality lamb and mutton to a market with high consumer incomes and an existing cultural affinity for both sheepmeat and Australia.

As with any seasonal production, sheepmeat imports are used to flatten out seasonal changes in supply. Imports are especially important to supplement domestic supplies from February to May, the UK's lambing season.

In 2022, the UK produced 275,779 tonnes of sheepmeat, 3% more than 2021, but 5% lower than the 10-year average. Production declined between 2019 and 2022 before recovering in 2022.

Total UK sheepmeat imports have been steadily falling over the decade, but most of this decline is due to decreasing shipments from NZ, where annual exports have declined from 74,441 tonnes in 2010 to 34,164 tonnes in 2022.

The decline in NZ exports to the UK is linked to the rise of China as a consumer market. The growing purchasing power of Chinese consumers has caused global demand to increase for proteins of all types, and the increasing number of high-income consumers has meant that average prices for imported sheepmeat in China are trending closer to those in the UK, lessening the appeal of the UK for NZ exporters.

By contrast, over this period exports from Australia have stayed relatively consistent, and as such Australian market share has grown from 14% in 2010 to 18% in 2022. Although volumes are small in absolute terms and are limited by market access conditions, they are high enough to make Australia the second largest exporter in the UK market.

At the same time, the UK is also an exporter of sheepmeat. In the 12 months to November 2022, the UK exported 70,584 tonnes, making the UK the third largest exporter in the world after Australia and NZ. Like imports, the UK's exports help to flatten out seasonal peaks in production, peaking between September and December.

In 2022, 94% of the UK's sheepmeat exports went to EU member states. The proximity between the EU and UK meant that 92% of exports overall were chilled, allowing higher revenues than would otherwise be possible. To an extent, the UK's import and export mix is an exercise in value optimisation alongside smoothing out supply.

High prices and restricted supply have marginally weakened lamb consumption in the UK over the past decade, although consumption has grown since 2021. MLA's Global Consumer Tracker found that consumers are willing to pay more for lamb, and opportunities exist both in retail and foodservice channels to increase market share – especially as imports from NZ continue to decline.

## Supply outlook

Findings from the October release of the Sheep Producer Intentions survey indicate that 46%, or 10.1m, lambs from the 2022 cohort will be sold in the first six months of 2023. This dynamic mirrors how 2022 operated, with large volumes of lambs sold in the new year after being retained on-farm from the typical 'spring flush' period due to lack of finish as a result of the wet conditions.

Due to this, slaughter numbers are expected to remain elevated well into the winter supply lull because of the larger 2022 lamb drop. The sale of 2022 lambs may place pressure on prices from a processor demand perspective as the year continues. Lamb quality, finish and fat cover may be the key determinant of prices received this year due to the large supply available.

## Price forecasts

Price forecasts of the National Trade Lamb Indicator were not requested of industry analysts by MLA while it undertakes its indicator review. Impending changes are to be made as a result. The MLA Market Information team expects to request price forecasts for the July 2023 sheep projections.

Figure 11: UK sheepmeat production since 2013

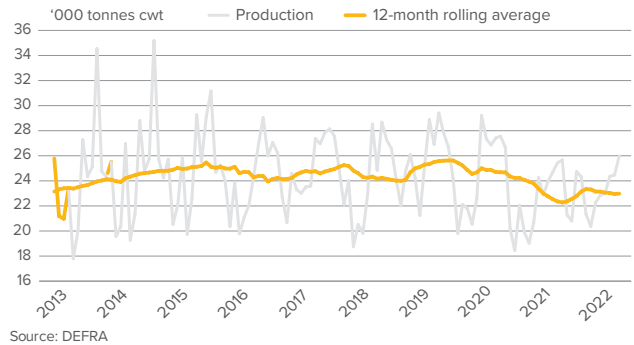
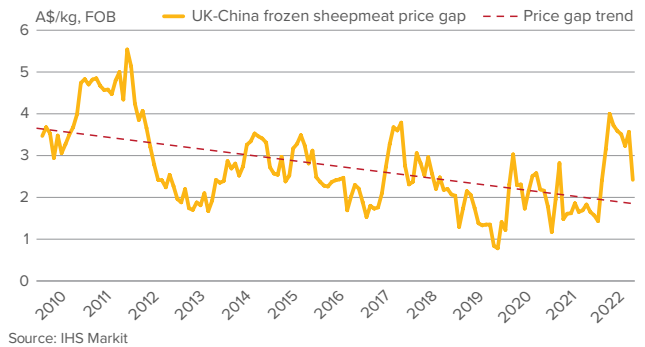


Figure 12: UK-China Import price gap since 2010





# Looking ahead

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Over the next 12 months, the continuation of Australia's flock growth will translate into higher slaughter volumes across both lambs and mutton, resulting in solid increases in exports. This trend will be a closely followed development throughout 2023 for the Australian sheepmeat industry.

With ample availability of grass and water, and a genetically superior flock to that of three years ago, supply of sheep and sheepmeat will be strong throughout the year.

Internationally, the demise of the New Zealand flock due to enterprise competition with dairy presents Australia a unique long-term opportunity to capitalise and increase its market position as the world's largest exporter of sheepmeat. In a global space, the opportunity for the Australian sheepmeat industry to continue to capture market share, relative to its competitors, also offers long term optimism.

The Australian sheep industry has placed itself in an exceptionally exciting position for 2023 and beyond. On-farm conditions and confidence at the producer level are extremely strong, prices remain on-par with longer term averages and global demand for Australian sheepmeat is as solid as it has ever been.

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