

Industry projections 2023

Australian sheep – July update





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KEY POINTS

- Nation's breeding ewe flock will reach its highest level since 2007 at 46.14 million head.
- Production and slaughter volumes are forecast to lift sharply.
- Changing global supply dynamics ensures Australia will continue to strengthen its grasp as the world's largest sheepmeat exporter.



KEY 2023 NUMBERS

-  **Flock:** 78.75 million head
-  **Lamb slaughter:** 21.9 million head
-  **Lamb production:** 540,000 tonnes cwt
-  **Sheep slaughter:** 7.82 million head

*Graphic illustrates year-on-year change

Summary

In 2023, Australia's sheep flock and its breeding ewe numbers reached their highest levels since 2007 at 78.75 million and 46.14 million head respectively.

Three consecutive years of above-average rainfall in Australia's sheep regions have driven an exceptional recovery, which has now translated into the growth of the flock.

The outcomes of this strong improvement in numbers will deliver strong volumes of finished-weight stock to market, underpinned by improved genetics and on-farm management driving historically elevated carcass weights. These factors will deliver record lamb production and export volumes, as well as high mutton production, ensuring Australia can continue to meet its domestic and ever-increasing global demand for high quality sheepmeat.

Internationally, the continued decline of New Zealand's sheep flock and its stagnant production levels solidifies Australia's position as the largest sheepmeat exporter in the world. The global dynamics shifting in Australia's favour, coupled with growing demand and interest in sheepmeat by consumers, aligns with strong improvements in Australian production volumes.

Australia is extremely well placed to capitalise on this demand and global supply dynamics as our production volumes rise.

Table 1: Situation and outlook for the Australian sheep industry

	2017	2018	2019	2020	2021	2022 ^e	% change 2022 ^e on 2021	2023 ^f	2024 ^f	2025 ^f	% change 2025 ^f on 2022 ^e
Sheep and lamb numbers ('000 head)*											
As at 30 June	72,125	70,607	65,755	64,000	70,885	76,024	7%	78,751	79,222	77,741	2%
Percentage change	6.8%	-2.1%	-6.9%	-2.7%	10.8%	7.7%		3.6%	0.6%	-1.9%	
Slaughterings ('000 head)											
sheep	7,536	9,521	9,344	6,142	5,804	6,632	13%	7,826	8,695	9,825	48%
lamb	22,431	22,725	21,624	20,421	20,790	21,404	3%	21,875	22,422	22,198	4%
Total	29,967	32,246	30,968	26,563	26,594	28,036	5%	29,701	31,117	32,023	14%
Avg carcase weight (kg)											
sheep	24.8	23.7	24.2	25.5	25.6	26.0	2%	25.2	25.0	24.7	-5%
lamb	22.7	22.5	23.3	24.7	24.7	25.0	1%	24.7	24.5	24.2	-3%
Production ('000 tonnes carcase weight)											
mutton	188	225	228	152	128	172	29%	197	217	243	41%
lamb	509	511	504	487	502	535	7%	540	548	537	0%
Total production	697	736	732	639	630	708	12%	737	765	780	10%
Live exports ('000 head)											
	1,887	1,176	1,118	811	575	502	-9%	582	609	637	27%
Sheep exports** ('000 tonnes)											
mutton shipped weight	147	180	184	123	104	144	33%	162	183	205	42%
carcase weight	179	215	218	150	127	173	31%	195	220	247	42%
lamb shipped weight	251	267	282	264	265	284	7%	300	310	305	7%
carcase weight	302	324	337	320	319	342	7%	367	373	366	7%
Domestic utilisation ('000 tonnes c/c weight)***											
Total Carcase Weight	207	187	167	166	162	193	19%	173	175	171	-11%
kg/head***	8.4	7.5	6.6	6.5	6.1	6.6	8%	6.3	6.4	6.2	-7%

Source: ABS, DAFF, MLA forecasts

* From 2017 is an MLA estimate based on ABS Data - Figures as of 30th June. Please note, the flock estimates are based off the new EVAO cut off used by the ABS. Previously this was \$5,000 EVAO, but was changed upwards to \$40,000 EVAO. For more information, please visit www.abs.gov.au

f = forecast
e = estimate

** 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.

Assumptions

Weather

Australia has experienced a wet 24 months – only parts of south-west WA and western Tasmania have experienced rainfall deficiencies over the past two years. Therefore, it has been concluded that none of Australia is currently in drought. The past two years of favourable weather has translated into high grain stores, high soil moisture and lots of available ground water. This will prevent a period of widespread drought-induced stock liquidation throughout 2023 and 2024.

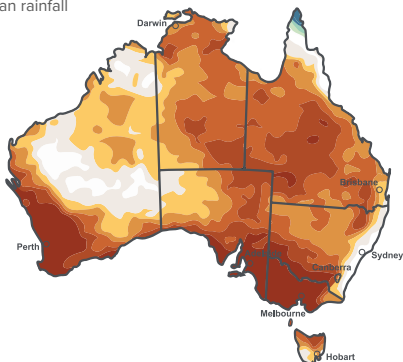
Despite that, May was drier than usual in southern Australia. However, solid rainfall in June has been welcomed in Australia's south – the strong front that brought rain to WA, SA and Victoria was a welcome relief.

Figure 1: Australian rainfall outlook – Aug to Oct 2023

Chance of exceeding the median rainfall

Legend

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



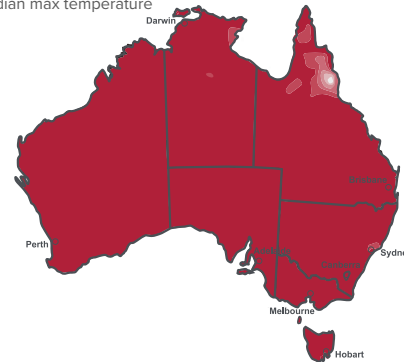
Source: Bureau of Meteorology

Figure 2: Australian temperature outlook – Aug to Oct 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
- Below 35% chance



Source: Bureau of Meteorology

In 2023, the Indian ocean dipole (IOD) will be the dominant climate driver dictating weather conditions. The IOD is expected to enter a positive phase between June and November. A positive IOD brings higher temperatures and less rainfall to southern Australia. The warmer temperatures associated with the IOD could assist lamb survivability and finish.

Overall, 2023 is likely to be an average year regarding weather. However, the last three years of excellent seasonal conditions have placed Australia in a favourable position going into the end of 2023 and early 2024.

Furthermore, containment feeding infrastructure invested in during the 2017–2019 drought means Australian sheep producers are better prepared for future periods of drier conditions.

Interest rates

Australia's cash rate currently stands at 4.1%, marking the highest level since February 2012. The recent increase in interest rates may have implications for land values and businesses that heavily rely on debt financing or overdrafts.

The Reserve Bank of Australia (RBA) has reinforced its commitment to ensuring inflation sits within its target range of 2–3%, meaning the outlook for further rate rises depends on the economy's ability to slow to the target range.

Exchange rate

The Australian exchange rate against the US dollar (USD) currently stands at 0.68 USD. This represents a strengthening of the Australian dollar (AUD) compared to May, when it was 0.65 USD. The AUD is performing well at only 3¢ below the exchange rate from February.

A stronger AUD can impact the competitiveness of Australian meat exports, but it also leads to lower costs for imported input supplies. With the supply that Australia is producing at the moment, our mutton and lamb exports should remain competitive on the international market. Australia's trade weighted index (TWI), which measures the AUD against our primary trading partners, is at 61.5 as of June 2023 (down on figures seen last year).

Inflation

The RBA projected that inflation for Q4 2022 would reach 8%, but it has since decreased to 5.6% and is expected to continue declining due to previous cash rate hikes.

The current inflation rate of 5.6% may prompt consumers to adopt a more cautious approach to spending as costs rise across the supply chain.

Moreover, this high inflation rate is likely to result in increased wage costs within the supply chain as salaries are adjusted to account for the rising cost of living in the new financial year.

Breed breakdown (Sheep Producer Intentions Survey data)

The Sheep Producer Intentions Survey is run three times a year and gives an indication of breeding ewes and lambs on-hand by breed.

Results show 64% of total breeding ewe numbers are Merino, 14% first-cross (Merino crossed with another long-haired breed) and 12% are terminal breeds (breeds entirely focused on meat production). Some producers who indicated a dual-purpose breed could be referring to a Merino or Merino mix as well.

The October 2022 survey indicated that 40% of the lamb flock was pure Merino, 35% prime lamb and 15% first-cross.

The May 2023 survey also gave an indication of what producers intend to do with their breeding ewe numbers in the next 12 months. Results showed that:

- 30% were expecting to increase
- 38% expected to remain the same
- 32% were expecting to decrease – furthermore, 69% of these producers are going to decrease numbers by culling older ewes that they may have retained from the rebuild. This will support higher mutton slaughter. The retention of productive breeding ewes will allow for good lamb drops this season.

Supply

Flock

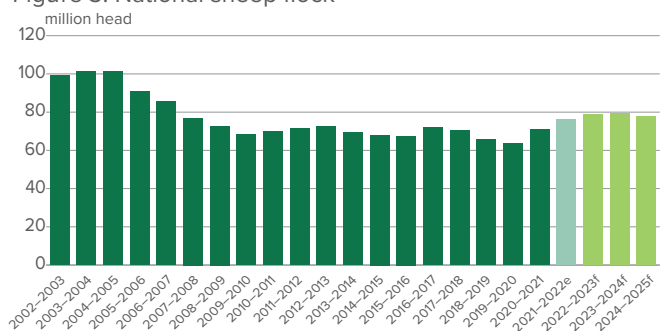
The flock forecast has remained firm on February 2023 projections at 78.75 million head.

Flock forecasts for 2024 and 2025 have been revised down due to higher mutton slaughter volumes, as the total number of breeding ewe declines as a result of this.

The 2024 flock estimate has been revised down by 288,000 head. Despite the downward revision, the flock is still forecast to reach 79.22 million head – the highest it has been since 2007. In 2025, the flock is forecast to decline to 77.74 million head – this has been revised down by 1% or 783,000 head compared to February projections.

Despite the flock size being revised downwards, all three forthcoming flock sizes will be the highest since 2007 and well above 10-year averages.

Figure 3: National sheep flock



Source: ABS, MLA forecasts

Slaughter

The defining outcome of 2023's sheep and lamb slaughter will depend on how processors prioritise sheep and lamb processing, as this will affect total volumes.

Lambs

Although lamb slaughter is forecast to be softer than February projections, the benefit of lower lamb processing numbers is the sustenance of stronger numbers on-farm out to 2025.

Compared to February projections, 2023–2025 calendar year slaughter volumes have been revised down. In 2023, lamb slaughter is forecast to reach 21.87 million head. This is a revision down of 3% or 756,000 head. Although slaughter is down on February volumes, the July forecast would be an increase of 471,000 head on 2022 totals if reached.

For 2024, lamb slaughter is forecast to reach 22.4 million head. If reached, this would be the highest since 2018. Compared to February projections, the 2024 volume has been revised down by 3% or 775,000 head.

In 2025, lamb slaughter is forecast to reach 22.2 million, a revision down compared to February projections of 767,000 head or 3%.

Sheep

At the time of writing, national mutton slaughter in 2023 is operating 60% or 1.51 million head higher than year-to-date 2022 volumes. Compared to February projections, mutton slaughter has been revised higher by 3.1% or 237,000 head, forecast to reach 7.83 million head.

In 2024, mutton slaughter has been revised higher by 2.7% or 228,000 head to 8.7 million head. By 2025, mutton slaughter is forecast to reach 9.82 million head – the second highest volume (behind 2014) since 2008.

The strength of the flock rebuild has delivered the largest breeding ewe flock the country has seen since 2007. As a result of this, increased turn-off of cast-for-age and non-performing ewes can be expected moving forwards, which is driving these higher forecasts.

[Click here to access the MLA's NLRS Weekly Slaughter Report](#)

Carcase weights

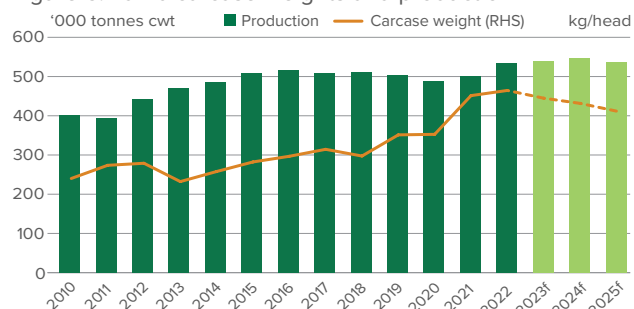
Changing seasonal conditions are expected to affect carcass weights over the next three years. Long-term investment in genetics will enable them to reach levels above historical averages, but not maintain the record highs seen in recent history.

Lamb carcass weights are projected to ease to 24.7kg in 2023 and continue to decline to 24.2kg in 2025. Carcass weights in 2023 will remain 7% above the 10-year average.

Sheep carcass weights are expected to ease to 25.2kg in 2023, 3% higher than the 10-year average. Carcass weights are going to further soften to 24.7kg out to 2025. Carcass weights remaining relatively stable over the next three years will support the high lamb and mutton production forecasts out to 2025.

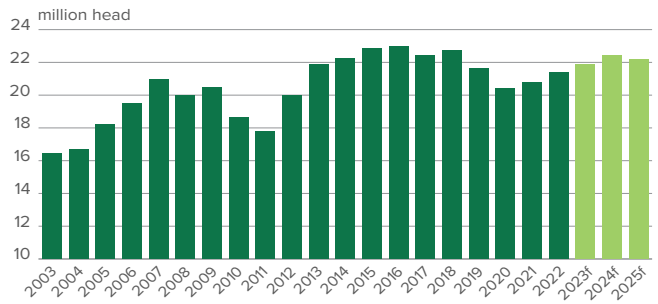
A move towards meat breeds and improvements in management and genetics are behind the long-term trend of higher carcass weights.

Figure 6: Lamb carcass weights and production



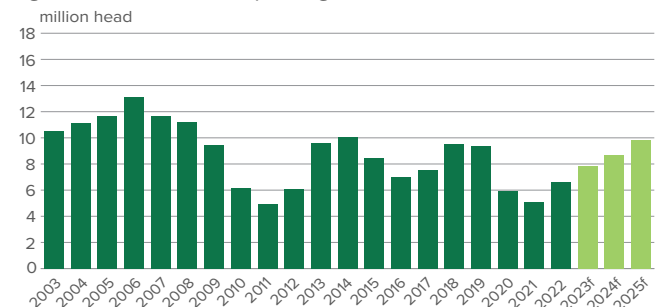
Source: ABS, MLA forecasts

Figure 4: National lamb slaughter



Source: ABS, MLA forecasts

Figure 5: National sheep slaughter



Source: ABS, MLA forecasts

Production

The lamb production figure has been revised back slightly compared to February projections. This adjustment is due to prioritisation from processors as supply increases and sheep prices ease. Mutton slaughter has consistently remained high, with processing facilities allocating more kill space to mutton over lamb.

Lamb production is expected to reach 540,000 tonnes in 2023, still beating 2022's record production of 534,500 tonnes. Production will continue to increase in 2024 to 548,000 tonnes and then ease in 2025 to 537,000 tonnes after successive years of high mutton slaughter reducing lamb supply.

The supply of lambs entering the market will continue to flow through the system with another good lamb drop expected this season. This will allow for continued high slaughter numbers, flowing through to increased production in 2023 and 2024.

Mutton production has been revised upwards on MLA's February projections to 197,000 tonnes in 2023. This follows strong weekly kill numbers in the first half of 2023 as processors prioritise mutton slaughter over lamb slaughter. In 2024, mutton production is expected to reach 217,000 tonnes and then further increase to 243,000 tonnes in 2025. This will be the highest mutton production since 2007, driven by older ewes being turned off and carcase weights remaining relatively high. As seasonal conditions change, producers will cull ewes more heavily, supporting increased production.

Live export

The Australian live export industry's performance has been impacted by several factors in recent years. These include government regulation, a diminished flock caused by a historic drought leading to sustained elevated sheep prices reducing import demand, and a decline in consumer demand in part triggered by the pandemic. However, there has been a gradual recovery since the last quarter of 2022, as some of these factors have turned around. For the first five months of 2023, Australian live sheep exports have increased in volume by a remarkable 42% compared to the same period in 2022, indicating a strong rebound in demand.

Based on several factors (positive January to May exports in 2023, anticipated future supply availability and market demand), in conjunction with stakeholder consultation, MLA forecasts a 16% year-on-year uplift for 2023 compared to 2022, amounting to a total of 582,000 head. This upward momentum is expected to be carried through the next two years, bolstered by improvements in key market demand and increased supply in Australia.

The Middle East continues to be the largest destination for Australian live sheep exports. The region's economic recovery following the pandemic, bolstered by higher global oil prices, has driven an expansion of the foodservice channel and the return of leisure and hajj tourists, collectively contributing to increased demand for sheepmeat.

In recent years, high sheep prices and limited supply in Australia led to increased volumes into the region from other suppliers to fulfil demand. However, Australia has begun to regain market share, driven by the high quality, consistency and volumes of Australian sheep, which is preferred by trade and end consumers. Future import demand growth holds significant importance for the Australian sheep industry in key markets such as Kuwait, the United Arab Emirates, Oman and Jordan. Forecasts indicate a significant potential for expansion, with these markets expected to experience a compound annual growth rate increase in total sheepmeat consumption of 1.2%, 3.6%, 2.7% and 3.5% respectively, from 2022 to 2027 (Source: GIRA), representing potential opportunities for Australian live sheep to contribute to satisfying this rising demand.

Demand for Australian sheep in Israel has witnessed notable growth since 2020, even during a period of relatively high prices for Australian sheep. Continued growth was evident in the January to May 2023 period, with exports more than doubling year-on-year, resulting in Israel becoming Australia's second-largest market in 2023 to-date. In addition, there is potential opportunity for exports to Saudi Arabia to recommence to meet strong demand growth in that market.

Australian industry faces a notable challenge with the Federal Government's commitment to phase out live sheep exports during its next term. Despite strong import demand for Australian sheep and good supply capacity out of Australia over the coming years, the uncertainty around the phase-out timing is challenging for producers, exporters, importers and all other parts of the supply chain involved in supplying Australian sheep to overseas markets.



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Global supply dynamics

New Zealand

Lamb and mutton from Australia and New Zealand made up over 70% of internationally traded sheepmeat in 2022. This is consistent with historic patterns, as very large sheep flocks and relatively small populations have created large surpluses that are balanced out across different markets. While the Australian outlook is positive, exports from New Zealand are likely to decline in the medium-to long term, as changes in land use patterns depress the flock size and subsequently affect production.

Land use

Flock sizes in both Australia and New Zealand declined substantially from the 1980s through to the early 2010s, as structural adjustments took place in their respective industries. In Australia, numbers stabilised in the early 2010s and have since fluctuated in line with climate cycles. By contrast, the New Zealand flock continued declining at an average rate of 2%, from 31 million head in 2012 to 25 million head in 2022.

This is largely due to shifts in agricultural land use in New Zealand. The amount of land dedicated to sheep pasture declined by 29% between 2002 and 2019, to slightly over 4 million hectares. In the 2000s, this was mainly caused by increased land allocated to dairying, as dairy export values rose substantially faster than wool production. In more recent years, both sheep and cattle land use has declined, with increasing land used in forestry, carbon banking and increased suburbanisation.

Production

This has led to steady declines in lamb and mutton production, at an average rate of 0.5% per year. This drop is slightly lower than the average decline in the New Zealand sheep flock, which has declined by an average 2% over the decade due to elevated turn-off rates and slightly higher carcass weights.

NZ carcass weights have increased by 4.5% between 2013 and 2022 to 19kg/head, while Australian sheep carcass weights have increased by 15% over the same period to 25kg/head. The much more robust increases in Australian sheep carcass weights have driven increases in production, while in New Zealand the more limited changes have simply moderated declines in production.

Exports

Exports have stayed consistent over the period, even as production declines. This is due to a significant reduction in domestic consumption. Strong demand growth in China, alongside consistent demand in the United Kingdom, has pushed sheepmeat offshore. Given the small amount of sheepmeat in domestic consumption, future declines in production will likely effect export volumes. For Australian exporters, this means slightly less competition relative to demand, and a strong outlook in the long term.

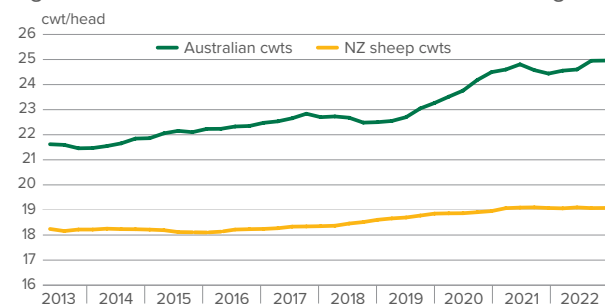
Mongolia

An unprecedented increase in the number of wealthy households around the world has led to a substantial increase in protein demand that has not been met by increases in production, boosting demand.

The increase in demand (and with it, global price) for beef and sheepmeat has increased the incentive for countries to either consider developing export-oriented production systems, or to look for new trading partners for imports.

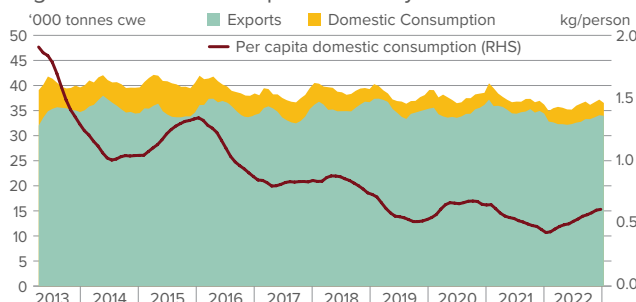
A clear example of this can be seen in the trading relationship between Mongolia and China. Cooked Mongolian sheepmeat has become a cheap, somewhat inconsistent component of China's import mix and stakeholders are exploring ways to expand the trade.

Figure 8: Australian and New Zealand carcass weights



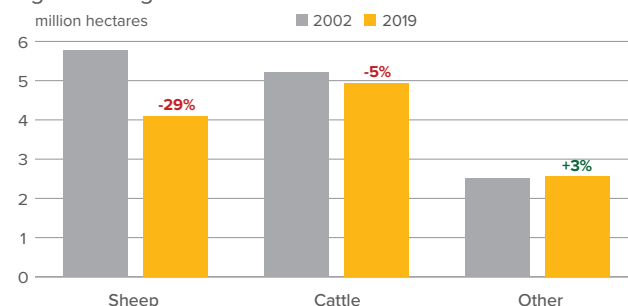
Source: Stats NZ, ABS, MLA calculations

Figure 9: New Zealand production by distribution channel



Source: Stats NZ, IHS Markit, Fitch Connections, MLA calculations

Figure 10: Agricultural land use – 2002 vs 2019



Source: Stats NZ

Mongolia first exported small quantities of processed sheepmeat to China in 2016, with exports peaking at over 17,000 tonnes in 2018 and maintaining relatively consistent export volumes since then.

In context, these export volumes are not enormous; China imported 370,000 tonnes of sheepmeat in 2022 and produced over 5 million tonnes domestically. Despite that, the development of a Mongolian sheepmeat export industry would be important in supplying the commodity-grade level of the Chinese market, which would affect demand in the market more broadly.

Mongolian processed sheepmeat is very cheap by international standards. Chinese imports cost an average of US\$2.29/kg in 2022, with the low cost largely driven by exchange rate effects and geographic advantages.

Firstly, live Mongolian sheep are cheap. In the year to May 2023, ewes cost US\$49/head, and prices have remained relatively consistent over the past decade (largely due to exchange rate effects). Since 2016, the Mongolian tögrög has lost slightly over half its value against the USD, while the price of sheep in domestic currency terms has roughly doubled. This has kept the value of sheep down in international terms, while increasing the purchasing power of producers domestically and making sheep herding relatively more attractive than it otherwise would have been.

The other cost factor is the geography; Mongolia's land border with China makes trade easier and cheaper than containerised shipping. Notably, most or all exports are coming through inland 'ports' in the cities of Hohhot and Manzhouli, both of which are in the Chinese province of Inner Mongolia.

Despite this, Mongolia would face substantial challenges in developing a boxed sheepmeat export industry like Australia.

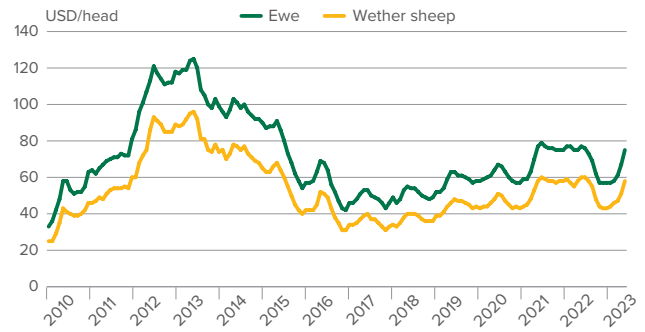
Mongolia's export infrastructure seems relatively underdeveloped, which has led to ongoing phytosanitary concerns which are likely to impede future export growth. China customs rejected 14 shipments of processed sheepmeat in the first four months of 2023, despite the relatively low volumes exported (IEFSB China). Compared to boxed sheepmeat exporters, this is an exceptionally high rejection rate and presents an obstacle to obtaining further market access.

Beyond phytosanitary issues, disease risk in the Mongolian flock is significant. In 2022, Mongolia reported three cases of foot-and-mouth disease (FMD) and is currently at level four of a progressive control pathway for FMD. Bacterial infections are not uncommon, and serious outbreaks have occurred in the past (most recently in 2012).

Additionally, the Mongolian sheep flock is largely made up of small flocks attached to households. This sort of system makes ensuring product consistency or standardised outputs difficult, which may go some way to explaining why average Mongolian carcass weights have not changed over the past decade despite the increase in per head value of sheep.

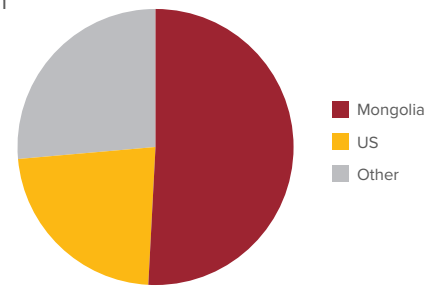
Despite these challenges, Mongolian sheepmeat may enter the Chinese market in the near future, where it would most likely supply a commodity-grade niche. Australia and New Zealand export substantial quantities of lamb and mutton to China, and Mongolian sheepmeat would compete on price with commodity-grade imports alongside Chinese domestic production.

Figure 11: Mongolian sheep prices



Source: National Statistics Office of Mongolia, MLA

Figure 12: China red meat import rejections by country of origin



Source: IEFSB China. Jan-Apr 2023

Prices

September forecasts

In a further expansion of price forecasts by six industry analysts, MLA has included a three-month price forecast to 30 September for both the National Trade Lamb Indicator and National Heavy Lamb Indicator in its latest Sheep projections. This is to reflect both a domestic lamb article price forecast and an export article-based forecast.

Based on current prices, analysts are forecasting an improvement in prices for both indicators between now and the end of September.

For the National Trade Lamb Indicator, analysts are forecasting the price to lift by 4.5% or 24¢ to reach 553¢/kg carcass weight (cwt) by 30 September (based on the current price of 529¢).

For the National Heavy Lamb Indicator, analysts are forecasting a price of 569¢ by 30 September. This would be an improvement of 7.4% or 39¢/kg cwt on its current price at 530¢.

If these prices eventuate, both indicators would remain below 10-year averages.

December forecasts

The same six industry analysts mentioned above are also forecasting improvements across the National Trade Lamb Indicator (NTLI) and National Heavy Lamb Indicator (NHLI) out to the end of 2023. This is despite the fact a large 2023 lamb drop is expected, delivering higher supply.

The NTLI is forecast to rise by 4.4% or 22.5¢ to 537¢/kg cwt by 31 December. Meanwhile, the NHLI is expected to see an improvement of 2.2% or 12¢/kg cwt, reaching 553¢/kg cwt.

The spread (upper limit minus lower limit) of both indicators is 97¢, tighter spreads suggest more surety in market forecasts, indicating analysts are expecting less volatility in prices between now and the end of 2023. Although, this average spread is lower than the 108¢/kg cwt for the NTLI forecast included within the July 2022 Sheep projections.

If the NTLI reaches 537¢ by the end of 2023, this price would be 20% or 136¢ below the 10-year weekly average of 673¢/kg cwt. If the NHLI reached its forecast price of 553¢ by the end of this year, this would be 16% or 106¢/kg cwt below the 10-year weekly average of 659¢/kg cwt.

Despite analysts predicting an improvement in prices, both indicators could come in below long-term averages if their forecasts eventuate. Higher supply of lambs as the flock reaches its highest level since 2007 this year are driving lower price forecasts, despite improvements in slaughter rates.

Table 2: Industry Analyst Trade Lamb and Heavy Lamb Price Forecast to 30 September

Indicator	Current price* ¢/kg cwt	10-year average ¢/kg cwt	Lower limit ¢/kg cwt	Average ¢/kg cwt	Upper limit ¢/kg cwt
National Trade Lamb	529.3	672.0	503.0	553.3	567.6
National Heavy Lamb	530.3	659.0	522.5	568.9	603.2

Source: Rabobank, Episode3.net, Mercado, ABARES, AuctionsPlus, Rural Bank
* Price current as at 03 July 2023

Figure 13: Industry analyst December 2023 NTLI forecast

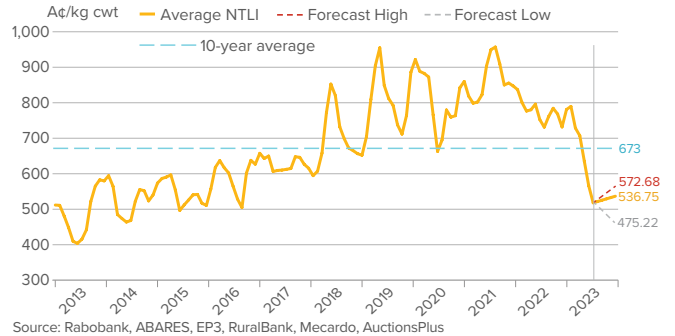
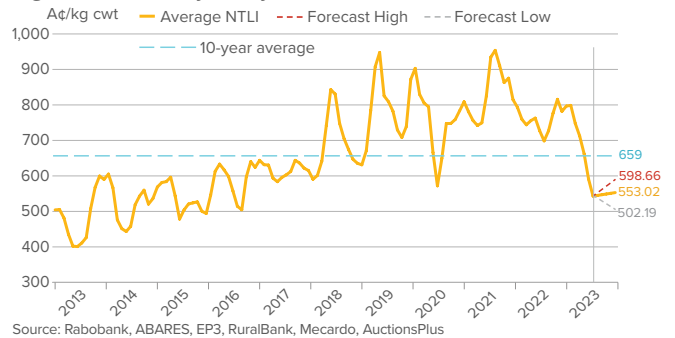


Figure 14: Industry analyst December 2023 NHLI forecast



Looking ahead

On the back of three excellent seasons, Australia's sheep industry is in a favourable position:

- Australia now has the largest sheep flock in the modern flock's era (highest level since 2007).
- Production levels are strong as a result of improved carcase weights.
- Slaughter volumes out to 2024 and 2025 are also strong, although revised down on February 2023 projections.

The key determinant of output of both mutton and lamb this year will be the processors' prioritisation of sheep versus lambs. This switching is challenging to forecast for, although overall, small-stock processors are performing well and coping with above-average volumes. Total slaughter numbers are expected to remain above 2022 levels for the rest of this year.

Despite forecasts for lower prices, global demand for high quality sheepmeat remains robust. As key competitors' flocks decline and production remains stable, Australia is continuing to strengthen its position as the world's largest sheepmeat exporting nation.

The above factors promote a positive outlook for the sheepmeat industry. Strong volumes are expected to continue and interest in Australian lamb across both domestic and international markets remains extremely solid.



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