

2013



Australian sheep  
**Industry projections**  
**Mid-year update**

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# Australian sheep **Industry projections**

# 2013

## Mid-year update

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Published by Meat & Livestock Australia Ltd

August 2013

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ISSN 1329-2994

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# Mid-year sheep update

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# Mid-year sheepmeat update

This document is an update to Meat & Livestock Australia's Australian Lamb and Sheep Industry Projections, released in January 2013. This should be read in conjunction with the January document, as this update will focus on the alterations to the outlook since the release of the original 2013 projections.

## 1. Overview

From wet to dry, high to low, the Australian lamb and sheep industry in 2012-13 once again highlighted the influence of the season upon production, prices and turnoff rates. Matching the surge of supply in 2012-13 was a continuation in the robust demand for Australian lamb and mutton in overseas markets, with records broken to many nations throughout the past twelve months, even though the A\$ remained an impediment for much of this time.

For the coming 2013-14 season, the general demand outlook for the industry is positive, framed by the recent decline in the A\$, which will only accentuate the robust demand, fuelled by growth to China, the Middle East and slow recovery to the US. On the production side of the equation, the most recent three month rainfall outlook from the Australian Bureau of Meteorology points to an increased chance for above median falls between August and October 2013 – which, given the prevalence of spring lambing, will be a huge determinant upon producer decision-making and the lamb supply for the coming year.

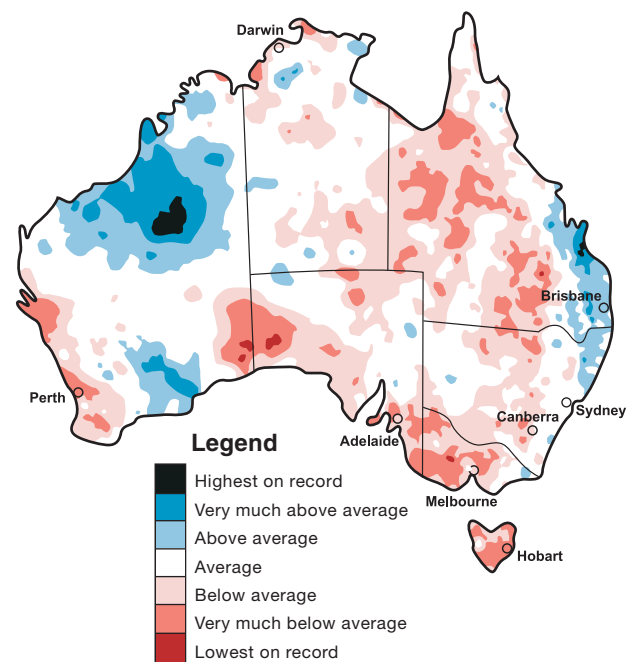
Given the run of wet years in 2010, 2011 and the first half of 2012, the long-term decline in the Australian sheep flock halted, with steady growth registered for the two years up to 30 June 2012. However, a very disappointing 2012-13 across almost all lamb producing regions brought a halt to the flock rebuilding, and a small decline in the national flock, as producers had little choice but to turn off more lambs and sheep.

After a very poor 2012 winter, the spring failed across most lamb producing regions of Australia, with increased turnoff rates, and a sustained supply surge commencing through late September and October. With very hot and dry conditions the norm throughout the final months of 2012 and early 2013, pastures deteriorated, driving turnoff rates and

production to near record levels, with very limited restocker and feeder demand. The very tight feed conditions stretched well into autumn 2013, with the first relief showing in late May, as the autumn break finally eventuated. Fortunately for producers, the wet conditions continued into June and July, with many sheep producing regions in eastern Australia registering a wet first two months of winter, which has also generally seen milder temperatures, drastically improving the sentiment heading into spring 2013.

**Figure 1**

Australian rainfall analysis July 2012 – June 2013



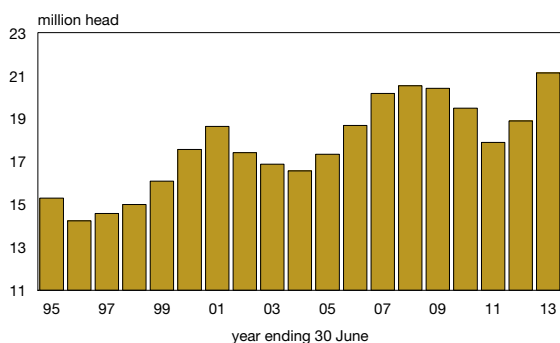
Source: Bureau of Meteorology

In the wake of the very tough season, national lamb slaughter for 2012-13 reached 21.1 million head – the highest fiscal year level since 1971-72 and almost 2.25 million more lambs slaughtered than in the previous year (18.9 million head). The large increase was a clear illustration of the intention of producers in a wet 2011-12 year to retain ewe lambs and expand numbers, compared to the limited options and higher turnoff through the very dry 2012-13 production year.

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Facilitating the large throughput of lambs in 2012-13 was also the higher ewe flock and better breeding conditions in the previous year, which ensured the supply of lambs and sheep would be higher in 2012-13.

**Figure 2**  
Australian lamb slaughter - fiscal year



Source: ABS

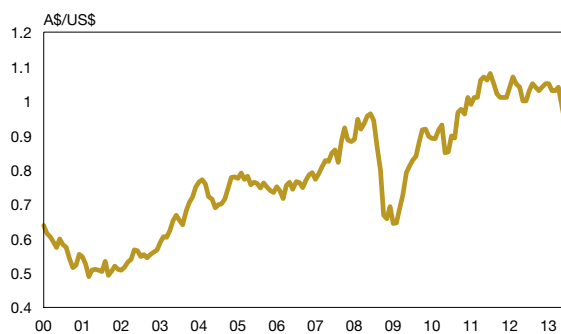
With the poorer breeding season in 2012-13, the available supply of lambs into the second half of 2013 and 2014 is forecast to be smaller, with the tightest supply period, given the latest seasonal outlook, anticipated for the first quarter of 2014. This is expected to put upward pressure on prices, but to exactly what level, will be crucially dependent upon the volume of lambs that come to the market throughout the 2013 spring (which is again dependent upon seasonal conditions), when the bulk of new season lambs tend to appear.

Also reflecting a combination of the tough seasonal conditions through 2012-13 and the gradual build-up of the national ewe flock in the previous wet years, national sheep slaughter in 2012-13 increased 58% year-on-year, to 8.1 million head. This was almost 3 million head above the previous year (5.175 million head) and the highest fiscal year number since 2008-09.

As stated in the January edition of the projections, the outlook for the live sheep industry continues to be framed by the requirements of the ESCAS system, along with the available supply of suitable stock, especially out of WA.

While the record volume of lamb that has been shipped so far in 2013 has been facilitated by the surge in supply, the long term outlook for Australian lamb still looks bright. This has been enhanced in recent months, with the very welcome depreciation of the A\$ to around 90US¢, combined with the expectation of a sharp drop in NZ lamb supplies for the remainder of 2013 and into 2014. Given the dominance of Australian and NZ lamb in the export arena, the combination of reduced NZ competition and lower A\$ is expected to fuel demand and export returns for Australian lamb – likely to benefit the entire supply chain.

**Figure 3**  
A\$ against US\$

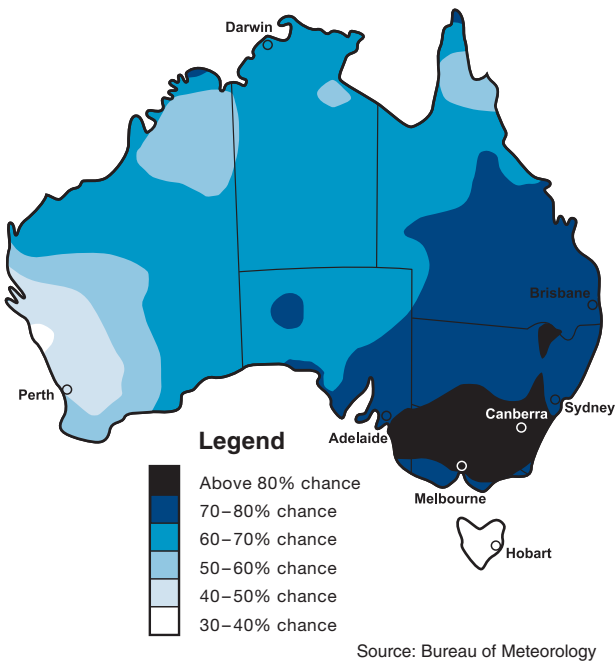


Source: RBA

In summary, the forecast for the Australian lamb industry remains positive heading into the second half of 2013 and towards 2014, enhanced by the likely price benefits to be delivered by the improvements in export competitiveness. Also assisting price prospects, is the expectation of fewer lambs for slaughter in 2013-14, framed by an anticipated improvement in seasonal conditions for the second half of 2013 and the recent poorer breeding season (due to dry conditions in late 2012 and the first half of 2013). The main reduction in lamb supplies is anticipated for the first quarter of 2014. However, it will be spring rainfall, the impact of producer breeding decisions and prices that will ultimately determine when the bulk of lambs come to market, and when the tightening in supplies will occur.

**Figure 4**

Australian rainfall outlook – chance of exceeding the median rainfall – August to October 2013



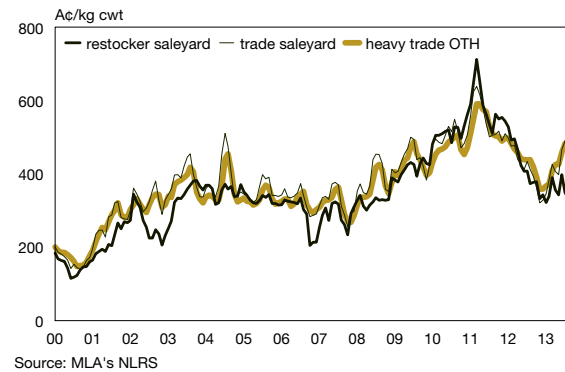
## 2. Lamb and sheep incomes

Average total farm cash income for slaughter lamb producing farms in 2012-13 is estimated to have declined by 19% to \$139,000 per farm, according to the latest ABARES *Australian lamb: Financial performance of slaughter lamb producing farms 2011-12 to 2012-13*. Although down considerably on 2011-12, the result for 2012-13 is still estimated to be 13% above the 10-year average. The recently released report clearly highlights the impact of lower prices and tougher seasonal conditions during 2012-13.

Slaughter lamb producers were defined in the ABARES report as those farms that sell more than 200 lambs per year. Within the classification of slaughter lamb producers, farms were further separated into categories based on production and lamb sales. Small-scale farms were classified by producing 200 to 500 lambs sold to slaughter, medium-scale 500 to 1,000, large-scale farms 1,000 to 2,000 and very large farms more than 2,000 lambs, sold for slaughter. Specialist slaughter lamb producers were defined as those who, on average, earned more than 20% of farm receipts from the sale of lambs for slaughter for the three-year period ending in 2012-13.

For 2012-13, the growth in the number of lambs sold was estimated to be more than offset by a decrease in average lamb prices. According to ABARES, in the past year, the average price of lambs sold for slaughter was estimated to be 25% lower, on the back of increased supply at lower finished weights. As a result, average receipts from lamb sales were estimated to have declined by 22% on the previous year, to \$80,000 per farm. Lower prices also offset a larger number of adult sheep sold in 2012-13, with adult sheep receipts per farm averaging \$26,000 – down 34% on 2011-12.

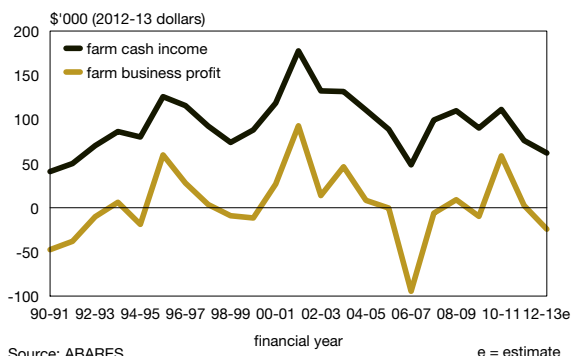
**Figure 5**  
Australian lamb prices



In contrast, crops were reportedly estimated to make up 54% of total cash receipts of slaughter lamb producing businesses (650 ha sown to crop), at \$303,000 per farm in 2012-13 – an increase of 5% on 2011-12. Along with lamb, beef cattle and wool sales were also forecast to finish 2012-13 below 2011-12 levels, at \$52,000 per farm and \$68,000 per farm, respectively.

On average, specialist slaughter lamb producers were estimated to have performed poorer than other producers in 2012-13, generally due to overall farming operations being smaller. However, the smaller area sown to crop (170 ha per farm) had a large influence on the bottom line, with crop receipts estimated to account for only 27% of total cash receipts (compared to 54% for other producers). As a result, the farm cash income for specialist lamb producers is estimated to have declined by around 19%, to average \$62,000 per farm – 9% below the 10-year average.

**Figure 6**  
Australian slaughter lamb farm income



Over the past three years, very large-scale producers have generated an average rate of return excluding capital appreciation of 4.3%. Although lower than the three-year average, very large-scale slaughter lamb producers are expected to continue to register the highest rate of return of all slaughter lamb producers, excluding capital appreciation in 2012-13, with large producers averaging 2.6%, medium producers 1.3% and small producers averaging 0.6%, excluding capital appreciation.

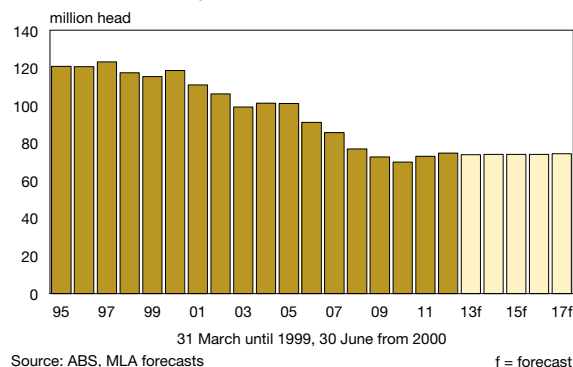
### 3. Sheep flock

Historically, the size of the Australian sheep flock has been very reactive to seasonal conditions, with a clear trend of declining numbers in dry years and flock growth in wetter years. After recording the lowest population in over a century in 2010 (70.1 million head), on the back of a lengthy dry spell since 2005, the Australian sheep flock grew to 73.1 million and 74.7 million head, as at 30 June 2011 and 2012, respectively, following back-to-back wet years (ABS).

Producer ewe flock intentions collected in the MLA and AWI sheepmeat and wool surveys for the past three years (June 2010 to June 2013) clearly illustrates producer sentiment during this period, with a large proportion intending to rebuild ewe flocks throughout 2010-11 and 2011-12. In contrast, the return to drier conditions in mid-2012, across most sheep producing regions, resulted in producer intentions changing dramatically; with a lower proportion of producers intending to increase and a higher percentage of producers intending to

reduce flock numbers. A late autumn break seen across most sheep producing areas was represented in June 2013 ewe flock intentions, with those intending to maintain their current ewe flock for next year the highest seen so far.

**Figure 7**  
Australian sheep flock



The period from mid-2012 to mid-2013 saw the rapid deterioration of pasture conditions, along with the ability for producers to support the higher stocking rates established during the wetter years. As a result, many producers had little choice but to increase the sale of breeding stock – with a large proportion of the turnoff being older ewes kept to take advantage of the previous wet years. Lamb growth rates also suffered due to the poor seasonal conditions, forcing many producers to forego finishing activities.

Due to the higher sheep and lamb slaughter for 2012-2013, combined with the recent changes in producer sentiment, MLA estimates the national sheep flock will have declined 1.1%, to 73.9 million head as at 30 June 2013.

However, widespread rainfall through winter, coupled with mild temperatures, has seen pastures and crops perform much better than expected over winter. The wet winter, combined with a positive rainfall outlook for spring and higher lamb prices in June and July is expected to increase producer sentiment and see flock rebuilding intentions increase into 2013-14.

Under the assumption of better seasonal conditions in 2013-14 and higher average lamb prices, the Australian sheep flock is forecast to increase by 0.2% by 30 June 2014, to around 74 million head.

**Table 1**  
Situation and outlook for the Australian sheep industry

	2009	2010	2011	2012	2013 <sup>f</sup>	% change <sup>f</sup>	2014 <sup>f</sup>	% change <sup>f</sup>	2015 <sup>f</sup>	2016 <sup>f</sup>	2017 <sup>f</sup>	% change 2017 <sup>f</sup> on 2012
<b>Sheep &amp; lamb numbers ('000 head)</b>												
at June 30	72,740	70,085	73,099	74,700	73,850		74,000		74,200	74,500	75,000	0.4%
% change	-5.8%	-3.6%	4.3%	2.2%	-1.1%		0.2%		0.1%	0.0%	0.5%	
<b>Slaughterings ('000 head)</b>												
sheep	9,411	6,159	4,933	6,063	7,250	19.5%	6,300	-13.0%	6,570	6,900	7,000	15.4%
lamb	20,493	18,609	17,793	20,009	20,650	3.2%	20,150	-2.4%	20,165	20,260	20,355	1.7%
<b>Avg carcass weight (kg)</b>												
sheep	21.2	22.6	23.2	23.1	22.0	-4.6%	22.1	0.5%	22.1	22.1	22.2	-3.7%
lamb	20.7	21.6	22.1	22.2	21.8	-2.0%	21.8	0.0%	21.9	22.0	22.1	-0.9%
<b>Production ('000 tonnes carcass weight)</b>												
mutton	200	139	114	140	159	14.0%	139	-12.6%	145	155	154	10.5%
lamb	424	402	393	445	450	1.1%	439	-2.4%	442	446	449	0.8%
Sheep exports ('000 head)	3,568	2,969	2,458	2,279	2,000	-12.2%	2,200	10.0%	2,300	2,400	2,500	9.7%
<b>Exports ('000 tonnes)*</b>												
mutton	134	99	82	107	128	20.3%	106	-17.2%	115	117	116	9.0%
carcass weight	171	126	108	134	155	15.2%	134	-13.5%	139	147	147	9.5%
lamb	165	156	160	189	197	4.4%	199	1.0%	201	203	205	8.7%
carcass weight	195	186	193	222	232	4.7%	233	0.4%	235	238	240	8.3%
<b>Domestic utilisation ('000 tonnes carcass weight)</b>												
mutton	29	13	6	6	5	-12.0%	6	16.0%	7	7	7	32.3%
lamb	230	216	200	223	218	-2.1%	207	-5.3%	206	208	209	-6.3%

<sup>f</sup> = forecasts (indicated in italics)

Source: ABS, DAFF, MLA forecasts  
\* excl. canned/miscellaneous

## 4. Lamb and sheep slaughter and production

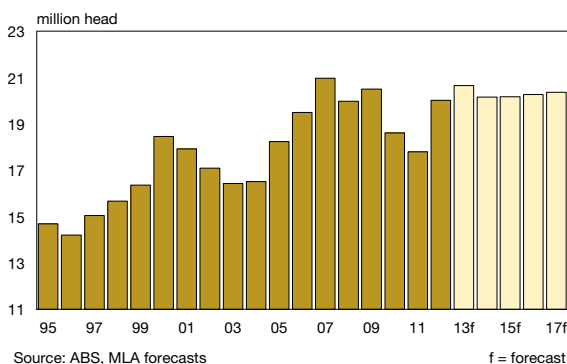
The 2012-13 fiscal year had the highest lamb slaughter in Australia since 1972, up 12% year-on-year, to 21.1 million head (Australian Bureau of Statistics). As a result, lamb production increased 9% on the previous fiscal year to 456,997 tonnes cwt – the largest production year on record.

Tough growing conditions throughout summer and autumn, on the back of several years of flock rebuilding, led to a surge in lamb turnoff during 2012-13, primarily the result of dry conditions affecting pasture growth and limiting feed supplies in the major sheep production areas. Many producers turned off lambs earlier than usual due to the lack of feed, leading to an influx of store lambs in the market, particularly over summer and autumn.

While there were large increases in slaughter and production, the national average lamb carcase weight for 2012-13 declined 3% year-on-year to 21.64kg/head.

Given the rapid start to 2013, total lamb slaughter for the 2013 calendar year is forecast at 20.65 million head – a 3.2% increase on the previous year. An expectation for tighter lamb numbers in the first half of 2014 will impact overall slaughter numbers for the following year, forecast to decline 2.4% year-on-year, to 20.15 million head – slightly above 2012 levels.

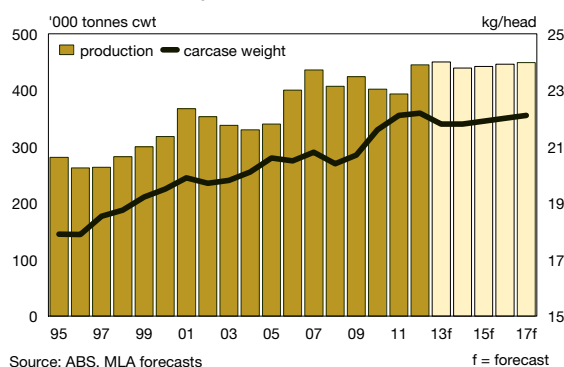
**Figure 8**  
Australian lamb slaughter - calendar year



For 2013, average carcase weights are forecast to come in at around 21.8kg/head, down from 22.2kg/head in 2012 – which was boosted by heavier lambs coming to market in the first quarter of the year. Carcase weights in 2014 are forecast to remain around 21.8kg/head – with the market incentives to deliver very heavy lambs eroded in recent years.

Given the higher slaughter level in 2013 and slightly lower weights, compared to 2012, total Australian lamb production is estimated to total 450,000 tonnes cwt in 2013, up 1.1% on the 445,000 tonnes cwt produced in the previous year. In 2014, total lamb production is expected to contract 2.4% on 2013's forecast, to 439,000 tonnes cwt – solely due to the reduction in slaughter numbers.

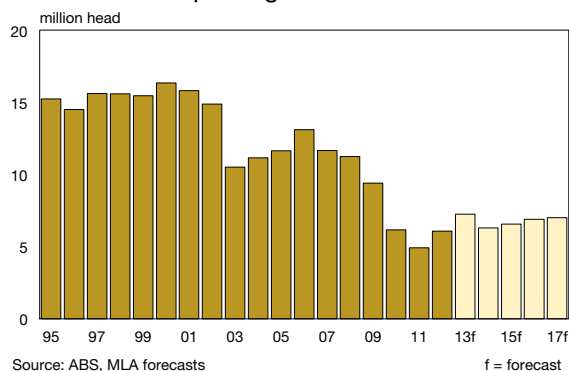
**Figure 9**  
Australian lamb production



For sheep slaughter and mutton production, the dry conditions throughout 2012-13 contributed to a 58% jump in processor throughput, reaching 8.1 million head. Given the higher than expected throughput in the first six months of 2013, total slaughter for the 2013 calendar year is forecast to reach 7.25 million head, up 20%. Available supplies are expected to tighten considerably in the final half of 2013 – based on forecasts for good spring conditions and above average grain harvest.

For 2014, total sheep slaughter is forecast to fall another 13% year-on-year, back to 6.3 million head – again based on the expectation for average, or better, seasonal conditions. With a slight improvement in average carcase weights in 2014, total mutton production in 2014 is forecast to contract 12.6% year-on-year, to 139,000 tonnes cwt.

**Figure 10**  
Australian sheep slaughter



Source: ABS, MLA forecasts

## 5. Australian lamb market

The Australian market for lamb continues to face increasing competition from overseas buyers, despite remaining the largest and most valuable market for lamb. The reasons for this include a challenging domestic consumer market and strong growth in overseas markets – which will only be accentuated if the A\$ stays around 90US¢ or depreciates further.

In recent years, Australian consumer confidence has fluctuated, and consumers have traded down their buying patterns. So far in 2013, the Roy Morgan consumer confidence index has been stronger year-on-year; however, sentiment is continuing to be impacted by the global economic uncertainties, domestic political issues and the slowdown in the Australian economy. It appears as though recent attempts to stimulate spending, largely through lower interest rates, have only had a minor impact on overall sentiment.

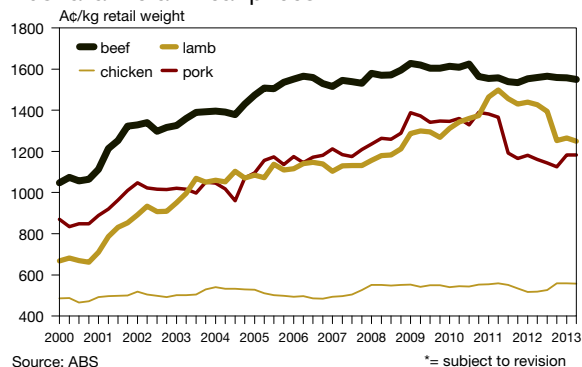
According to BIS Shrapnel data, growth in household consumption expenditure is expected at 2.5% for 2012-13 and 2.7% in 2013-14 (slower than earlier forecasts). The previous growth in the foodservice dollar has been particularly impacted by the fluctuating trends in the foodservice segment, with recent BIS Shrapnel data indicating that the commercial foodservice market had slowed in the first half of 2013.

However, there are some signs that there has been growth in the red meat portion of the segment in the past two years, with the size of the fresh and frozen foodservice lamb and mutton sales estimated to have increased in May (BIS Shrapnel).

In addition, ABS seasonally adjusted food retailing data for the January to April period for 2013 continues to reflect the growth pattern registered in this sector throughout 2012, with consistent month-on-month increases noted for the past 14 months.

Average retail lamb prices have retreated slightly since the June quarter 2012. Lamb prices hit a high point in the June quarter 2011 at \$14.99/kg. Following this they started to fall, but also fluctuated, before a clear downward trend was noted since June last year, which has continued in the first six months of 2013. This trend is not surprising given the rise in lamb supplies, the challenging consumer market and price competition among retailers in recent years.

**Figure 11**  
Australian retail meat prices\*



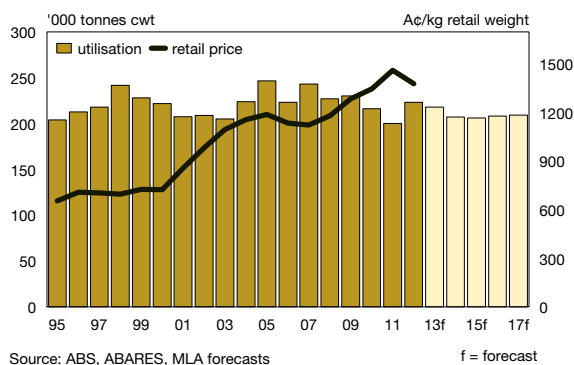
As a result, retail lamb prices for the first six months of this year averaged \$12.58/kg, much lower than prices over the same period in 2012 (\$14.33/kg) and 2011 (\$14.81/kg).

Although these trends indicate a resilient domestic market, despite ongoing challenges, volumes consumed have been impacted by the faster growth in many overseas markets with lamb exports expected to account for 51.5% of lamb production in 2013.

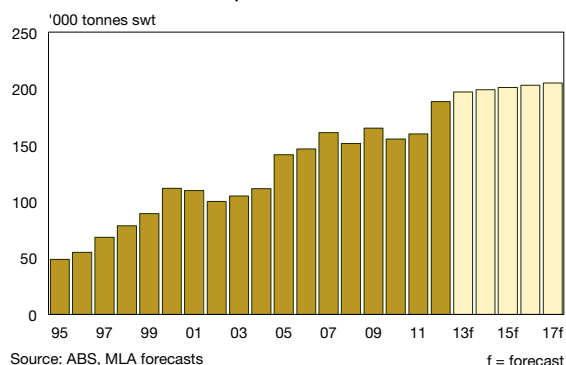
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This growth will continue to place pressure on the volume of product available in the Australian market, especially now that the A\$ appears to have stabilised well below parity. As a result, MLA's forecasts now point to a 2.1% year-on-year fall in domestic lamb utilisation in 2013, to 218,000 tonnes cwt.

**Figure 12**  
Lamb utilisation and retail price



**Figure 13**  
Australian lamb exports



In recent years export markets for Australian lamb have been strong, even while the value of the A\$ was above parity compared to the US\$. This is illustrated by the demand for Australian lamb increasing steadily since 2007, with a growing proportion of production being pulled into export markets in recent years. With the A\$ in early August 2013 trading below 90US¢, and expected to stay well below parity, this will have a significant impact on the price competitiveness of Australian lamb in exports markets.

## 6. Lamb exports

Australian lamb exports reached a record annual total of 188,618 tonnes swt in 2012, well above 2011's 160,007 tonnes swt and 14% or 23,000 tonnes above the previous record of 165,035 tonnes swt set in 2009.

The combination of a significant increase in lamb slaughter, with heavier than average carcass weights, compared to only three years earlier, saw total lamb production in 2012 reach record levels – in turn underpinning record export volumes.

An increase in lamb supplies during 2012 was tied with the decline of lamb prices, improving the international competitiveness in most export markets – which helped to offset the historically high A\$.

The record level of lamb slaughter and production seen so far in 2013 is forecast to drive a 4% increase in lamb exports in 2013, to 197,000 tonnes swt. Contrary to lower supply in subsequent years, international demand is expected to remain strong, seeing exports increase.

Adding to the forecast positive influence of the lower A\$ upon export demand for the remainder of 2013 and into 2014, is the forecast of a 10% reduction in NZ lamb supplies for the 2013-14 season. With Australian and NZ lamb the dominant forces in the global lamb trade, the reduced supply of NZ lamb is expected to heighten competition and prices for what will be a smaller supply of lamb globally.

In the past, the US and the EU have been major export markets for Australian lamb, both in terms of volume and value, with most high value, chilled product flowing to these markets. However, growing household incomes and demand for animal proteins in developing regions in Greater China and the Middle East have seen large volumes shipped to these markets recently.

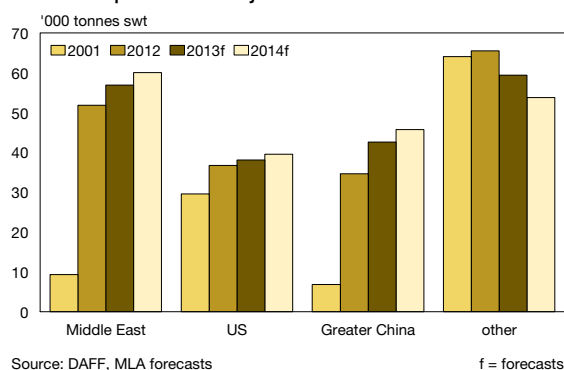
Currently, the US, the Middle East and China are Australia's largest export markets, combined forecast to account for around 66% of total Australian export volume in 2013. With supply expected to tighten slightly in the next couple of

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months, exporters are likely to consolidate shipments to these established markets for the remaining five months of the year, again assisted by the weaker A\$. The US is likely to take a large share of the higher value cuts, demand for carcasses and shoulder is expected to remain strong in the Middle East and the flow of lower valued cuts like breast and flap is likely to continue into China.

Under the assumptions of a sustained lower A\$, reduced supplies out of NZ and Australia in 2014, the competition for Australian lamb in 2014 is expected to be fierce, helping to put upward pressure on lamb prices throughout the forecast period.

**Figure 14**  
Lamb exports to major destinations



**Table 2**  
Australian exports of lamb ('000 tonnes shipped weight)

To:	2008	2009	2010	2011	2012	2013 <sup>f</sup>	% change <sup>f</sup>	2014 <sup>f</sup>	% change <sup>f</sup>
North America	44.7	46.5	39.5	39.4	42.1	43.8	4%	44.8	2%
US	36.9	38.3	34.1	34.3	36.7	38.1	4%	39.5	4%
Canada	4.1	5.1	3.7	3.9	4.7	4.9	5%	4.5	-8%
Mexico	3.7	3.1	1.8	1.2	0.8	0.8	2%	0.8	-2%
Middle East	25.4	35.9	36.7	34.9	51.8	56.9	10%	60.0	5%
Greater China	20.2	25.7	25.8	29.6	34.6	42.6	23%	45.7	7%
China	14.0	13.9	15.7	21.2	29.5	36	22%	40.2	12%
Hong Kong	5.4	10.4	8.1	6.2	3.5	5	43%	4.0	-20%
Taiwan	0.8	1.4	2.0	2.1	1.6	1.6	0%	1.5	-6%
South East Asia	6.3	7.0	9.3	9.6	9.7	9.8	1%	9.0	-8%
Japan	9.9	8.3	7.7	7.4	7.7	7.2	-6%	7.0	-3%
South Korea	2.0	1.2	2.1	2.7	3.0	2.9	-4%	2.5	-14%
EU	11.6	13.7	12.0	13.0	12.1	9.6	-21%	11.5	20%
Other Europe	3.8	3.3	3.7	3.5	3.5	3.2	-10%	2.0	-38%
Pacific	11.0	11.2	9.5	10.9	14.0	13.4	-4%	10.0	-25%
South Africa	4.0	2.9	3.0	3.2	2.0	2	3%	1.8	-10%
Other Africa/Mauritius	10.1	6.5	4.0	3.4	5.7	3.4	-40%	2.5	-26%
Other	2.6	2.8	2.3	2.6	2.4	2.2	-9%	2.2	-2%
<b>Total</b>	<b>151.6</b>	<b>165.0</b>	<b>155.5</b>	<b>160.0</b>	<b>188.6</b>	<b>197</b>	<b>4%</b>	<b>199</b>	<b>1%</b>

Source: DAFF, MLA forecasts

Pacific = PNG, New Zealand & Pacific Islands

Other Europe = CIS, Eastern Europe and Western Europe other than EU

South East Asia = Indonesia, Singapore, Philippines, Malaysia, Thailand and Vietnam

f = forecasts (indicated in italics)

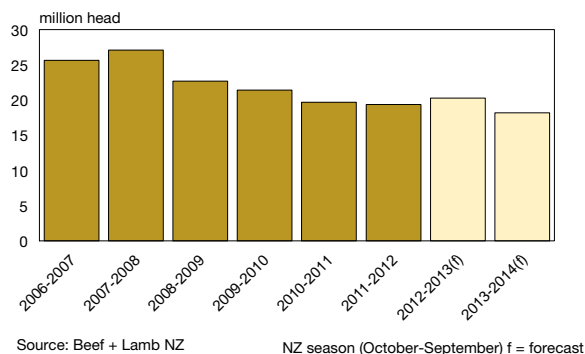
## 7. NZ outlook

Two very different seasons in New Zealand (NZ) over the past two years have resulted in an upwards revision in provisional 2012-13 (October–September) lamb slaughter numbers to 20.3 million head, according to Beef + Lamb New Zealand. Decent growing conditions throughout 2012 supported record lambing percentages in spring.

This combined with reportedly one of most widespread and severe droughts in NZ history, in the March quarter of 2013 (NIWA), resulted in the highest October – June slaughter since 2009-10.

# Mid-year sheepmeat update

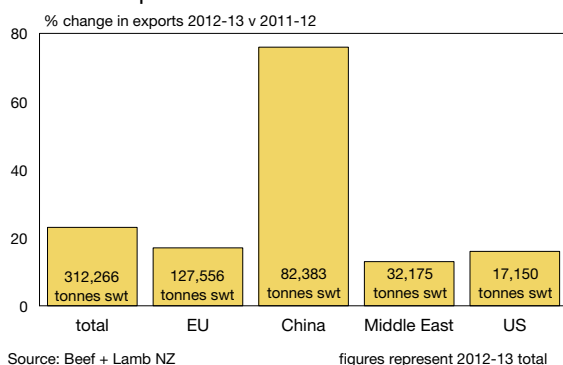
**Figure 15**  
NZ lamb slaughter



According to Beef + Lamb NZ, 2013-14 slaughter numbers are forecast to drop to 18.2 million head – down 2.1 million head on the revised 2012-13 provisional estimate. This is in part due to a 1% reduction in the ewe flock on the back of heavy sheep slaughter so far in 2012-13, up 19% year-on-year. Even more important has been the poor ewe condition during joining, reducing the in-lamb percentage of the total flock. Consequently, lower than average lambing rates are expected in spring, putting significant pressure on lamb supply in 2013-14.

The EU has traditionally been NZ's largest export market for lamb. This still remains the case, although tough economic conditions in the region recently, combined with growing incomes and demand for proteins in developing countries, has seen NZ exporters become less reliant on the EU. In 2008-09, the EU accounted for 50% of NZ's total lamb exports by volume and 62% by value. In contrast, 2012-13 saw the EU account for 41% of NZ's total exports and 50% of value. Meanwhile, exports to China have grown from 10% to 26% of total exports over the same period, now accounting for 17% of total value.

**Figure 16**  
NZ lamb exports

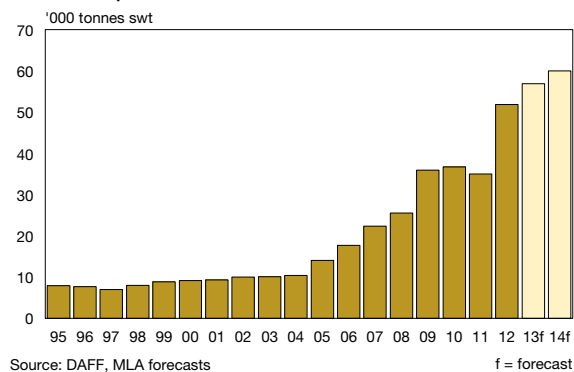


Historically, around 89% of lamb produced in NZ is exported; and with a forecast 10% fall in lamb slaughter in 2013-14, total export volume is expected to decline considerably over the same period. Although the long term trend of NZ lamb exports is towards a more diversified market, expected lower supply in 2013-14 supports reports from Beef + Lamb NZ, suggesting NZ exporters are likely to prioritise exports to higher value markets, with a larger proportion of lamb being directed to fill chilled contracts in the EU and US.

## 8. Middle East

The growing importance of the Middle East as a destination for Australian lamb exports has been further illustrated in the first half of 2013. Lamb exports increased 31% year-on-year, totalling 29,112 tonnes swt. Consequently, total shipments are forecast to be slightly higher than the January forecast, at 56,900 tonnes swt.

**Figure 17**  
Lamb exports to the Middle East



The continued expansion in Australian lamb exports to the region has been the product of both increased demand, fuelled by growing population and income, and the changing nature of Australia's sheepmeat supply.

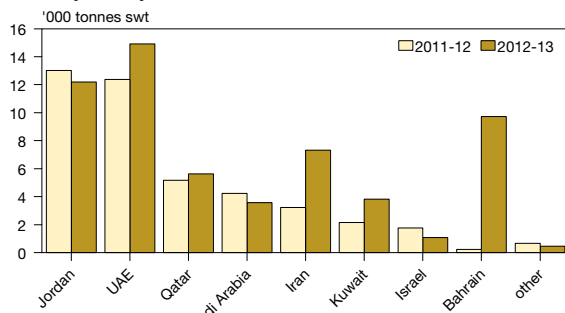
The fastest growing lamb market in the Middle East for the past fiscal year was Bahrain, with lamb exports to Bahrain totalling 9,713 tonnes swt in 2012-13, up from 229 tonnes swt in 2011-12. The majority of Australian shipments to Bahrain have been chilled lamb carcasses (97%).

# Mid-year sheepmeat update

Lamb exports also benefited from growth to Iran and Kuwait in 2012-13. Exports to Iran, although sporadic, totalled 7,317 tonnes swt in 2012-13, up more than two-fold year-on-year, while shipments to Kuwait increased 77%, to 3,833 tonnes swt. Lamb carcase was the largest item shipped to Iran (78%), and also dominated exports to Kuwait (81%).

The United Arab Emirates (UAE) was Australia's largest single market in the Middle East last financial year, with shipments totalling 14,911 tonnes swt, growth of 21% year-on-year. Again carcase was the largest shipment to the UAE (63%), although muscle cuts are also shipped to the market in large quantities. Encouragingly, a strong market exists for rack exports (731 tonnes swt), with leg (2,458 tonnes swt) and shoulder (1,727 tonnes swt) also shipped in large quantities.

**Figure 18**  
Lamb exports to the Middle East - fiscal year by market



Source: DAFF

Jordan, Australia's largest market in 2011-12, saw exports fall slightly in 2012-13, to 12,181 tonnes swt, back 6%. Jordan is a large destination for Australian live sheep export and, consequently, movements in this market have a direct impact on lamb shipments. The other major markets for Australian lamb in the Middle East for 2012-13 included Qatar (5,618 tonnes swt) and Saudi Arabia (3,561 tonnes swt).

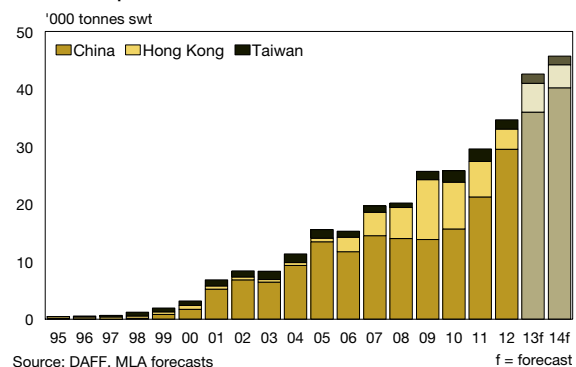
## 9. China

Australian lamb exports to China during the first half of 2013 maintained record-pace, at 21,364 tonnes swt, lifting 34% on the corresponding period last year.

The shipments during the first seven months of 2013 accounted for 18% of Australia's total lamb exports, compared to 15% over the corresponding period last year.

While the NZ-China Free Trade Agreement (FTA) places Australian sheepmeat trade to China at a competitive disadvantage, demand for Australian lamb is expected to remain steady during the remainder of the year. Underpinning the sustainable pace of demand are a reported decrease in China's national sheep flock, stricter food safety control and underlying fundamentals (growing population and economy), along with anticipated tight supplies from NZ. Taking these factors into consideration, Australian lamb exports to China during 2013 are revised upwards from the January edition (31,600 tonnes swt) to 36,000 tonnes swt.

**Figure 19**  
Lamb exports to Greater China



Source: DAFF, MLA forecasts

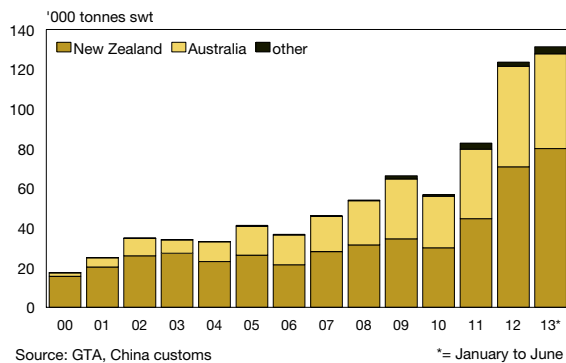
The cut in the highest demand shipped to China during the first seven months of 2013 continued to be breast and flap, at 11,578 tonnes swt (up 5% year-on-year), but its proportion of total lamb exports fell significantly to 54% during the first seven months of 2013, from 69% during the same period last year. Manufacturing lamb remained the cut in the second highest demand, at 3,651 tonnes swt (up 7% year-on-year), accounting for 17% of total lamb exports to China during the first seven months – down from 21% on the corresponding period last year. Instead, increased shipments were registered for lamb shoulder, surging to 3,424 tonnes swt from only 263 tonnes swt on the corresponding period last year.

# Mid-year sheepmeat update

The volume of lamb shoulder represented 16% of total lamb exports to China during the first seven months.

Chinese sheepmeat (Chinese statistics include lamb, mutton and goat) imports during the first half of 2013 rose 125% year-on-year, to 131,245 tonnes swt (GTA, China Customs). New Zealand remained the largest supplier, at 79,979 tonnes swt (up 116% year-on-year), but its market share was down 3%, to 61% during the first seven months of 2013. Imports from Australia lifted substantially (up 135% year-on-year), to 47,821 tonnes swt, with its market share increasing slightly (1%) to 36%.

**Figure 20**  
Chinese sheepmeat imports



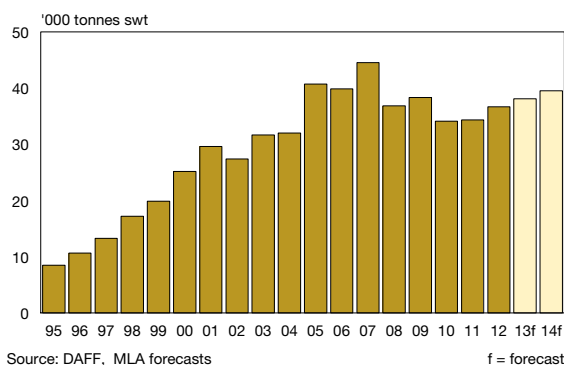
While NZ maintains tariff benefits through the FTA, Australian lamb exports to China during the remainder of the year are forecast to remain steady, underpinned by anticipated limited supplies from NZ and expected sustained demand for Australian lamb, supported by solid fundamental factors.

## 10. US

Over the first half of 2013, the US remained Australia's largest market for exported lamb, ahead of a fast-growing China, and was by far the most valuable export market. Lamb exports to the US increased 4% on the same period last year, to 19,313 tonnes swt, largely due to a significant increase in Australian lamb slaughter and production.

The volume of lamb exported for the year-to-date puts the US in a position to take the originally forecast 38,100 tonnes swt. While the recent decline in the A\$ may contribute to a boost in demand for Australian product, available supplies for export are also expected to tighten in comparison to the first half of the year.

**Figure 21**  
Lamb exports to the US

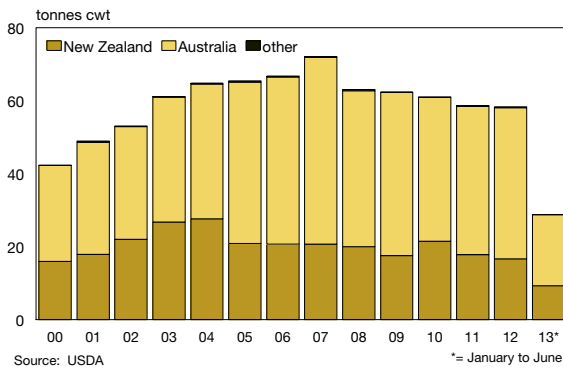


The composition of lamb cuts exported to the US has changed somewhat in 2013, with the reporting of 'assorted primals' included in a more significant manner. This form of trade involves boxed product made up of three or more primals, rather than being individually packaged. Consequently, reported volumes of shoulders, racks, shortloins and shanks have dropped, but in reality would be included in the 'assorted primals' mix. This change has mostly been in chilled product, rather than frozen.

US domestic lamb and mutton production is forecast by the USDA to be slightly lower in the second half of 2013 than the first half, a similar pattern to the previous few years. Total production for the year is expected to reach around 69,500 tonnes cwt, 2% lower than 2012. This includes around 34,500 tonnes in the second half of 2013.

The USDA forecast US lamb and mutton imports to grow 11% in 2013, with most of this growth having already occurred through the first six months. Virtually all of this product comes from Australia and NZ, so the large volumes in the first half of the year were directly related to higher production in Australia and NZ, assisted by some improvements in the economy and consumer sentiment, combined with the appreciation of the US\$.

**Figure 22**  
US lamb imports

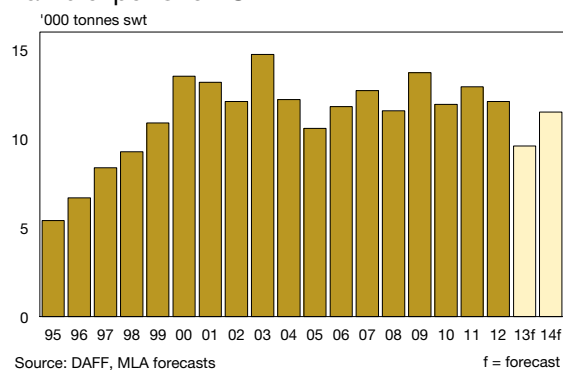


Taking into account the small reduction in US production and the large increase in lamb and mutton imports, US per capita consumption of lamb and mutton is forecast to increase slightly on last year in 2013, from 0.8lbs to 0.9lbs (0.4kg) retail weight.

## 11. EU

Due to the challenging economic environment in the EU, coupled with limited quota access, (the two major issues defining Australian lamb exports to the EU) Australian lamb exports are forecast to total 9,600 tonnes swt, down 21% in 2013.

**Figure 23**  
Lamb exports to EU



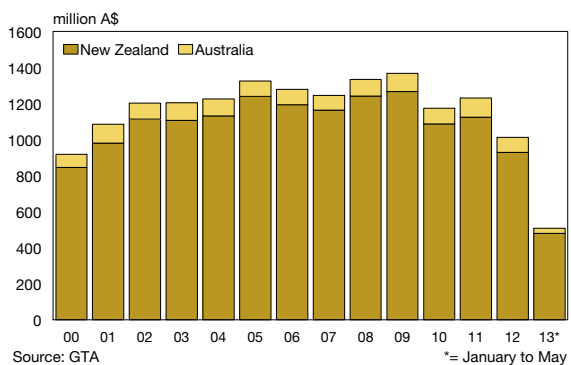
For the first half of the year, Australian lamb exports to the EU totalled 4,890 tonnes swt, steady on volumes in the first half of 2012.

The imported lamb market in the first half of the year was characterised by large volumes of cheap New Zealand (NZ) lamb product entering the market. Illustrating this, for the NZ lamb season year-to-date (October-June), shipments to the EU have increased 18% year-on-year, to 105,622 tonnes swt. Contributing to the surge in shipments was the severe drought in NZ in early 2013, causing a spike in lamb throughput.

NZ has preferential access to the EU, with an annual tariff-free sheepmeat quota of 228,254 tonnes cwe, compared to Australia's access of 19,186 tonnes cwe. This has allowed NZ to build brand recognition and establish a wider presence at both foodservice and retail.

Importantly, NZ exports to Australia's largest sheepmeat market in the EU, the UK, increased 35% year-on-year, to 59,204 tonnes swt. The large influx of NZ lamb, at reportedly discounted prices, created a challenging situation for Australian sheepmeat exporters in early 2013. Australian lamb exports have averaged \$5.86/kg in 2013, compared to \$6.63/kg for the same period in 2012. NZ exports have averaged \$5.84/kg, down from \$7.18/kg in 2012. The large influx of NZ product has been a contributing factor in the downward revision in NZ prices, and consequently, Australian values have followed suit.

**Figure 24**  
Australian and NZ lamb export values to EU



# Mid-year sheepmeat update

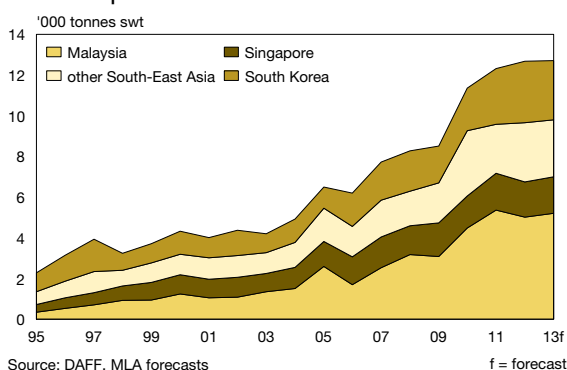
Encouragingly, despite the tough trading environment to start the year, Australian sheepmeat shipments are on track to fill Australia's allocated quota. At the halfway point in the 2013 EU sheepmeat quota calendar year, Australia's usage stood at 58%, putting Australia on track to fill its 19,186 tonne cwe quota in 2013.

## 12. South Asia

Comprised of countries that steadily import Australian lamb and emerging markets, Australian lamb exports to South Asia (excluding China) during the first seven months rose 17% year-on-year, to 10,249 tonnes swt.

The expected tightening in Australian lamb supplies, strong interest from other countries and lower A\$ are expected to result in increased global competition for Australian lamb during the remainder of the year, affecting the trade to the South Asia region. However, with anticipated lower NZ lamb supplies, overall demand for Australian lamb from South Asia during the remainder of the year is expected to be steady. Hence, annual lamb shipments to South Asia during 2013 are now forecast to be at 16,400 tonnes swt, a slight upwards revision from the January edition (15,200 tonnes swt).

**Figure 25**  
Lamb exports to other Asia

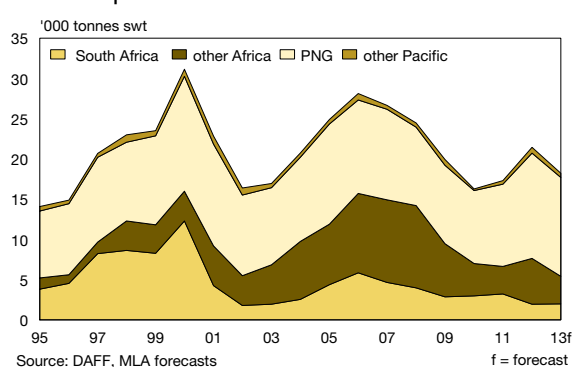


Australian lamb shipments to Taiwan and Hong Kong during the first seven months of 2013 increased to 975 tonnes swt (up 21% year-on-year) and 3,046 tonnes swt (up 25% year-on-year), respectively.

After lower shipments to Hong Kong during 2012 and expected tight supplies from NZ during the remainder of the year, Australian lamb exports to Hong Kong during 2013 are forecast to bounce back to 5,000 tonnes swt, with exports to Taiwan remaining steady, at 1,600 tonnes swt.

In contrast, forecasts for Australian lamb exports to South East Asia countries during 2013 are revised down slightly from the January edition (10,000 tonnes swt) to 9,800 tonnes swt. While the trade to most countries is anticipated to be steady or even grow further to emerging markets, Australian lamb exports to Singapore are expected to remain slow during the remainder of this year. Exports to Singapore during the first seven months of 2013 were down 23% year-on-year, to 770 tonnes swt, partly due to increased intake of Australian mutton.

**Figure 26**  
Lamb exports to Africa and the Pacific

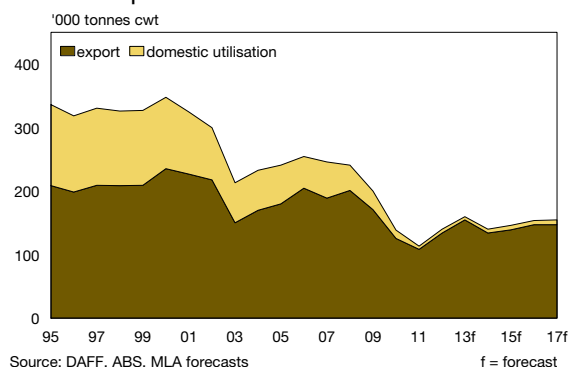


## 13. Mutton exports

Australia's mutton exports are heavily driven by supply, with almost all mutton production sold to export markets. In 2012, around 96% of all mutton produced in Australia was exported, due to higher prices in international markets.

The Australian mutton trade is heavily reliant on exports to the Middle East, Greater China, South East Asia and the US, with these regions combining to account for 83% of total 2012 mutton exports.

**Figure 27**  
Mutton exports and domestic utilisation



Similar to lamb, the significant increase in sheep slaughter at the end of 2012 and so far in 2013, brought about by poor growing conditions from mid-2012 to mid-2013, bolstered mutton exports. In 2012 poor seasonal conditions through winter led to the beginning of widespread destocking activities in many sheep growing regions. As a result, total mutton exports shot up 30% on 82,200 tonnes swt registered in 2011, to 106,700 tonnes swt in 2012.

The Middle East was the largest market for Australian mutton in 2012, with shipments increasing 18% on 2011, to 46,700 tonnes swt. The largest individual market and the market to see the largest level of growth was China, lifting 222% on 2011, to 16,352 tonnes swt. Similarly, mutton exports to South East Asia and the US also grew significantly in 2012, up 30% and 65% to 11,000 tonnes swt and 7,500 tonnes swt, respectively.

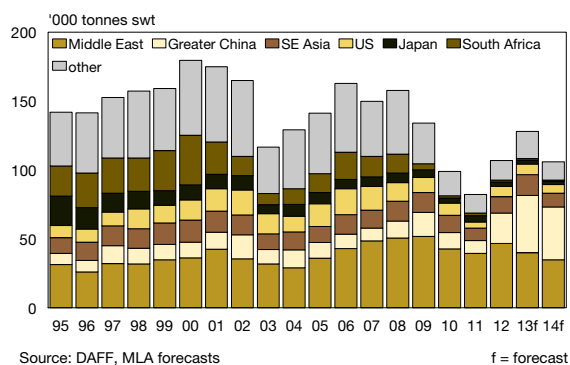
As dry seasonal conditions persisted throughout summer and into 2013, destocking activities intensified, with many producers being forced to turnoff breeding stock. This saw May 2013 record the highest mutton export volume since January 2007, at 16,943 tonnes swt, contributing to already high export volumes seen since the beginning of the year.

Mutton exports so far in 2013 (January to July), have surpassed total mutton exports in 2011 and remain just 13%, or 13,600 tonnes swt, below annual mutton exports for 2012. For January to July, shipments to China have already outstripped total exports recorded in 2012, up 63%, or 10,000 tonnes swt, with five months remaining in the year. Similarly, shipments to Hong Kong so far have more than doubled total exports last year, currently standing at 2,270 tonnes swt.

For 2013, Australian mutton exports are forecast to reach 128,000 tonnes swt – an increase of 20% on the previous year, with supplies and exports expected to tighten in the final months of 2013 (compared to the same period in 2012). Greater China is forecast to take the most mutton, with an estimated 41,600 tonnes swt, the vast majority of which is expected to be shipped to China. Total shipments to the Middle East are forecast to fall by 14% in 2013, to total 40,000 tonnes swt.

With a decline in mutton throughput for 2014, mutton exports are expected to contract 17% next year, to 106,000 tonnes swt.

**Figure 28**  
Australian mutton exports by market



# Mid-year sheepmeat update

**Table 3**

Australian exports of mutton ('000 tonnes shipped weight)

To:	2008	2009	2010	2011	2012	2013 <sup>f</sup>	% change <sup>f</sup>	2014 <sup>f</sup>	% change <sup>f</sup>
Middle East	50.5	51.9	42.9	39.5	46.7	40.0	-14.4%	35.0	-12.5%
Greater China	12.3	17.2	11.7	9.2	22.1	41.6	88%	38.1	-8%
China	4.3	8.5	6.7	5.1	16.4	33.0	101.8%	31.5	-4.5%
Hong Kong	0.5	1.0	0.8	0.5	0.9	3.6	296%	3.0	-17%
Taiwan	7.5	7.7	4.2	3.6	4.9	5.0	2%	3.6	-27%
South East Asia	14.5	14.6	12.6	9.1	11.8	15.0	28%	10.0	-33%
Japan	7.1	5.6	3.8	4.5	3.2	2.9	-8%	2.4	-17%
South Korea	1.2	0.7	1.0	1.0	1.0	0.8	-20%	0.6	-21%
North America	25.8	17.9	11.7	6.1	8.1	12.5	55%	8.9	-29%
US	13.4	10.8	8.7	4.5	7.5	7.6	1%	6.3	-17%
Mexico	7.6	4.2	1.0	0.2	0.4	2.4	496%	1.0	-58%
Other North America	4.8	3.0	2.0	1.3	1.3	2.0	56%	1.6	-19%
EU	7.4	5.4	4.9	3.5	3.7	3.4	-9%	3.0	-11%
Other Europe	11.6	5.5	4.5	3.2	4.5	3.4	-24%	2.5	-27%
Pacific	5.8	5.5	1.6	2.0	1.0	1.4	43%	1.2	-14%
South Africa	13.7	4.4	1.6	1.9	1.3	1.2	-5%	1.0	-16%
Other Africa/Mauritius	6.5	4.2	2.2	1.6	1.6	4.0	146%	1.5	-63%
Other	1.3	1.0	0.5	0.6	1.8	2.0	11%	1.8	-10%
<b>Total</b>	<b>157.7</b>	<b>134.0</b>	<b>99.1</b>	<b>82.2</b>	<b>106.7</b>	<b>128.0</b>	<b>20%</b>	<b>106.0</b>	<b>-17%</b>

Source: DAFF, MLA forecasts

Pacific = PNG, New Zealand & Pacific Islands

Other North America = Canada and the Caribbean

North Asia = Japan, Korea, Taiwan, China and Hong Kong

Other Europe = CIS, Eastern Europe and Western Europe other than EU

South East Asia = Indonesia, Singapore, Philippines, Malaysia, Thailand and Vietnam

*f* = forecasts (indicated in italics)

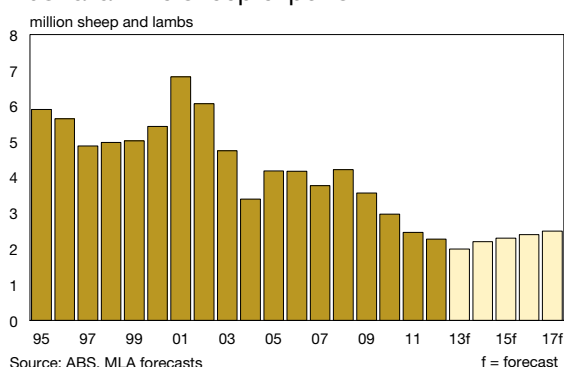
## 14. Live exports

As clearly stated in the January edition of the projections, the outlook for the live sheep trade relies upon the assumption that the Exporter Supply Chain Assurance System (ESCAS) is implemented correctly and animal welfare outcomes are achieved as desired, with no negative impacts on the live sheep trade.

The Australian live sheep export industry experienced a very tough year in 2012, with high mutton prices at the beginning of the year putting pressure on the trade, along with the cessation of trade to Bahrain in the second half of the year.

**Figure 29**

Australian live sheep exports



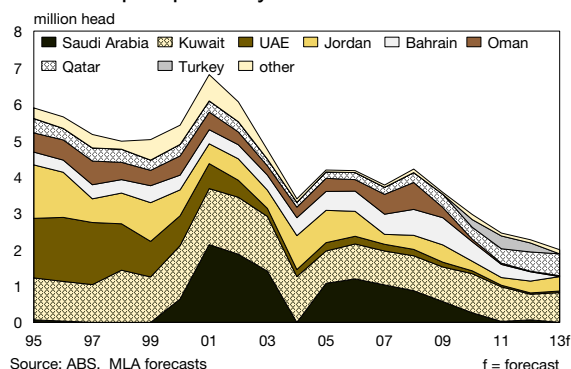
## Mid-year sheepmeat update

Total live sheep exports for the year were down 7% on 2011, at 2.3 million head. Kuwait remained the largest market, totalling 707,000 head, followed by Qatar, Jordan and Turkey, taking 532,000, 328,000 and 245,000 head, respectively. Live exports to Bahrain reached nearly 250,000 head before the suspension took effect in August.

Total live exports in 2013 are forecast to decline to their lowest level in over 20 years, to around 2.0 million head - down 12% on 2012. The decline is primarily due to the combination of no trade to the previously large markets of Bahrain and Saudi Arabia, sharp contraction to Turkey, along with forecasts for tighter sheep turnoff in 2013-14.

**Figure 30**

Live sheep exports by destination



Kuwait is forecast to remain Australia's strongest live export market, taking an estimated 820,000 head in 2013, followed by Qatar and Jordan. Conversely, total live exports to Bahrain and Saudi Arabia are forecast to remain suspended for the rest of 2013.

**Table 4**

Australian live sheep exports ('000 head)

To:	2008	2009	2010	2011	2012	2013 <sup>f</sup>	% change <sup>f</sup>
Kuwait	956,276	948,271	1,076,455	956,725	706,644	820,000	16%
Qatar	269,116	352,695	321,415	395,728	531,894	595,000	12%
Bahrain	716,040	747,827	535,731	354,450	249,741	0	-100%
Turkey	0	0	215,038	352,352	245,147	120	-100%
Jordan	383,943	470,511	265,986	217,067	327,960	400,000	22%
Israel	36,834	23,400	42,000	56,600	64,007	85,000	33%
Oman	741,106	289,223	69,073	41,025	19,892	25,000	26%
UAE	175,629	130,312	78,748	37,385	33,211	41,000	23%
Saudi Arabia	873,937	576,147	262,500	24,000	69,000	0	-100%
Other	62,108	29,223	101,625	23,145	31,120	33,880	9%
<b>Total</b>	<b>4,214,989</b>	<b>3,567,609</b>	<b>2,968,571</b>	<b>2,458,477</b>	<b>2,278,616</b>	<b>2,000,000</b>	<b>-12%</b>

Source: ABS, MLA forecasts

f = forecasts (indicated in italics)

# Mid-year sheepmeat update

**Table 5**  
Australian lamb exports to top 20 destinations and major regions by cut - 2013 vs 2012 Fiscal Year

Destination	Total (All Cuts)			Breast & flap			Leg			Shoulder			Manufacturing			Carcass		
	2013 tonnage	2012 tonnage	Net change % change	2013 tonnage	2012 tonnage	Net change % change	2013 tonnage	2012 tonnage	Net change % change	2013 tonnage	2012 tonnage	Net change % change	2013 tonnage	2012 tonnage	Net change % change	2013 tonnage	2012 tonnage	Net change % change
World Total	200,590	173,813	26,777 15%	38,522	34,516	4,006 12%	28,158	30,846	-2,688 -9%	27,249	26,524	725 3%	15,186	14,347	839 6%	53,809	27,306	26,503 97%
China	33,993	24,561	9,432 38%	19,968	17,111	2,857 17%	73	46	27 59%	4,457	300	4,157 1386%	6,066	5,272	794 15%	517	60	457 762%
US	37,479	34,722	2,757 8%	2	3	-1 -33%	10,598	12,010	-1,412 -12%	4,598	5,943	-1,345 -23%	942	673	269 40%	10,077	1,831	8,246 450%
UAE	14,911	12,367	2,544 21%	2	2	0%	2,457	2,009	448 22%	1,736	1,510	226 15%	4	29	-25 -86%	9,436	7,660	1,776 23%
PNG	13,428	11,738	1,690 14%	10,100	9,104	996 11%	362	333	29 9%	1,038	690	348 50%	314	215	99 46%	1	1	0%
Jordan	12,181	13,015	-834 -6%	2	2	0%	885	741	144 19%	1,441	2,806	-1,365 -49%	178	97	81 84%	6,822	5,072	1,750 35%
Bahrain	9,713	229	9,484 4141%				4	16	-12 -75%	125	101	24 24%	1,802	921	881 96%	9,577	105	9,472 9021%
United Kingdom	9,164	8,210	954 12%				4,603	4,945	-342 -7%	40	75	-35 -47%	1,802	921	881 96%	101	164	-63 -38%
Japan	7,428	7,846	-418 -5%	11	9	2 22%	402	571	-169 -30%	3,426	3,248	178 5%	2,624	3,008	-384 -13%	5,616	2,412	3,204 133%
Iran	7,317	3,233	4,084 126%	256	119	137 115%	497	250	247 99%	404	190	214 113%	16	26	-10 -38%	4,946	4,434	512 12%
Qatar	5,618	5,169	449 9%				283	352	-69 -20%	85	105	-20 -19%	86	80	6 8%	841	759	82 11%
Malaysia	5,085	4,950	135 3%	27	20	7 35%	429	608	-179 -29%	2,861	2,888	-27 -1%	59	217	-158 -73%	3,100	1,582	1,518 96%
Canada	4,680	4,832	-152 -3%				1,934	1,775	159 9%	251	610	-359 -59%	337	324	13 4%	222	7	215 3071%
Kuwait	3,833	2,160	1,673 77%				81	33	48 145%	172	100	72 72%	602	1,607	-1,005 -63%	953	1,090	-137 -13%
Hong Kong	3,683	5,416	-1,723 -32%	1,621	2,892	-1,271 -44%	125	107	18 17%	173	99	74 75%	105	159	-54 -34%	4	2	2 100%
Saudi Arabia	3,561	4,228	-667 -16%	7	-7	-100%	1,226	1,624	-398 -25%	426	340	86 25%	432	600	-168 -28%	31	18	13 72%
South Korea	2,888	2,950	-62 -2%	643	511	132 26%	71	103	-32 -31%	1,221	1,210	11 1%	161	110	51 46%	4	14	-10 -71%
South Africa	2,274	2,788	-514 -18%	2,003	1,845	158 9%	18	220	-202 -92%	30	476	-446 -94%	988	663	335 51%	4	24	-24 -100%
Taiwan	1,808	1,965	-157 -8%	106	150	-44 -29%	26	26	0%	297	769	-472 -61%	68	14	54 386%			
Russia	1,689	1,666	23 1%				140	116	24 21%	1,210	1,271	-61 -5%						
Switzerland	1,539	2,089	-550 -26%				181	312	-131 -42%	104	141	-37 -26%						
Middle East	58,662	42,823	15,839 37%	262	206	56 27%	5,587	5,239	348 7%	4,977	6,040	-1,063 -18%	644	636	8 1%	40,548	22,593	17,955 79%
Greater China*	39,493	31,941	7,552 24%	21,695	20,152	1,543 8%	224	179	45 25%	4,927	1,168	3,759 322%	7,656	7,532	124 2%	744	81	663 819%
SE Asia**	8,772	8,636	136 2%	86	72	14 19%	1,534	1,863	-329 -18%	3,312	3,313	-1 0%	202	152	50 33%	1,372	1,197	175 15%

Source: DAFF

\* Greater China includes: China, Taiwan and Hong Kong

\*\* SE Asia includes: Indonesia, Philippines, Malaysia, Singapore and Thailand

**Table 5**  
Australian lamb exports to top 20 destinations and major regions by cut - 2013 vs 2012 Fiscal Year – continued...

Destination	Rack			Forequarter			Shortloin			Shank			Neck		
	2013 tonnage	2012 tonnage	Net change % change	2013 tonnage	2012 tonnage	Net change % change	2013 tonnage	2012 tonnage	Net change % change	2013 tonnage	2012 tonnage	Net change % change	2013 tonnage	2012 tonnage	Net change % change
<b>World Total</b>	9,289	10,938	-1,649 -18%	3,283	4,827	-1,544 -32%	5,076	6,826	-1,250 -20%	9,346	8,388	958 11%	5,918	4,816	1,102 23%
China	70	126	-56 -80%				4	6	-2 -33%	6	9	-3 -33%	2,587	1,619	968 60%
US	3,619	5,178	-1,559 -43%				3,456	4,699	-1,243 -26%	3,995	4,088	-93 -2%			
UAE	732	633	99 14%	67	97	-30 -31%	80	58	22 38%	279	237	42 18%	10	31	-21 -68%
PNG	7	8	-1 -14%	36	43	-7 -16%	40	37	3 8%	30	26	4 15%	1,320	1,248	72 6%
Jordan	44	36	8 18%	2,512	3,991	-1,479 -37%	2			4	26	-22 -85%	290	244	46 19%
Bahrain	8	7	1 13%							1		-1 -100%			
United Kingdom	101	48	53 52%				35	35	-35 -100%	2,100	1,590	510 32%			
Japan	652	642	10 2%	30	59	-29 -49%	23	14	9 64%	32	31	1 3%	2	7	-5 -71%
Iran										193	98	95 97%	47	22	25 114%
Qatar	214	179	35 16%				1	1	-1 -100%	12	10	2 20%			
Malaysia	226	224	2 1%				35	35	-10 -29%	457	270	187 69%	25	19	6 32%
Canada	698	702	-4 -1%				1,074	994	80 8%	491	407	84 21%			
Kuwait	76	51	25 33%	44	37	7 19%	2			6	1	5 500%	16	34	-18 -53%
Hong Kong	442	371	71 16%				17	21	-4 -19%	53	26	27 104%	401	193	208 108%
Saudi Arabia	323	334	-11 -3%	35	125	-90 -72%	2	4	-2 -50%	65	64	1 2%	47	53	-6 -11%
South Korea	125	111	14 11%	5	1	4 400%	8	4	4 100%	91	208	-117 -56%	22	9	13 144%
South Africa							26	16	10 63%				5	66	-61 -92%
Taiwan	31	86	-55 -177%				2	2	-2 -100%	233	152	81 53%	76	17	59 347%
Russia	195	168	27 14%				1			25	7	18 257%			
Switzerland	325	396	-71 -22%							22	36	-14 -39%			
Middle East	1,605	1,462	143 9%				87	65	22 34%	587	483	104 22%	416	506	-90 -18%
Greater China*	543	584	-41 -8%	3	11	-8 -73%	21	29	-8 -28%	292	186	106 57%	3,063	1,830	1,233 67%
SE Asia**	906	911	-5 -1%				250	218	32 15%	756	589	167 28%	69	51	18 35%

Source: DAFF

\* Greater China includes: China, Taiwan and Hong Kong

\*\* SE Asia includes: Indonesia, Philippines, Malaysia, Singapore and Thailand

**Table 6**  
Australian mutton exports to top 20 destinations and major regions by cut - 2013 vs 2012 Fiscal Year

Destination	Total (All Cuts)			Carcase			Leg			Manufacturing			Breast & flap		
	2013 tonnage	2012 tonnage	Net change	2013 tonnage	2012 tonnage	Net change	2013 tonnage	2012 tonnage	Net change	2013 tonnage	2012 tonnage	Net change	2013 tonnage	2012 tonnage	Net change
<b>World Total</b>	144,105	89,128	54,977	67,836	35,855	31,981	23,793	17,180	6,613	14,548	13,940	608	16,505	7,585	8,920
China	35,867	6,514	29,353	12,688	140	12,548	3,540	75	3,465	1,380	521	859	13,810	4,918	8,892
Saudi Arabia	15,343	9,935	5,408	5,361	2,536	2,825	3,075	2,444	631	3,073	2,917	156	6		6
UAE	12,752	9,866	2,886	7,946	6,164	1,782	3,190	2,468	722	144	59	85	7		7
US	10,076	4,775	5,301	7,332	2,280	5,052	1,095	1,054	41						6
Malaysia	8,576	4,779	3,797	4,776	1,641	3,135	498	499	-1	2,417	1,812	605	1		-6
Singapore	6,668	5,296	1,372	3,697	3,020	677	1,937	1,460	477	775	691	84	5		1
Kuwait	6,592	5,616	976	4,816	3,912	904	688	768	-80	459	623	-164	7		-2
Taiwan	5,490	5,032	458	1,378	280	1,098	160	97	63	2,569	3,948	-1,379			383
Oman	4,967	2,880	2,087	3,920	2,204	1,716	1,017	622	395				521		128
United Kingdom	4,048	2,787	1,261				3,077	2,298	779	560	73	487			
Russia	3,689	2,755	934	1,278	922	356	1,536	873	663	172	87	85	31		29
Japan	3,304	3,422	-118	65	103	-38	1,043	1,020	23	1,333	926	407			
Qatar	2,488	1,521	967	1,778	793	985	580	634	-54	18	18				
Bahrain	2,260	8,202	-5,942	2,260	8,194	-5,934									
Egypt	2,248	2,821	-573	685	731	-46	505	781	-276				132		181
Mexico	2,166	410	1,756	843	112	731									-49
Hong Kong	2,128	855	1,273	1,500	73	1,427	136	272	-136	29	50	-21	299		325
South Africa	1,650	1,805	-155	186	247	-61	89	149	-60	422	468	-46	153		110
Jamaica	1,595	486	1,109	1,592	461	1,131									43
Jordan	1,290	825	465	1,088	573	515	201	81	120						
Middle East	49,443	42,731	6,712	28,825	25,287	3,538	9,450	8,099	1,351	3,696	3,643	53	199		263
Greater China*	43,485	12,401	31,084	15,546	493	15,053	3,836	444	3,392	3,979	4,519	-540	14,629		5,371
SE Asia**	15,726	10,367	5,359	8,673	4,744	3,929	2,606	2,101	505	3,257	2,538	719	6		8
			52%			83%			24%			28%			-2
			56%			90%			148%			-100%			
			16%			14%			17%			1%			-24%
			251%			3053%			764%			-12%			172%
			52%			83%			24%			28%			-25%

Source: DAFF

\* Greater China includes: China, Taiwan and Hong Kong

\*\* SE Asia includes: Indonesia, Philippines, Malaysia, Singapore and Thailand

**Table 6**  
Australian mutton exports to top 20 destinations and major regions by cut - 2013 vs 2012 Fiscal Year – continued...

Destination	Shoulder			Neck			Bone-in loin			Backstrap			Shank			Rack			
	2013 tonnage	2012 tonnage	% change	2013 tonnage	2012 tonnage	% change	2013 tonnage	2012 tonnage	% change	2012 tonnage	2013 tonnage	% change	2012 tonnage	2013 tonnage	% change	2012 tonnage	2013 tonnage	% change	
<b>World Total</b>	8,257	4,811	72%	1,781	811	113%	3,102	1,634	90%	1,553	1,973	-7%	1,462	1,674	35%	1,775	1,775	-6%	
China	1,436	1,436		1,201	245	390%	683	683	59	59	262	262	1	261	26100%	614	614	-435	-71%
Saudi Arabia	2,135	955	124%	15	16	-6%	1,341	853	57%	5	118	-40%	96	75	23%	50	25	50%	50%
UAE	127	100	27%	30	38	-21%	18	5	260%	63	351	-6%	283	644	24%	479	165	34%	34%
US	1,362	995	367%							2	262	50%	336	7	-22%	48	-41	-85%	-85%
Malaysia	555	719	-23%	12	2	500%	136	136	89	7	37	1171%	85	7	-56%	12	-5	-42%	-42%
Singapore	4	4		19	26	-27%	49	22	123%	3	3	4033%	8	16	-63%	16	16	16	16
Kuwait	164	130	26%	5	5		12	12		10	71	360%	42	217	69%	93	124	133%	133%
Taiwan	1	1		151	63	140%	40	40	46	10	63		79	404	-20%	364	40	11%	11%
Oman	4	36	-89%	4	3	-100%	4	1	300%	26	35	135%		20		7	13	186%	186%
United Kingdom				3	3		3	3	61	26	2			2		2	2	2	2
Russia	510	790	-35%	61	48	27%	61	13	27%	1	75	7500%	124	21	-59%	20	1	5%	5%
Japan	107	70	53%	5	5		675	675	40	1,175	-43%	51	6	6		1	5	500%	500%
Qatar	2	-2	-100%				40	40		23	17	74%		6		6	6	6	6
Bahrain																			
Egypt				297	373	-20%					100								
Mexico	1,267	283	348%	11	7	57%					100					8	8	-8	-100%
Hong Kong	4	-4	-100%	58	50	16%	51	15	240%	1	53		42	1	26%	16	-15	-94%	-94%
South Africa	77	344	-78%	148	214	-31%	72	2	3500%		247		154	93	60%				
Jamaica	3	4	-25%	12	-12	-100%		3	-3	-100%									
Jordan	114	-114	-100%	17	-17	-100%										6	-6	-6	-100%
Middle East	2,605	1,418	84%	72	104	-31%	1,753	1,373	28%	92	10	11%	439	206	47%	636	326	51%	51%
Greater China*	1,437	4	35825%	1,410	357	295%	775	15	5067%	10	96	960%	121	257	212%	995	-411	-41%	-41%
SE Asia**	566	723	-22%	36	27	33%	195	36	442%	10	202	2020%	93	-53	-57%	29	19	66%	66%

Source: DAFF

\* Greater China includes: China, Taiwan and Hong Kong

\*\* SE Asia includes: Indonesia, Philippines, Malaysia, Singapore and Thailand

# Mid-year sheepmeat update

## Sources and acknowledgements

This document was produced and compiled by Meat & Livestock Australia (MLA), with the help of market specialists in MLA's international and domestic marketing divisions, MLA's National Livestock Reporting Service (NLRs) and the Lamb Forecasting Advisory Committee.

Baseline forecasts were also provided by the Centre for International Economics Global Meat Industries (GMI) model.

The sources listed below are also duly acknowledged for the provision of statistical, analytical and forecast information used in this document.

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)

Australian Wool Exchange

Australian Wool Production Forecasting Committee (AWPFC)

Australian Bureau of Statistics (ABS)

Beef + Lamb New Zealand

Centre for International Economics (CIE)

Commonwealth Bureau of Meteorology (BOM)

Department of Agriculture, Fisheries and

Forestry (DAFF), Australia

Global Trade Atlas (GTA)

Infoscan NZ

International Monetary Fund (IMF)

Millward Brown

Penfold Research

Reserve Bank of Australia (RBA)

Roy Morgan

*The Land* newspaper

United States Department of Agriculture (USDA)

World Bank

## Acronyms

<b>ABARES</b>	– Australian Bureau of Agricultural and Resource Economics
<b>ABS</b>	– Australian Bureau of Statistics
<b>AWPFC</b>	– Australian Wool Production Forecasting Committee
<b>CIE</b>	– Centre for International Economics
<b>CIS</b>	– Commonwealth of Independent States
<b>cwt</b>	– Carcase weight
<b>DAFF</b>	– Department of Agriculture, Forestry and Fisheries – Australia
<b>EMI</b>	– Eastern Market Indicator (wool price)
<b>EU</b>	– European Union
<b>ESCAS</b>	– Exporter Supply Chain Assurance System
<b>FAO</b>	– Food and Agriculture Organisation
<b>FOB</b>	– Free on board ship (export price loaded on ship before departure)
<b>FTA</b>	– Free Trade Agreement
<b>GTA</b>	– Global Trade Atlas
<b>IMF</b>	– International Monetary Fund
<b>lb</b>	– Pounds weight
<b>lwt</b>	– Liveweight
<b>MLA</b>	– Meat & Livestock Australia
<b>NLRS</b>	– National Livestock Reporting Service (Meat & Livestock Australia)
<b>NZ</b>	– New Zealand
<b>PNG</b>	– Papua New Guinea
<b>RBA</b>	– Reserve Bank of Australia
<b>swt</b>	– Shipped weight
<b>UAE</b>	– United Arab Emirates
<b>UK</b>	– United Kingdom
<b>US</b>	– United States
<b>USDA</b>	– United States Department of Agriculture



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