

# Lamb industry set for rosy future says MLA

By KANE CHATFIELD

THE Australian lamb industry looks set to continue its prosperous ways for the next five years according to Meat and Livestock Australia (MLA) Australian Sheep Industry Projections.

MLA Information and Analysis manager Tim McRae presented a summary of the findings, released in February this year, to producers attending the WAMMCO State Prime Lamb Carcase Competition presentation day at Katanning last week.

Mr McRae said the international and domestic markets underpinning the current strength of the industry, looked set to continue but supply, hindered by the contrasting seasons in the east and west, remained the biggest concern.

The report forecasts national flock numbers to turn around in 2011 and despite it being at its lowest level since 1905, ewe numbers have remained relatively steady.

By June 2011, numbers are forecast to be up 1.9 per cent to 69 million with breeding ewes up three per cent to 42.9 million head in 2010-11, 61pc of the total flock.

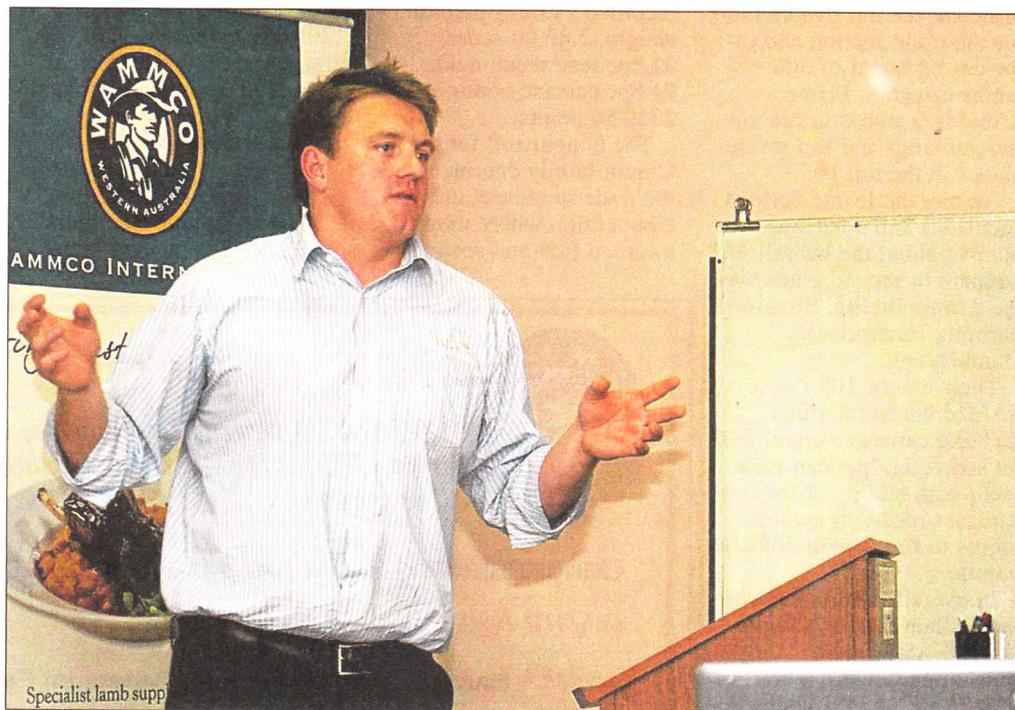
Ewe numbers are expected to increase to 44.7 million by 2015 and the overall flock up five per cent to 71 million head.

But in WA the forecast shows contrasting results with the State's numbers falling 15pc to 12.4 million this year, the lowest level since the 1940s.

"This is responsive to years of getting out of sheep on the back of droughts," Mr McRae said.

"Ninety per cent of producers in other States are going to maintain or increase their ewe flock and I would expect to see similar results in WA with a good season.

"WA used to have 25pc of the nation's sheep flock, now



Meat and Livestock Australia (MLA) Information and Analysis manager Tim McRae.

it's down to about one seventh if our forecasts prove right."

The report sees sheep prices coming off their peaks but still remaining remarkably strong with national price averages forecast to be up in 2011 despite the strength of the Australian dollar.

"Five years ago, the Australian dollar at parity would have been the death knell for exporting industries but the lamb industry has strengthened with continuation of parity," Mr McRae said.

"The dollar is expected to ease over the medium-term which spells further strength for the lamb industry and its export potential."

The economic recovery and return of global demand is a contributing factor to the strength of the Australian lamb industry.

Mr McRae said tight supplies were fueling record global food and meat prices, known in the industry as agflation.

"A few years ago, supplies weren't the concern but now

the picture has certainly changed," he said.

"We have seen some constraint on demand for lamb, particularly from the US and EU over the last few years but demand for these products is increasing with the recovery of their economies and helping them pay more for the product which they will need to."

The domestic lamb market continues to show resilience to the strong retail prices which is driving the current record lamb prices.

In 2011, domestic lamb consumption is expected to grow seven per cent to 236,000 tonnes and a growth of 24pc to 273,000t by 2015.

"Over the last 10 years we have seen quite big price increases but at the same time consumers have kept eating it which is reflective of the quality of product, demand and value for money," Mr McRae said.

Last year lamb retail prices went up five per cent nationally, beef and pork prices were back one per cent and chicken remained steady.

Mr McRae said more consumers will look at lamb as becoming expensive compared to other proteins.

"We would expect to see the retail prices level out with pressure from consumers and talk of switching away from lamb," he said.

Sheep turn-off figures are expected to improve but remain historically low with the lowest levels of sheep slaughter in 45 years.

National sheep turn-off is forecast to be up eight per cent in 2011 to 10.2 million head and sheep slaughter up 15pc to 7.4 million head.

"We will certainly see live export pressure for supplies feed into sheep prices but slaughter numbers are expected to remain low for a long time," Mr McRae said.

"We would expect a similar decline in numbers for WA if we did see a significant break, maybe a 10-15pc annual decline in numbers if the season turns around."

But MLA forecasts national lamb slaughter to increase by seven per cent to almost record levels of 20.2 million