



# European Commission Working Sheep Group

## Global Overview

European Commission, 22<sup>nd</sup> April 2024

# World shoatmeat market: supply-driven

*Short-term hiatus for this traditional sector: more positive longer term*

Volatile pastoral conditions

Importance of 'informal' flock

Contradictory prices trends

**Supply: Recovery**

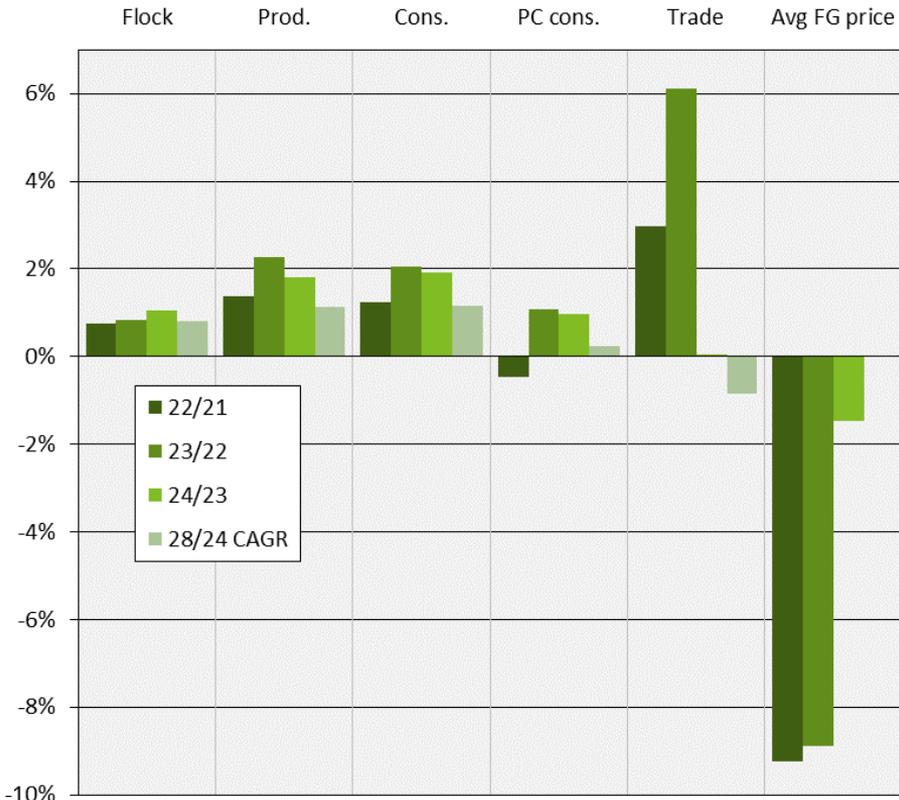
**Demand: down from peak**

-  
High rel. price in CoL crisis  
Changing consumer trends  
Poor Carbon footprint

+  
Strong traditional demand  
Strong CN demand remains  
MENA recovery

# 2022-23f-28f Shoat meat headlines

Supply growth into 'soft' demand conditions undermines prices



Source: Gira forecasts. No n+5 FG (farmgate) price forecasts

## Modest flock expansion

- Driven by informal flocks & AU (to end in 2024)

## Supply expansion

- Increased output in most regions: **AU=>export**
- Slight offset by contractions in EU & GB

## Consumption gains, although demand not as strong as expected in some markets

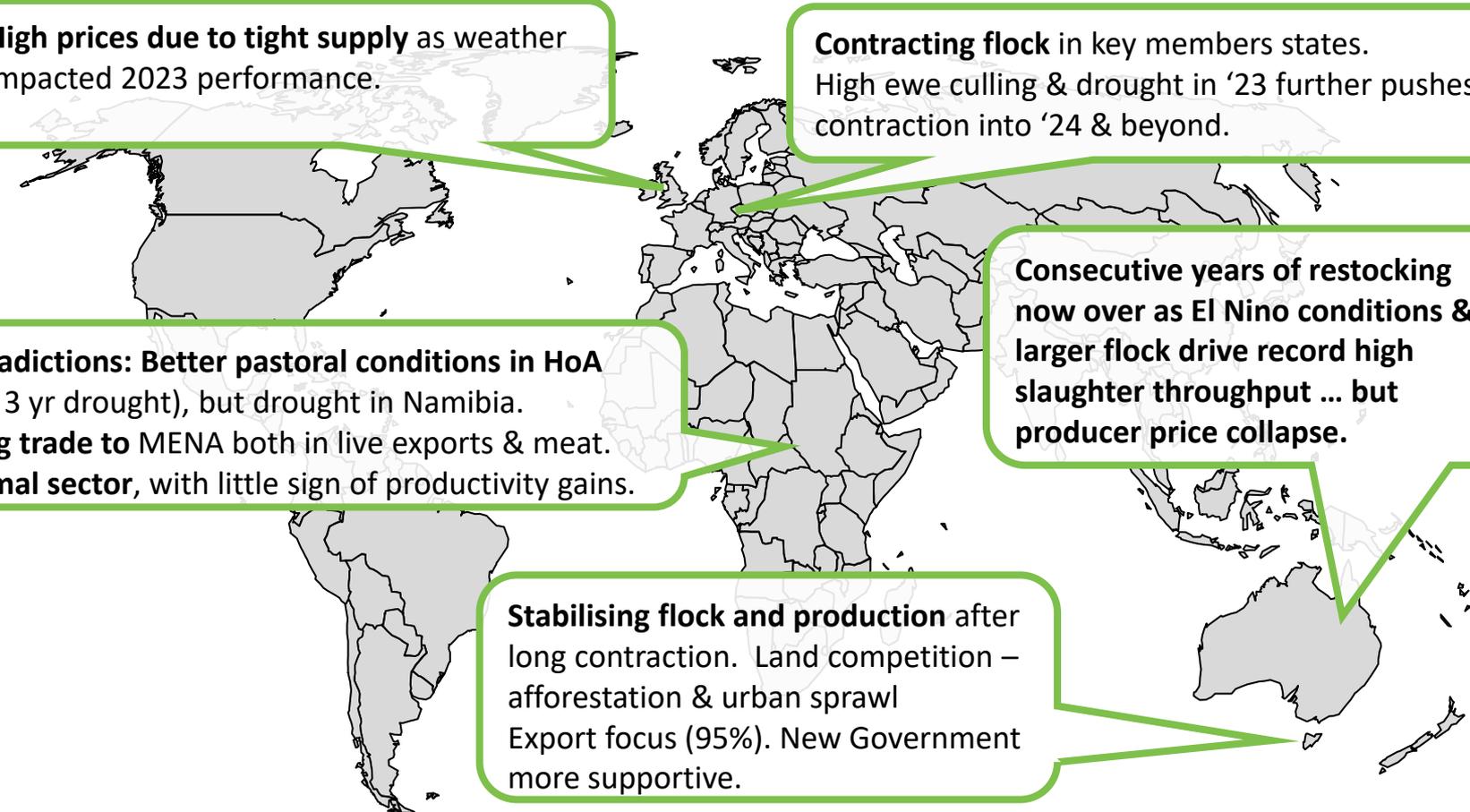
- CN volume gains as prices fall
- Mixed performance through MENA
  - US demand weaker
- But CoL crisis concerns remain

## Price collapse in most categories

- Lamb prices fall in both LC & USD: in AU & CN
- Influence of supply boom in AU has wide reaching implications
- Smaller decline expected in 2024

# Headlines – Supply countries

*AU restocking comes to an end; Prices plummet except Europe*



**High prices due to tight supply** as weather impacted 2023 performance.

**Contracting flock** in key members states. High ewe culling & drought in '23 further pushes contraction into '24 & beyond.

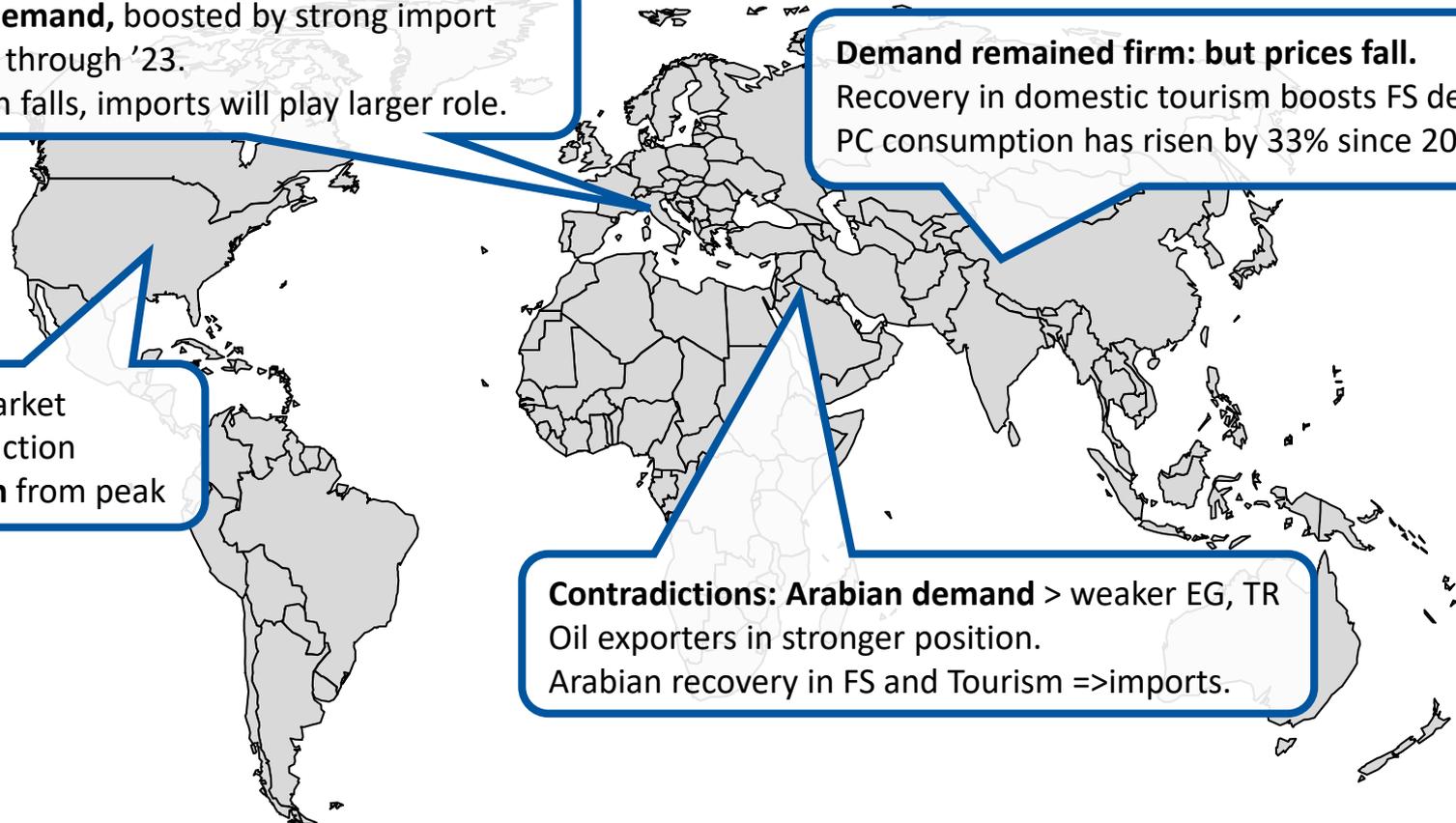
**Contradictions: Better pastoral conditions in HoA** (after 3 yr drought), but drought in Namibia. **Strong trade to MENA** both in live exports & meat. **Informal sector**, with little sign of productivity gains.

**Consecutive years of restocking now over** as El Nino conditions & larger flock drive record high slaughter throughput ... but **producer price collapse**.

**Stabilising flock and production** after long contraction. Land competition – afforestation & urban sprawl. Export focus (95%). New Government more supportive.

# Headlines – Demand countries

*Falling prices supported import volumes; with rising global supplies*



**Stable core demand**, boosted by strong import performance through '23.  
As production falls, imports will play larger role.

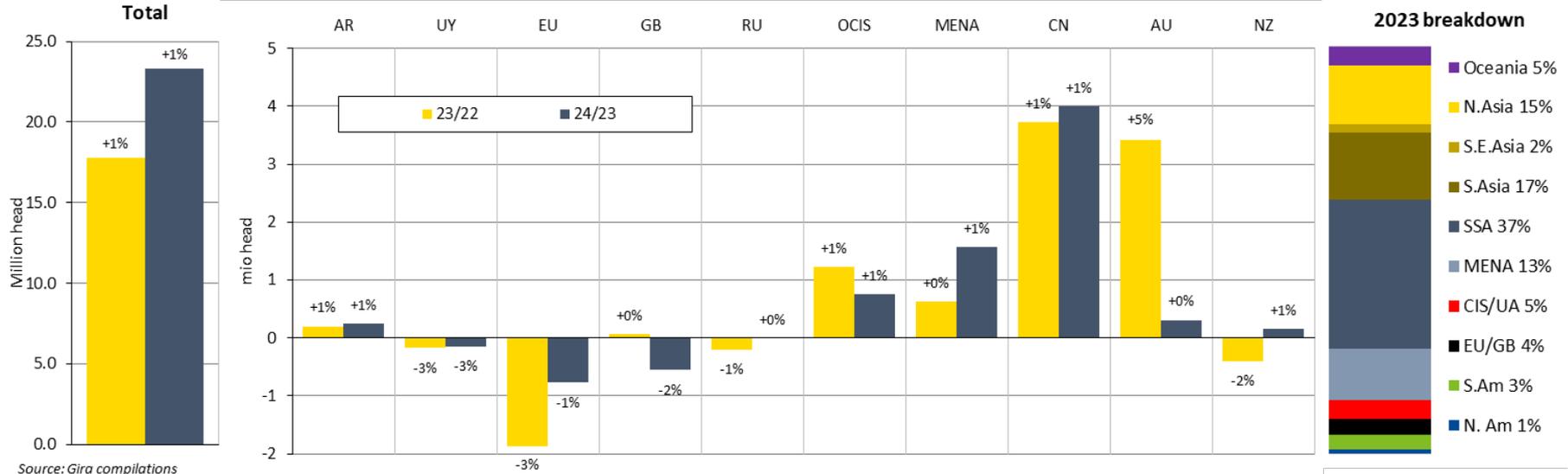
**Demand remained firm: but prices fall.**  
Recovery in domestic tourism boosts FS demand.  
PC consumption has risen by 33% since 2012!

**High value market**  
Limited production  
**Imports down** from peak

**Contradictions: Arabian demand** > weaker EG, TR  
Oil exporters in stronger position.  
Arabian recovery in FS and Tourism => imports.

# Sheep & goat flock changes, 2023e-24f

Steady expansion continues ... until 2025; CN & SSA leading growth



🌱 **CN: Healthy profits** over last 3 years have encouraged investment & expansion

🌱 **AU: Flock at highest** level in a decade to **plateau with onset of El Niño** conditions

- **NZ:** High prices in 2023 encourage slaughter, now falling causing some retention

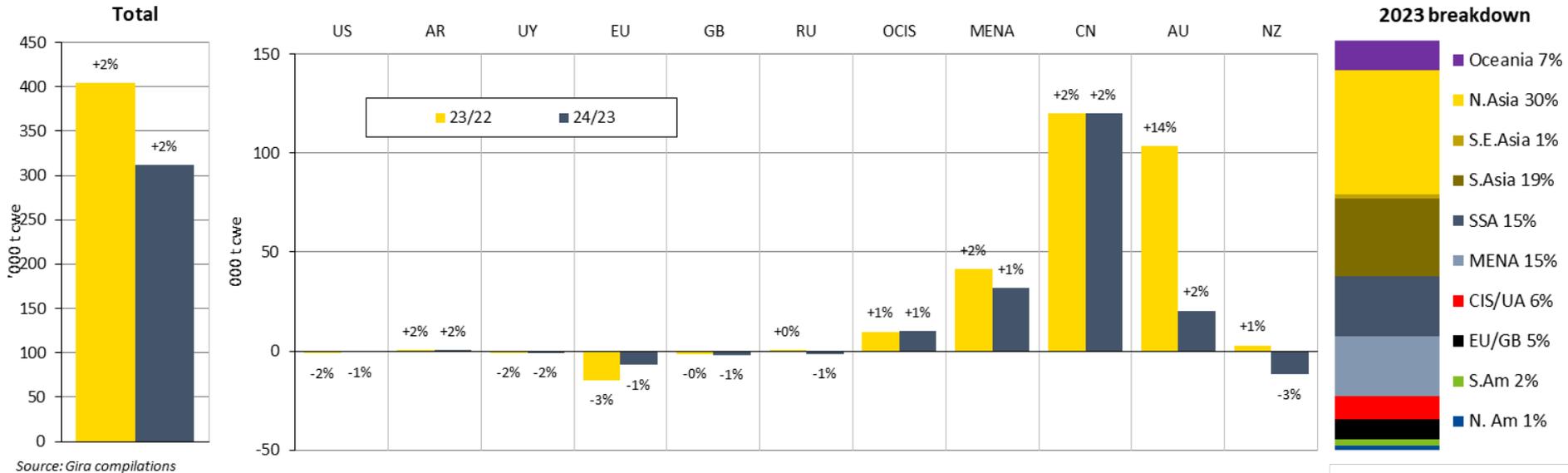
🌱 **MENA: Some investment** aimed at boosting food security & threat to live imports

🌱 **SSA: Improved conditions** in E. Africa following years of major drought

🌱 **GB & EU: High ewe slaughter** through '23; Droughts in parts of Southern EU

# Sheep & goat meat production changes, 2023e-24f

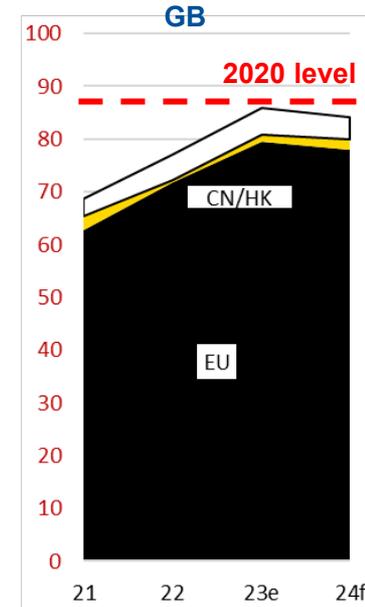
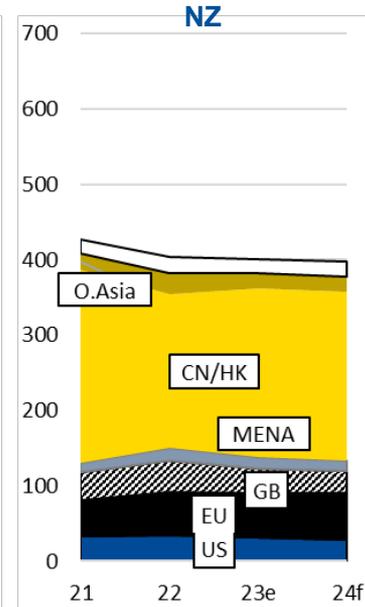
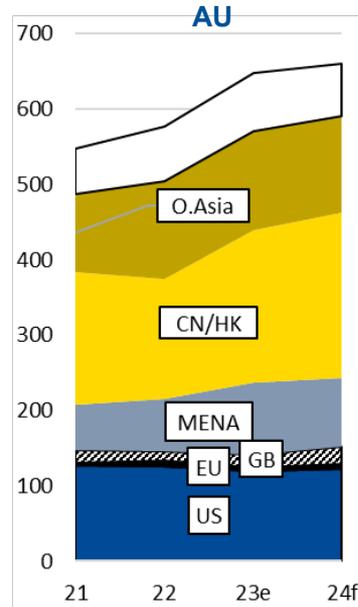
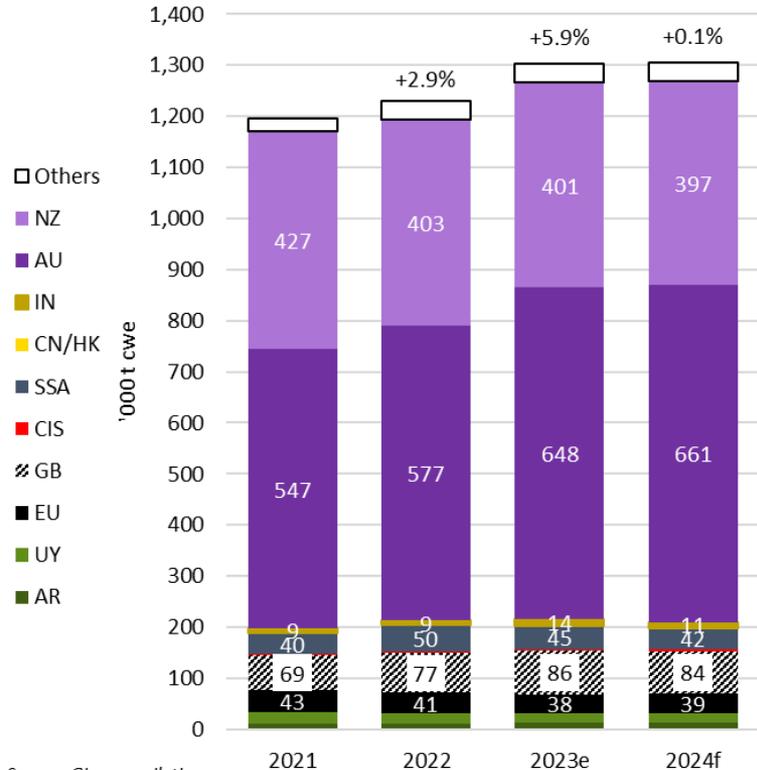
*Notable impact of El Niño conditions in AU*



- CN: healthy profits** boost flock expansion, and intensive feedlots
- AU: High slaughter** driven by larger flock, lower prices, also indicative of El Niño fears
- MENA:** High production costs vs imports temper expansion
- GB:** Poor lamb performance through 2023; Little carryover into 2024 expected
- NZ:** Better lambing in 2023, stable outlook

# Sheep & goat meat exporters, 2021-24f

Booming AU supply offsets shrinking NZ; 46% destined to CN & MENA



Source: Gira compilations

# Sheep & goat flock productivity average, 2020-23e

*Slight gains in vast informal flocks could have significant impact*

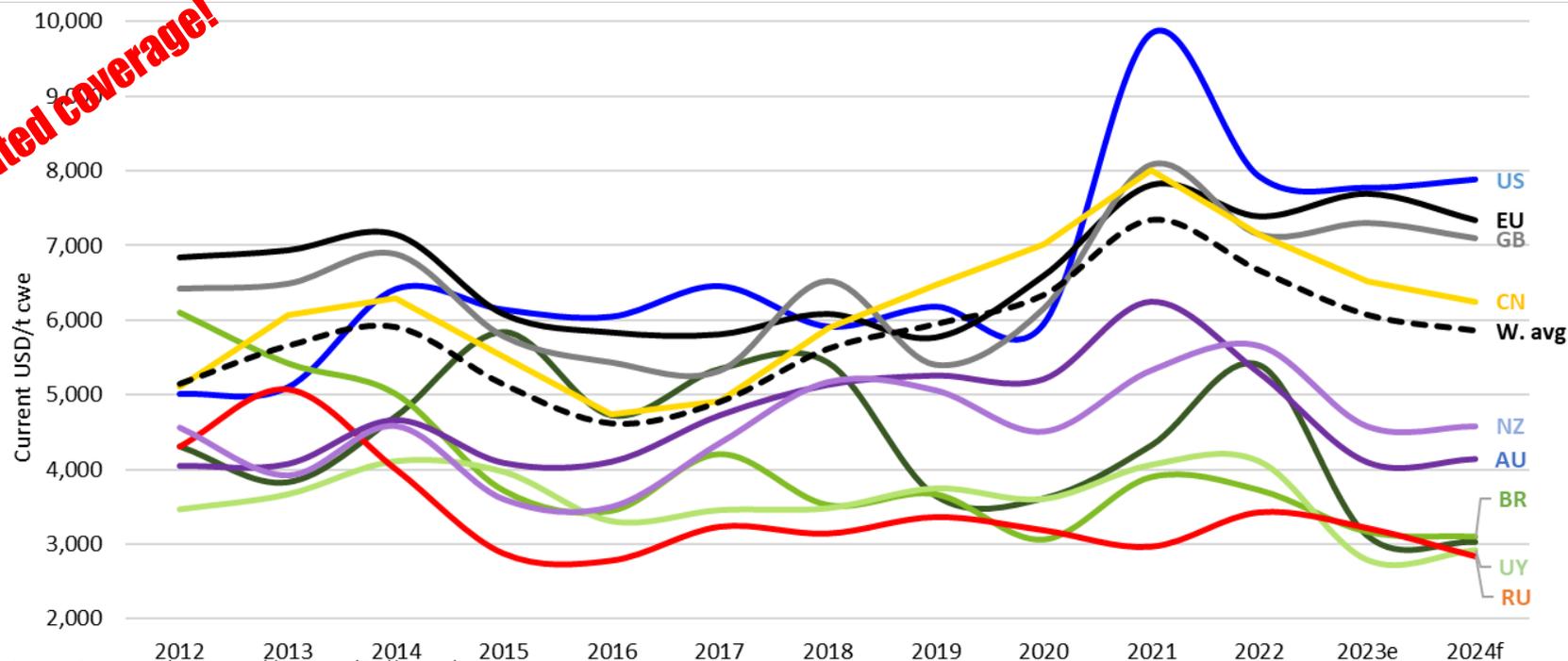


Source: Gira, GMC

# Lamb producer prices (USD/t cwe), 2012-24f

Prices to erode in 2024 following major fall since 2021

Limited Coverage!



Source: Gira compilations; world avg weighted by production

## 2023 global average -9.4%

- Most market prices fall in LC, exaggerated by the USD strengthening, with the exception of the EU

Anticipated **stabilisation in 2024** as supply & demand balance out

Thank you for your attention