



European Commission Working Sheep Group

Global Overview

European Commission, 22nd 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

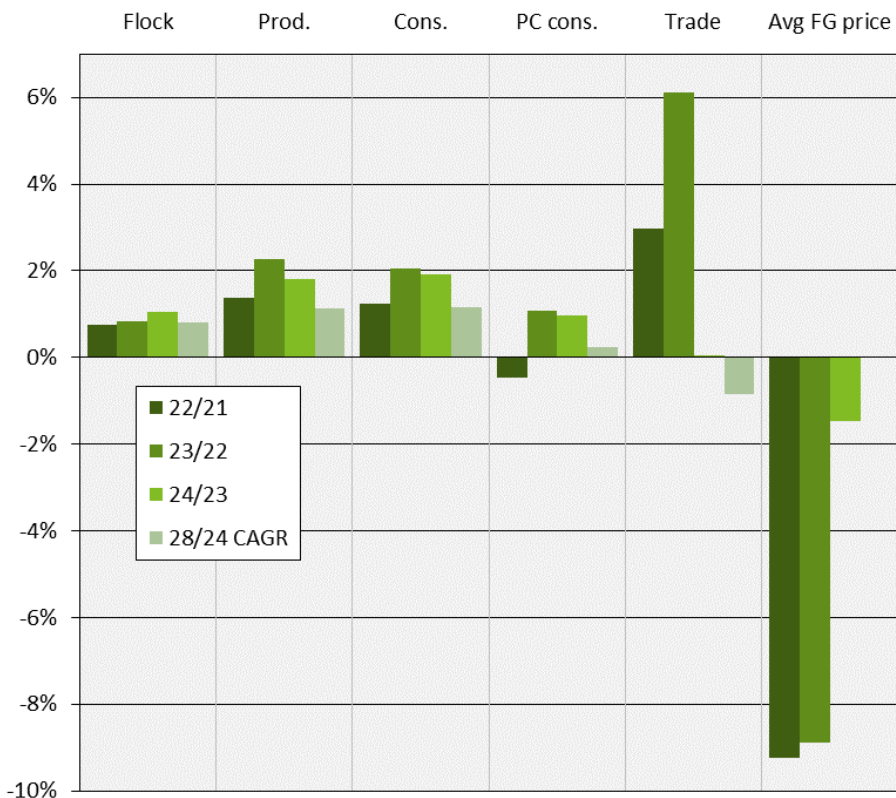
Demand: down from peak

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

+
Strong traditional demand
Strong CN demand remains
MENA recovery

2022-23f-28f Shoaat 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.

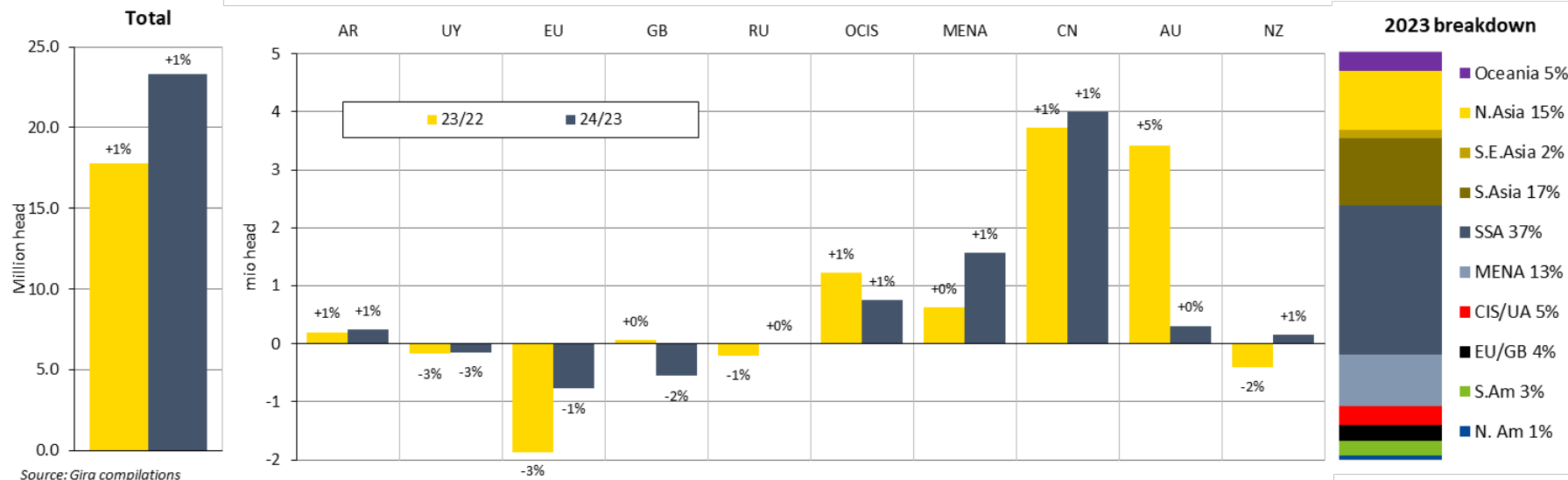
Demand remained firm: but prices fall.
Recovery in domestic tourism boosts FS demand.
PC consumption has risen by 33% since 2012!

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

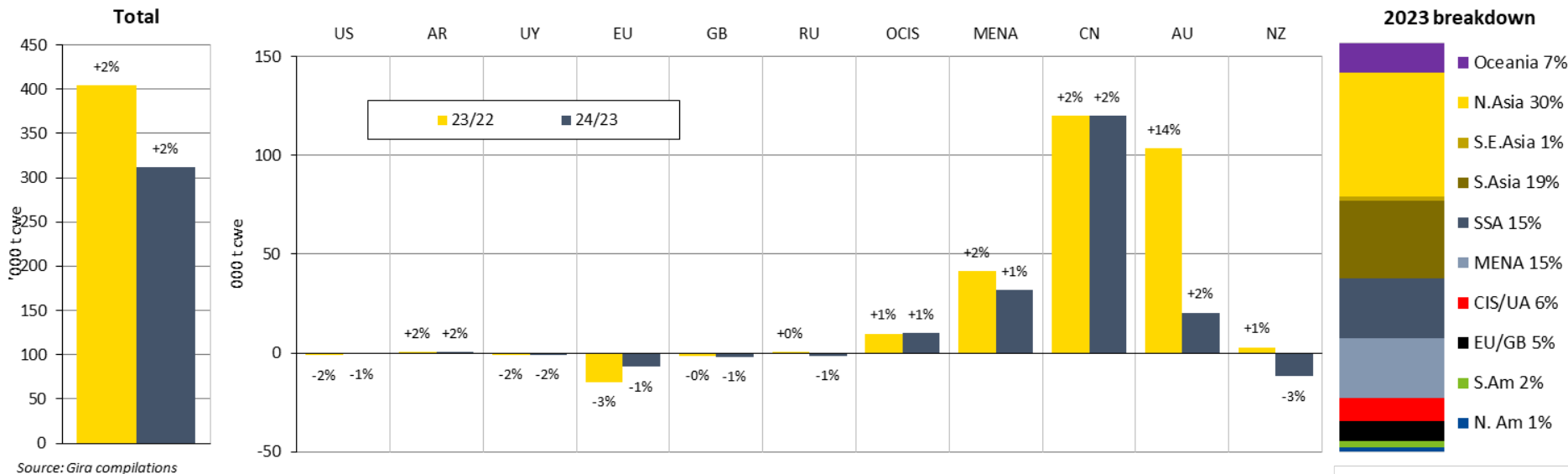
Steady expansion continues ... until 2025; CN & SSA leading growth



- **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

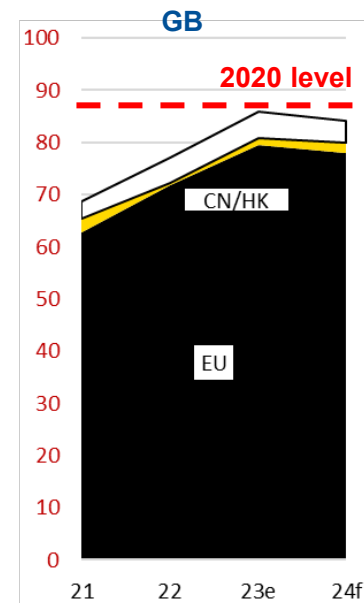
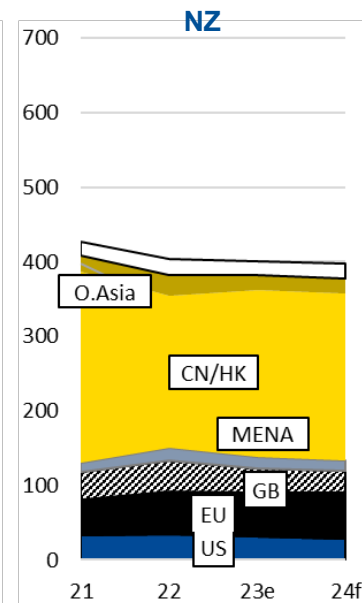
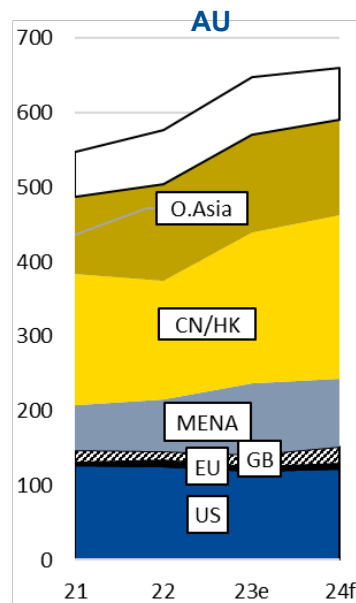
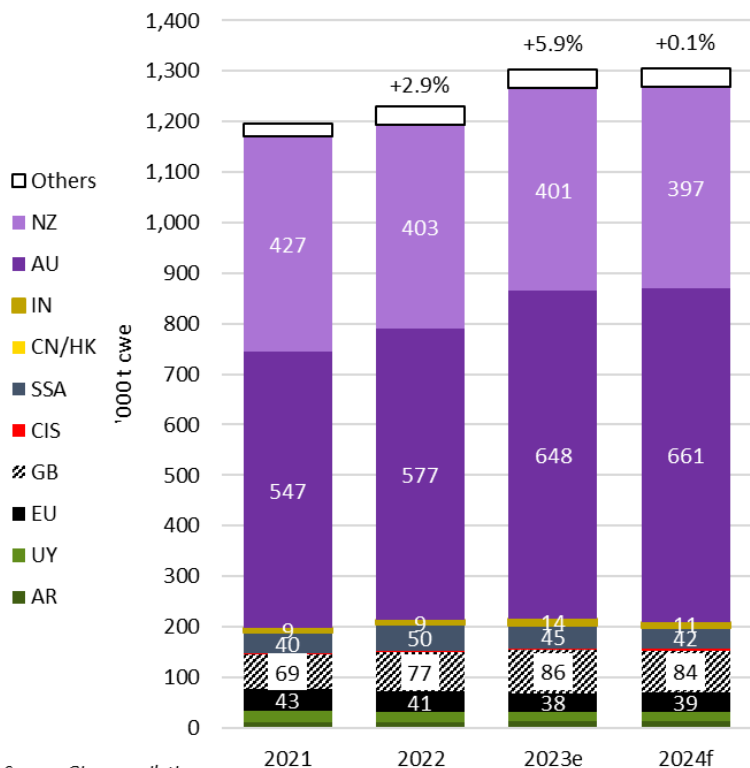
Notable impact of El Niño conditions in AU



- **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



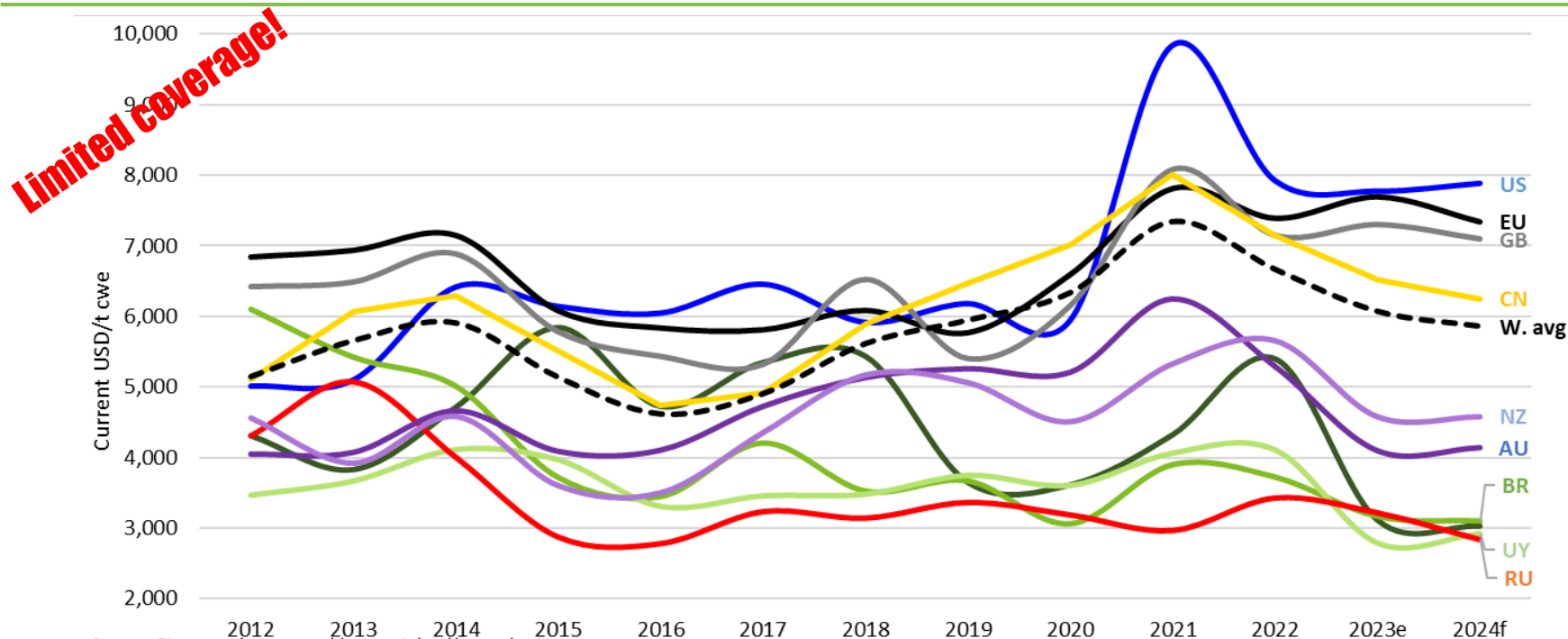
Sheep & goat flock productivity average, 2020-23e

Slight gains in vast informal flocks could have significant impact



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

Prices to erode in 2024 following major fall since 2021



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