



# SHEEP SHEET

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Lamb and mutton production will decline again in 1997, assuring producers another year of attractive prices. However, producers must become increasingly concerned that along with the eroding production base and very strong prices in 1997 may come even more erosion in the demand base for lamb.

Sheep and lamb inventories on January 1 were down 6 percent from a year earlier and down 11 percent from 1995. Both the breeding sheep inventory and lamb crop set historical lows. The 1996 lambing rate was 103 lambs per 100 ewes (or 103%, 1.03 lambs per ewe), down from 106 in 1995. Operations with sheep totaled 77,000 in 1996, down 5 percent from 1995 and down 12 percent from 1994. Nearly 92 percent of the operations had fewer than 100 sheep, and represented nearly 26 percent of the total sheep inventory. Large operations, those with over 5,000 head, represent only 0.1 percent of the operations, but 14 percent of the sheep.

Lamb and mutton production declined nearly 7 percent in 1996 and likely will decline another 7 percent in 1997. Production is aimed as much as possible toward important spring religious holidays, beginning in late March. Sharper declines are likely in the second half with production likely to be down 8 to 12 percent. Sharp breeding stock reductions occurred in the Southwest, particularly Texas, in 1996 due to severe drought. Some additional ewe lambs are likely to be retained following the very strong prices in late 1996 through winter 1997 and much improved grazing prospects in 1997.

## 1997 Sheep Inventory Decline Continues

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Prices for Choice slaughter lambs in San Angelo averaged \$85 per cwt in 1996 and likely will remain near this figure in 1997. Strongest prices, near \$100 per cwt, will occur in the first quarter but will likely erode somewhat through the year despite production declines after the peak demand period ends. Prices for large, muscular carcasses are likely to remain strong and premiums may increase for the more desirable lambs.

Lamb imports are also expected to remain strong as high prices attract more loin and leg of the lamb trade. These are by far the most desirable cuts, and alleviate the need to market the less desirable cuts at sometimes very large price discounts. Strong prices have reduced lamb and mutton exports to 6 million pounds in 1995 and 1996, down from 8 to 10 million pounds per year in the early 1990's.

*SOURCE: Economic Research Service, USDA. 1997. Livestock, Dairy and Poultry Situation and Outlook. LDP-M-38. Feb. 20, 1997*



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