Review of Lamb Sector during 2022 & Market Outlook for 2023

January 2023

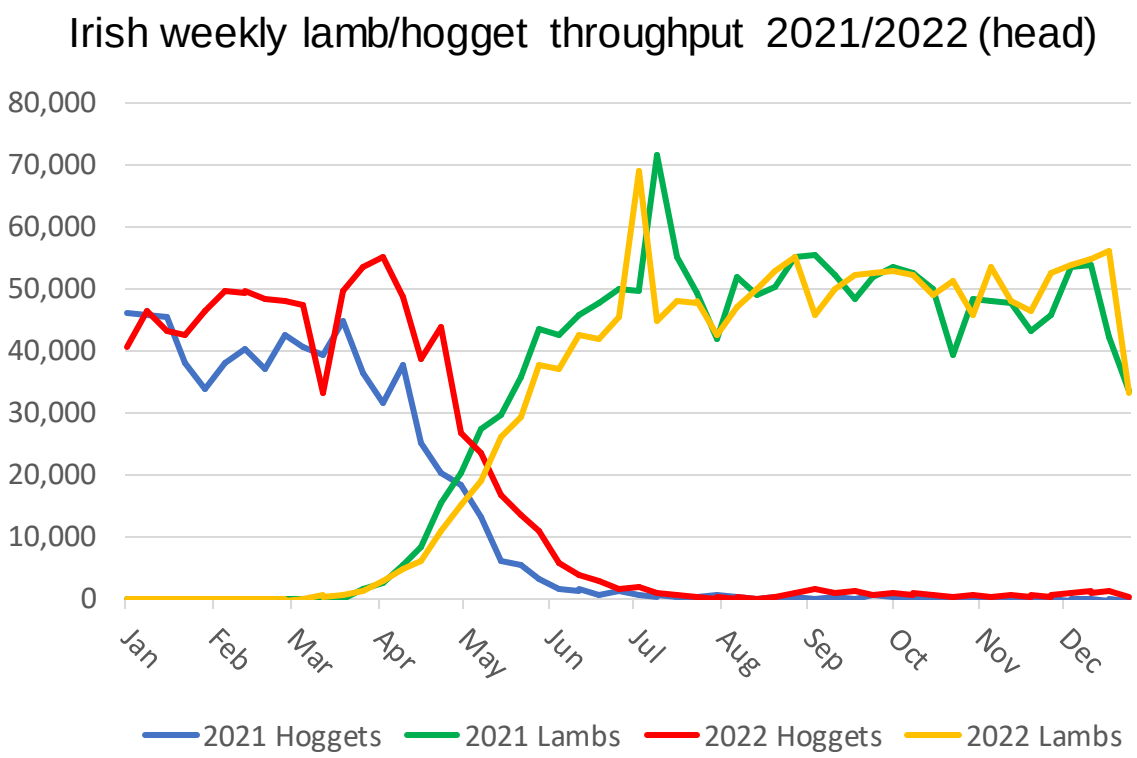
Joe Burke

BORD BIA
IRISH FOOD BOARD



Review of Irish sheepmeat production

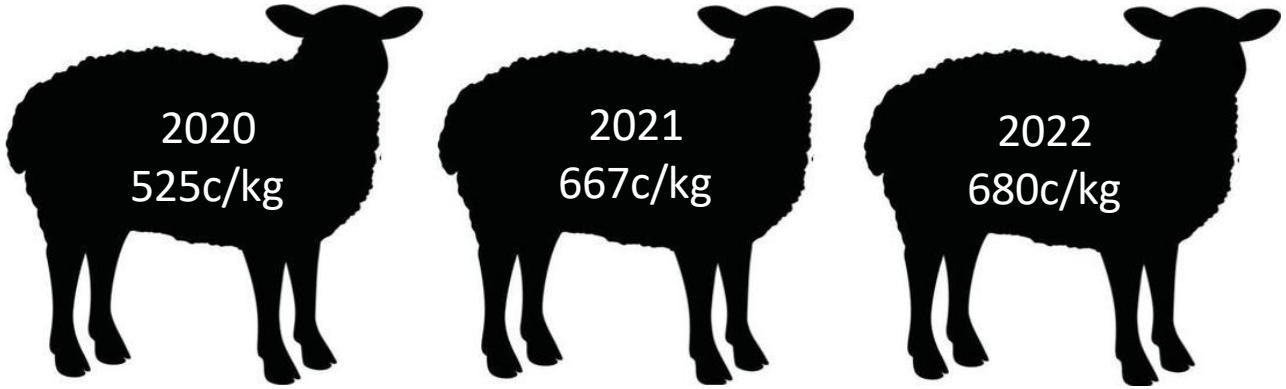
- Total sheep throughput for 2022 was 2.92m head
  - Increase of >200,000 head
  - Reflects strong carryover of hoggets in Q1 & Q2
  - Fewer spring lambs: 1.63 million head: -42,000
  - Strong no.s of ewes/rams: 385,000, +33,000
- Lighter carcase weights:
  - 20.3kg in Q4 of 2022 v.s 21.8kg in Q4 of 2021
- Little change in N. Ireland imports: more hoggets (+28,000 head), but fewer spring lambs (-10,000)
- Estimated to be a further 60-70,000 lambs on-farm, for processing in H1 2023



Source: DAFM

Review of Irish lamb producer prices

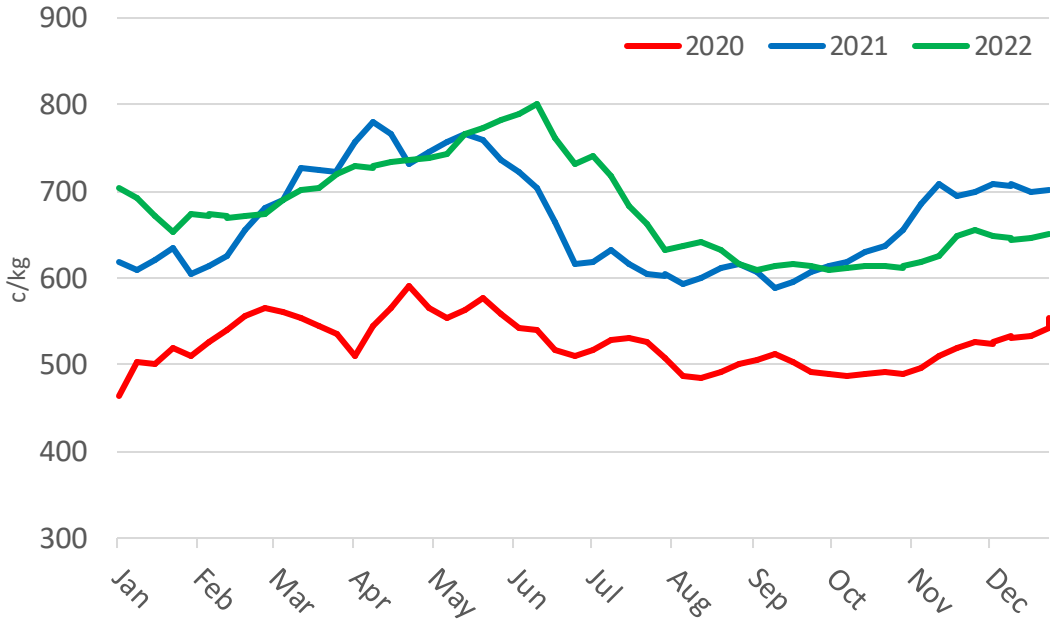
- On average, prices for 2022 increased slightly on the previous year's levels, to €6.80/kg
- Gains were achieved ahead of Q4, when little seasonal uplift took place compared with previous years
- Deadweight trade in NI and UK followed a similar pattern
- Latest price (week 1 '23): €6.52/kg vs. €7.03/kg (Jan '22)
- Current quotes €6.30-€6.40/kg + QA bonus



Average lamb/hogget prices weeks 1-52 2020-2022 (c/kg)

*Change to price reporting in 2021 makes YOY comparison with previous years difficult

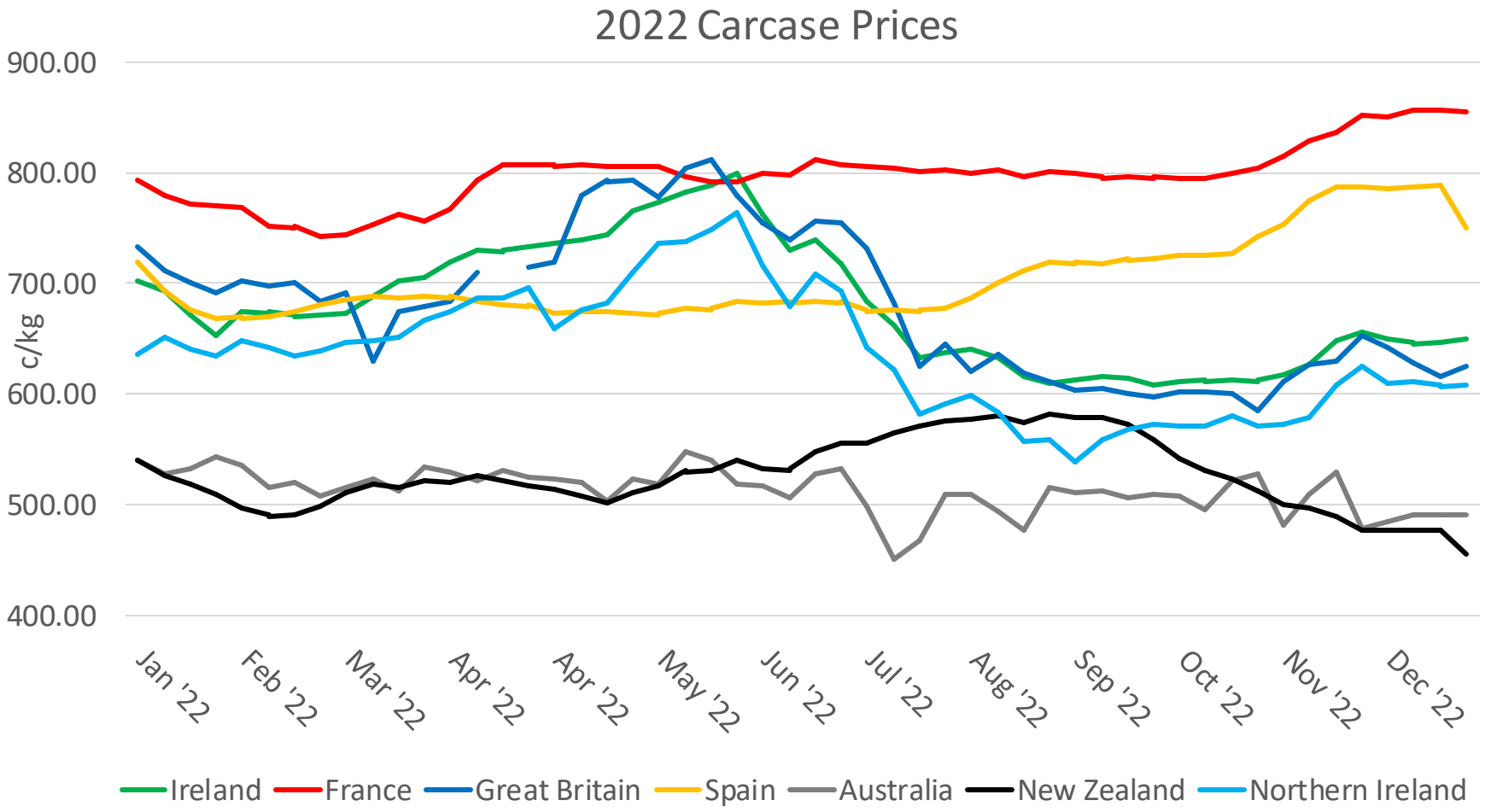
Irish weekly lamb/hogget carcase prices 2020-2022 c/kg



Source: DAFM

International Lamb Prices 2022

International Lamb/Hogget deadweight prices 2022 c/kg (Source DAFM/AHDB/LMC/MLA/BLNZ)



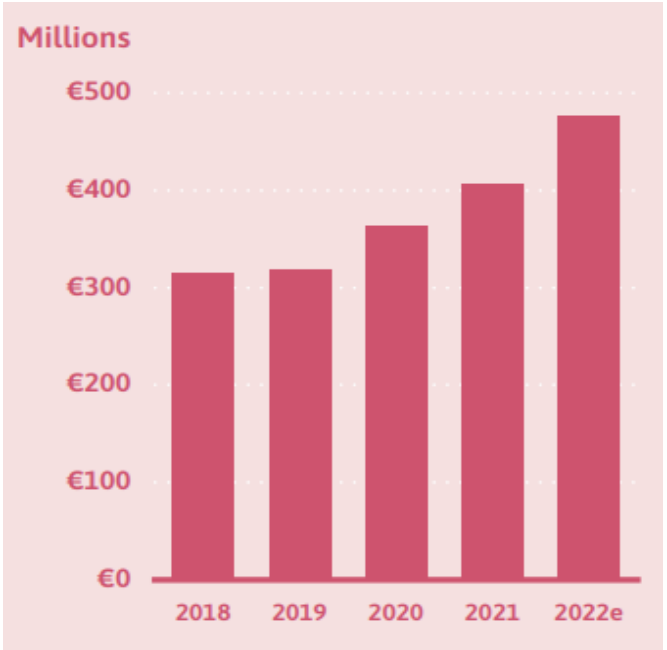
Price comparison: w/e 30/12/2022

- France: 856c/kg
- Spain 750c/kg
- Ireland: 650c/kg
- Great Britain: 624c/kg
- N Ireland: 608c/kg
- Australia: 491c/kg
- N Zealand: 455c/kg

Irish sheepmeat exports 2022

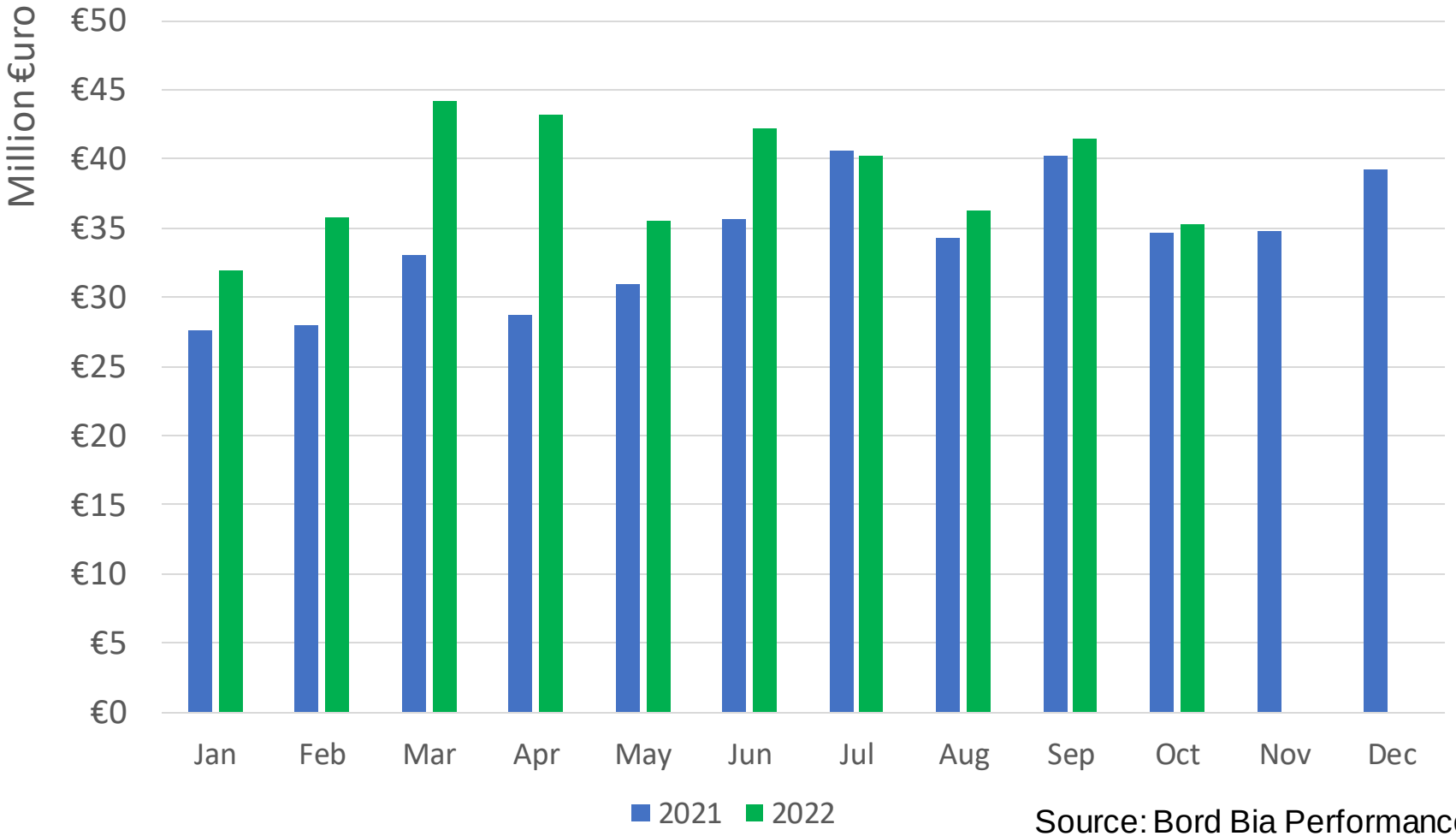
- Positive year for Irish sheepmeat exports
  - ➢Value +17% to €476m
  - ➢Volume +10% to 75,000t
- Growth driven by exports to EU markets (+18%):
  - ➢France +16% to €146m
  - ➢Germany +30% to €78m
  - ➢Sweden +21% to €51m
- Exports to UK market +15% to €78m
- Growth in International markets +15% to €45m
  - ➢Driven by exports to Switzerland (+33% to €33m) and Canada (+70% to €8m)

Irish sheepmeat export value € (2018-2022e)



Source: Bord Bia Performance & Prospects

Irish Sheepmeat monthly export values (€m)



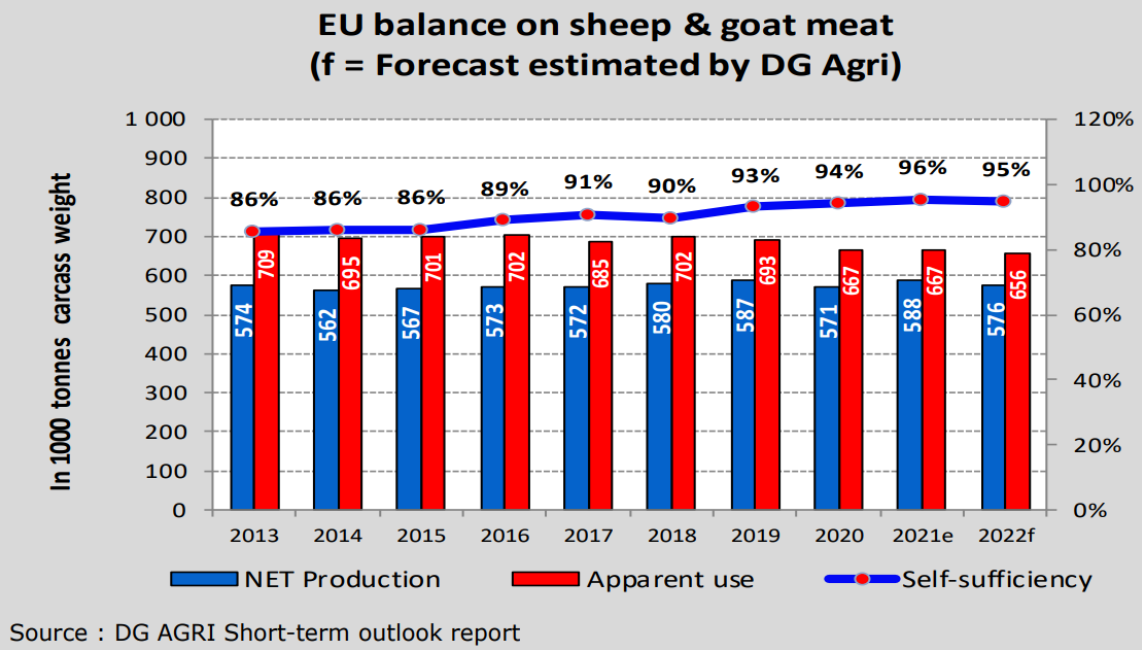
Annual value growth of 17% was driven by strong increases during Q1 and Q2

Value of exports during July-Oct 2022 was only slightly ahead of year earlier levels.

Later in the year, inflationary pressures were of rising concern.

Source: Bord Bia Performance & Prospects, CSO

European sheepmeat sector developments



Source : DG AGRI Short-term outlook report

EU's apparent self-sufficiency increasing, as consumption falling faster than production over the past 5 years.

EU sheepmeat imports (excluding from UK)

SHEEP & GOAT (Tonnes carcass weight)			
Origin	**Jan-Oct 21**	**Jan-Oct 22**	**% Chg**
Total	**53 009**	**69 331**	**+ 31%**
New Zealand	44 658	56 801	+ 27%
Australia	2 583	5 176	+++
North Macedonia	2 092	2 123	+ 1%
Chile	906	1 474	+ 63%
Argentina	1 207	1 286	+ 7%
Iceland	638	875	+ 37%
Other	**924**	**1 597**	**+ 73%**

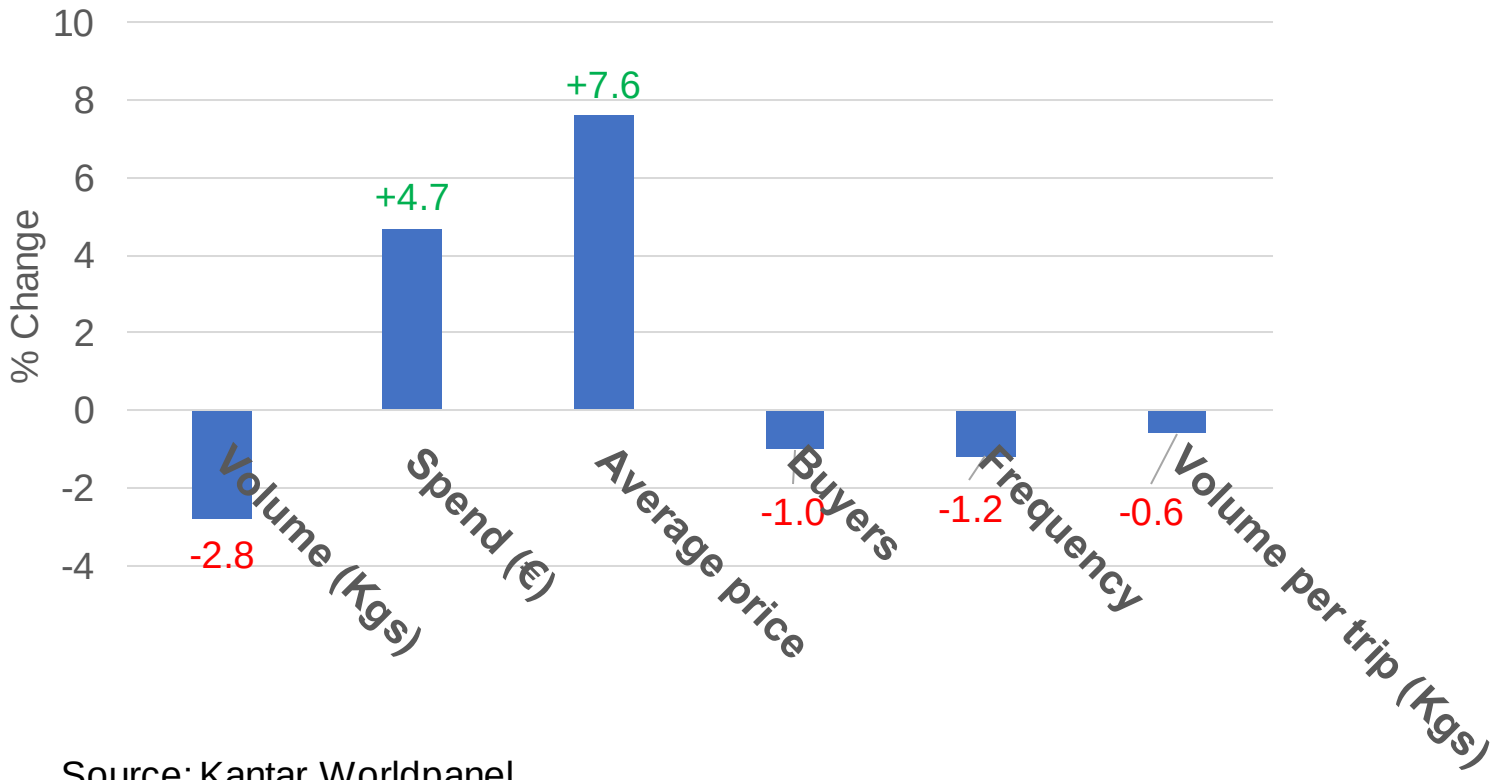
Source : Eurostat

For Jan-Oct 2022, EU sheepmeat imports from UK rose by 12.5% to 59,000 tonnes (AHDB)

Meanwhile EU sheepmeat exports for Jan-Oct 2022 were -5%.

Irish retail lamb sales - Q4 of 2022

12 wks to 25 December ‘22: % Change to key metrics vs ‘21

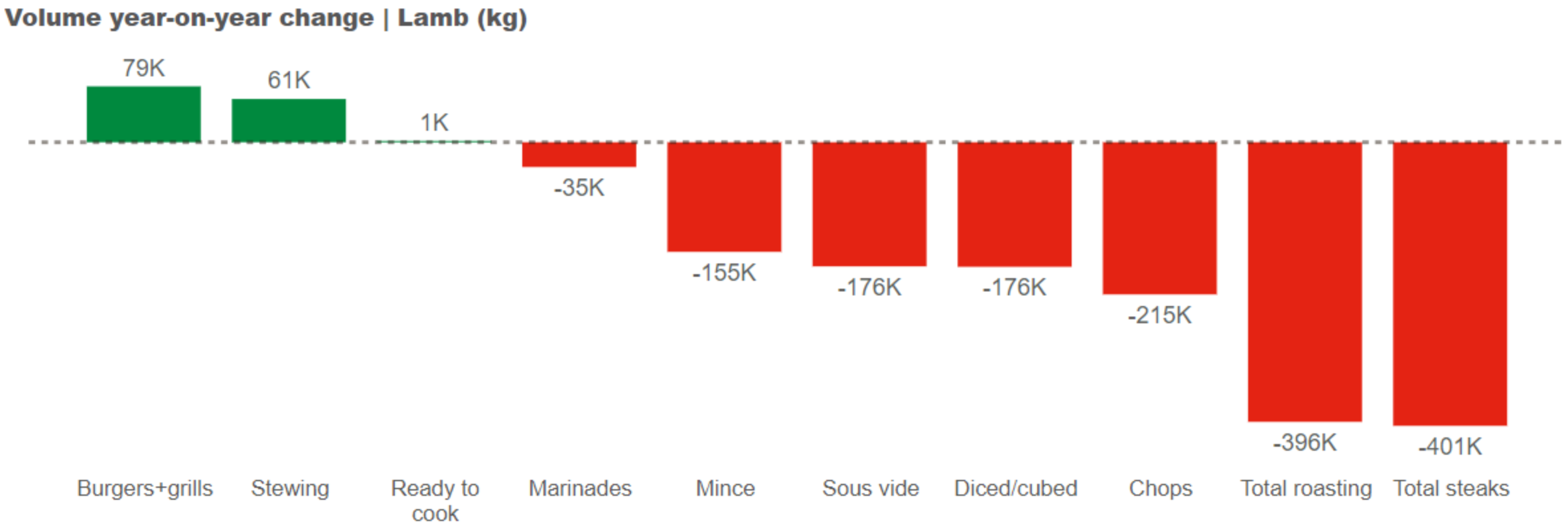




Source: Kantar Worldpanel

British retail lamb sales: decline in higher value cuts

12 wks to 25 December '22: Retail lamb volume declined by 8%, as average price increased 10.4%



Source: Kantar, AHDB

Lamb

Overall Consideration

	Q3 2022	YOY Change	Change Vs 2020
	54%	-6%	-9%
	43%	-5%	-7%
	41%	-5%	-8%
	35%	-3%	-4%
	33%	-1%	-4%
	31%	-4%	-8%
	23%	-10%	-11%

(Base: All Grocery Shoppers)

Last Occasion Purchase of Lamb

	Q3 2022	YOY Change	Change Vs 2020
	12%	-3%	0%
	9%	-4%	0%
	7%	-3%	-2%
	7%	+1%	0%
	6%	-1%	+2%
	5%	0%	-3%
	5%	-3%	-2%

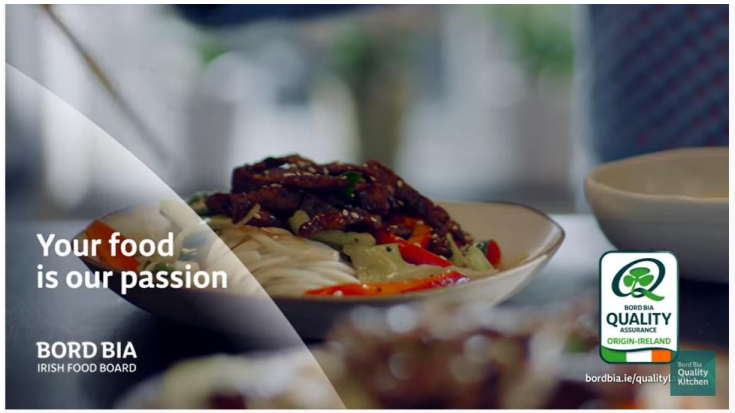
(Base: All Beef Considerers)

BORD BIA Thinking House

QA Promotional campaigns 2023

- Dedicated promotional campaigns for Quality Assured lamb, incorporating two bursts of activity (TV, Social, Search, Influencers)
  - 5 June to 25 June
  - 18 September to 8 October

- Supported by “Generic” Q-mark activity including “Power of Choice”:
  - 16 January to 1 February
  - Print media, Radio, Billboards













Overseas promotional activities

Focused on priority European markets: France, Germany, Belgium, Nordics, Italy

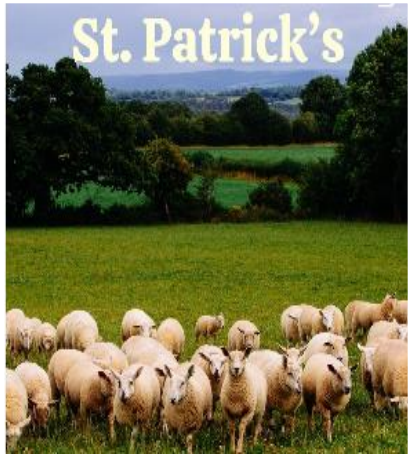
Activation with customers:

- Trade fairs
- Inward buyer visits
- Saint Patrick's Day events
- Leveraging Chefs' Irish Beef Club
- Influencer engagement
- Digital media campaigns
- Print media campaigns
- Lamb recipe inspiration















Sheepmeat Outlook 2023

Supply Prospects

- Ir & UK: Higher carryover of store lambs; additional drafting of ewe lambs likely; reduced litter size; later supply pattern
- EU: impact of higher input costs: lighter carcase weights
- Little change to global sheepmeat supplies
- Recovery in Aus to be offset some reduction in NZ



Market Prospects

- Prices starting 2023 well below previous year's levels
- Inflationary pressures likely to continue to impact on demand
- Facing more competition in Europe from UK & s. hemisphere
- Forecast recovery in Chinese import demand: would help to redirect Aus/NZ product and relieve EU market
- Religious festivals: Easter 9 Apr, Ramadan 22 Mar, Eid al-Adha 28 Jun