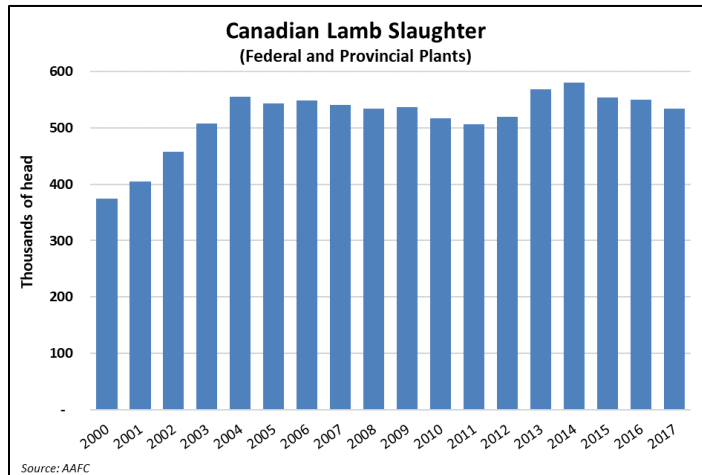


Canadian Lamb Slaughter, Imports and Export Update

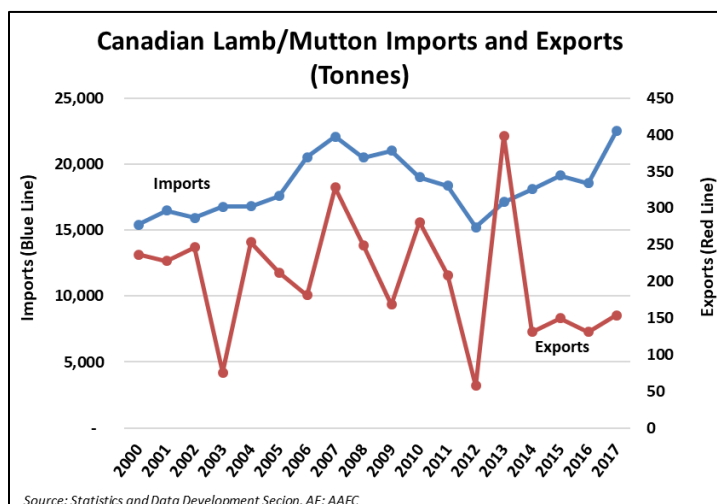
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This article appeared in the [April 2018 ALP N'ewsletter](#)

Canadian lamb and mutton production has decreased 6% since 2013 on lower slaughter numbers. Federally and provincially inspected slaughter was 534 thousand head in 2017, putting lamb and mutton production at an estimated 15.9 thousand tonnes.



As production declines, import volumes have been increasing. Lamb and mutton imports were 22.5 thousand tonnes in 2017, up 21% from 2016 and 27.6% above the 5-year average. New Zealand and Australia remain the top two countries that we import from, but we are starting to see imports from Ireland and the US increase. In 2017, Australia and New Zealand accounted for 95% of Canadian lamb and mutton imports, down from 99% in 2015. During the same period, imports from Ireland increased from 50 tonnes to 913 tonnes, accounting for 4% of imports in 2017. Imports from the US increased from 143 tonnes in 2015 to 202 tonnes in 2017, accounting for 1% of imports.



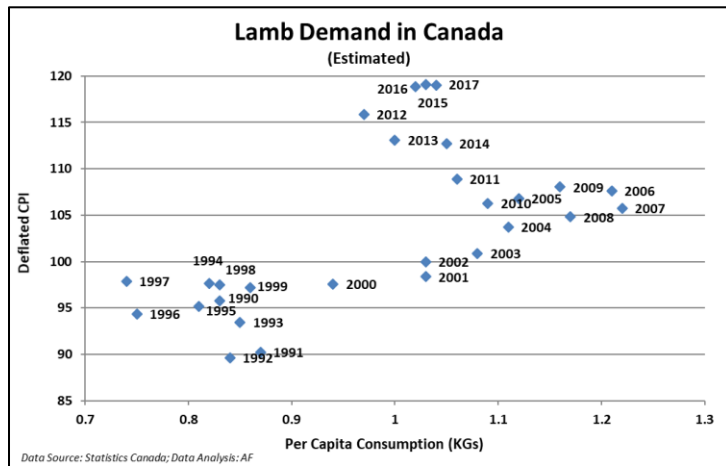
Exports of Canadian lamb and mutton have been relatively consistent over the last four years. In 2017 exports were 153 tonnes, up from 131 tonnes in 2016 but well below numbers seen in the early 2000s.

Lamb and Mutton Demand

Canada’s domestic market for lamb has been increasing in both the food service and grocery sectors. According to research completed in 2017, lamb features on restaurant menus in Canada has increased 17% since 2015. Demand for lamb is also increasing from newcomers to Canada and promotion of the health benefits of lamb as a protein source.

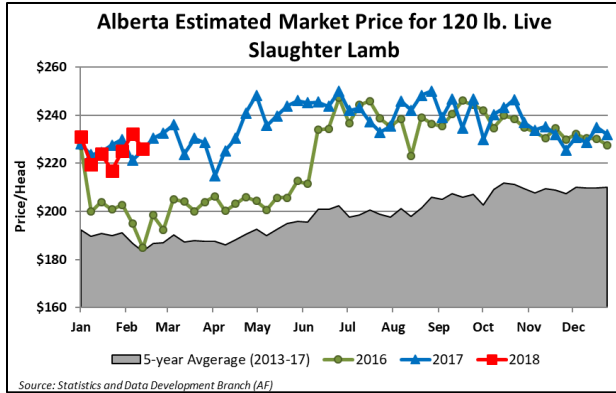
Currently, Canada’s immigration rate is the highest in 85 years with 62% of recent immigrants originating from Asia, including the Middle East. Many of these countries typically consume a higher quantity of lamb than seen in Canada. For example, lamb consumption in Pakistan is over two kilograms per year and Iran is over three kilograms per year. Changing demographics are affecting the products demanded in our marketplace, which has resulted in an increase for lamb and mutton.

The chart below estimates lamb demand in Canada. As shown in the chart, demand has remained stable since 2014 even as prices increased. This implies strong demand for lamb products, an area that is likely to grow as this market continues to develop.



Alberta Lamb Price Update

Locally, Alberta’s slaughter lamb market price remains steady. The year to date average estimated 120 lb. live slaughter lamb price is \$225/head, on par with prices a year ago but 19% higher than the 5-year average.



The average year to date Alberta feeder lamb price is just under \$185 per hundredweight, on par with a year ago. Lamb prices continue to see support from strong demand, tight supplies and lower sheep inventories.