

Lamb And Sheep Market Update

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 March 6, 2025

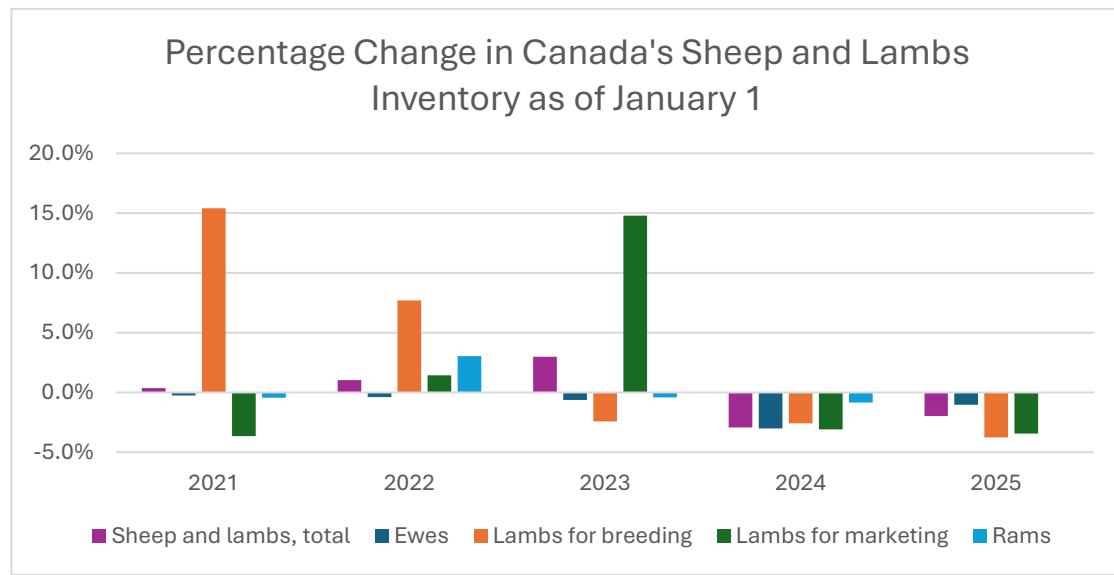
Overview

The global economy is facing greater uncertainties and challenges, including critical trade relations, inflation, changing trade flows and other market disruptions. Recently released Statistics Canada data on sheep and lamb inventories provides a picture of where the industry currently stands. Market data suggests firm prices but a smaller breeding flock and subsequent smaller lamb crop going forward.

Inventory

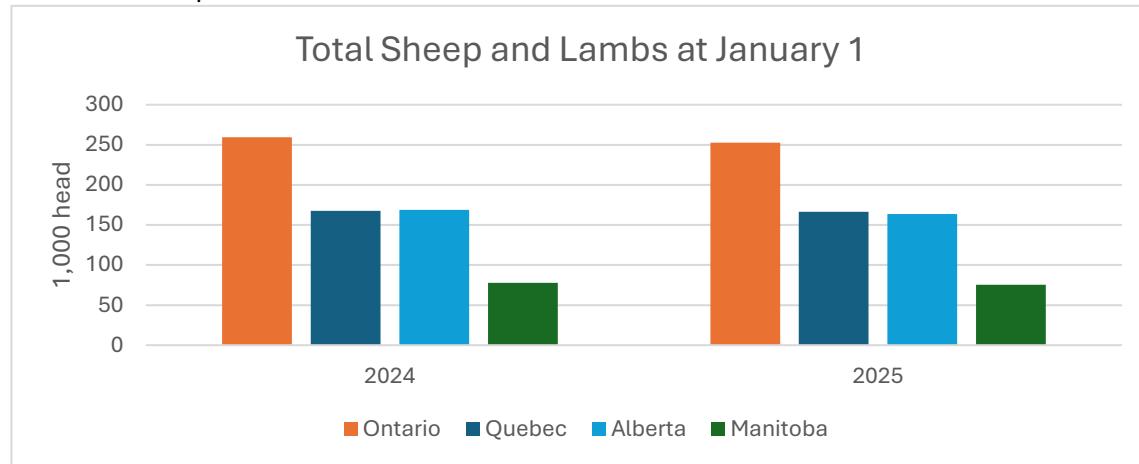
Nationally, the total sheep and lambs inventory declined by two per cent from last year to 805,800 head. The ewe herd size decreased by one per cent to 476,500 head and the number of lambs retained for breeding reflect the greatest decline of 3.8 per cent to 87,100 head. Marketing lambs were reported at 218,700 head, a 3.4 per cent decline from last year.

Statistics Canada reported a significant increase in the number of breeding lambs in 2021 of 15.4 per cent from 76,600 head to 88,400 head, and again in 2022, a 7.7 per cent to 95,200 head, however, subsequent numbers declined over the next three years to the January 1, 2025 level of 87,100 head.



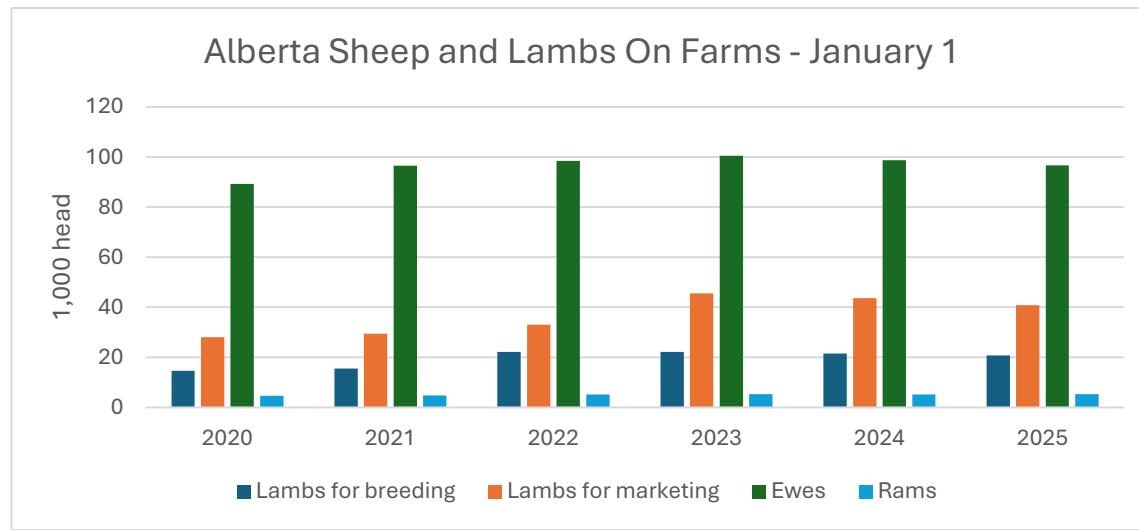
Source: Statistics Canada

January 1, 2025 data indicates that herd size declined across Canada. Provincially, Alberta was edged out of its position as the second largest provincial producer of lamb by Quebec. Ontario maintains its top producing spot. As of January 1, total number of sheep and lambs in Ontario declined from 360,900 head in 2024 to 353,600 head in 2025; Quebec inventories declined from 167,600 head to 166,400 head and Alberta's inventory declined from 169,000 to 163,500 head over the same period.



Source: Statistics Canada

Alberta's breeding sheep flock have seen a decline for two consecutive years. Ewe numbers decreased from their height of 100,500 head in 2023 to 96,700 head reported for January 1, 2025. Similarly, lambs retained for breeding declined from 22,200 head in 2022 to 20,700 head currently. Higher lamb prices may have incentivised producers to sell more ewe lambs rather than retain them for breeding, contributing to the decline in total sheep and lamb inventory.



Source: Statistics Canada

Supply and disposition

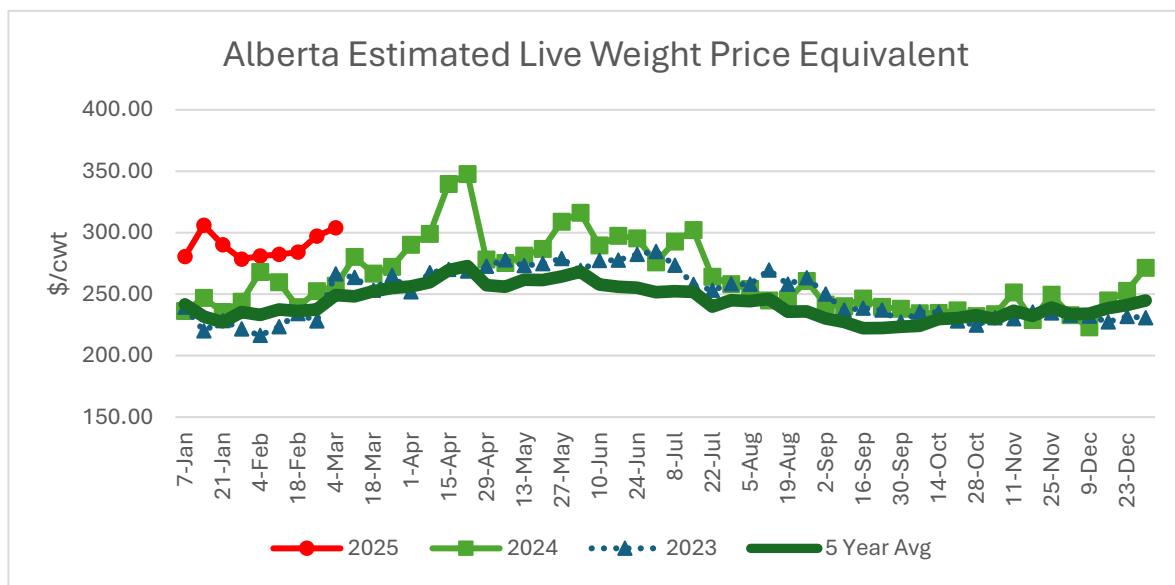
In 2024, Alberta inventories of sheep and lambs were reported at an estimated 169,000 head. Over the year, about 144,000 lambs were born and lambs imports of 13,500 head from other

provinces and 600 head from U.S. brought the total supply estimate to 327,100 head: a 2.9 per cent decline from 2023.

Federally inspected slaughter volumes for West Canada (including Ontario), as reported by the Canadian Food Inspection Agency, was 81,378 head in 2024, down five per cent from 2023. Total slaughter of Alberta sheep and lambs (federal and provincial inspected, on-farm and farm sales) was estimated at 125,700 head, a three per cent decrease from 2023. Interprovincial exports were estimated to be comparable to 2023 levels. The total disposition of sheep and lambs for 2024, accounting for deaths and condemnations, was estimated to be 163,600 head, resulting in the estimated January 1, 2025 inventory of 163,500 animals.

Prices

The Ontario market remains the benchmark for sheep and lamb pricing in Western Canada. In 2024, Alberta monthly lamb prices demonstrate a stronger correlation with Ontario prices. Even though Alberta's weekly lamb price has been more volatile over the past year, the estimated average live weight price for 2024 was \$263.33 per hundredweight (cwt), which is 5.5 per cent higher than the 2023 average. Alberta lamb prices are holding strong into 2025 with an average year-to-date (February 28, 2025) price of \$289.31 per cwt.



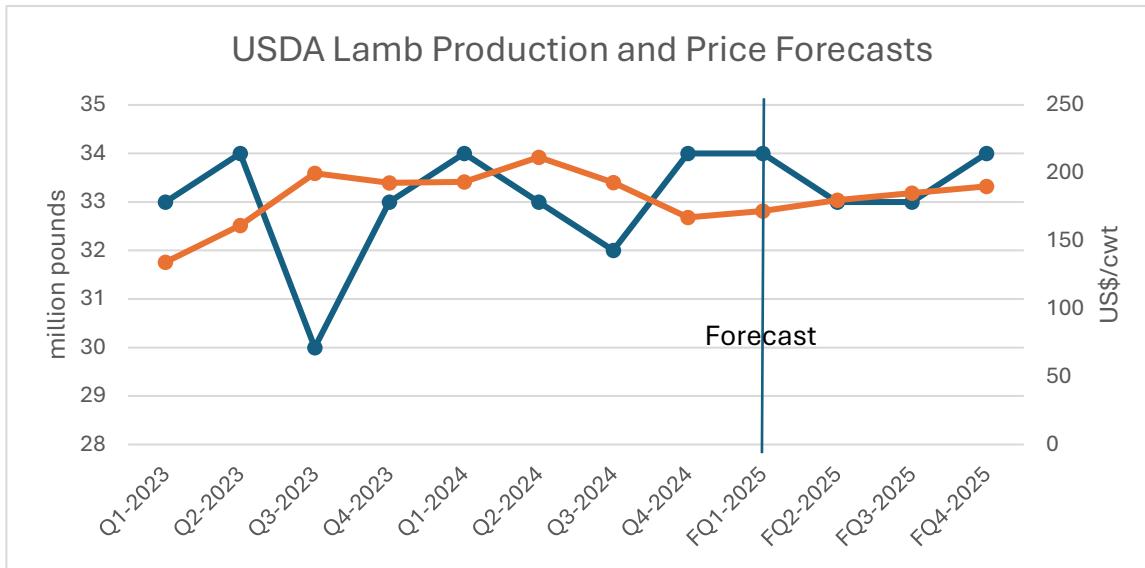
Source: Alberta Agriculture and Irrigation

Global situation

According to Rabobank's Global Animal Protein Outlook report, global lamb supplies are down which is providing support for prices. Lamb production is expected to decline further in 2025. Canada is a modest lamb producing country. The largest producer is China with an estimated 187 million sheep population, followed by India and Australia as major lamb producers at 75 million and 74.7 million, respectively. Global trade dynamics are shifting with greater focus higher-value markets in Europe and North America. China remains a critical factor in global markets driven by its economic rebound.

The United States Department of Agriculture (USDA) January 1 sheep inventory report shows a slight increase in sheep and lamb inventory between 2024 and 2025 of 0.4 per cent to 5,050,000

head. Replacement lambs were reported to be comparable to a prior year estimate of 635,000, but ewe inventory rose by 0.3 per cent to 2,880,000 head. USDA also reported that lamb prices were lower than expected in early 2025 with an estimated first quarter price forecast of \$172 per cwt.



Source: USDA, Economic Research Service

Conclusion

Looking ahead, strong lamb prices and improved feed costs will support producer margins. The new lamb season is quickly approaching, and favourable weather conditions can have a bearing on future supply. Consumer demand will ultimately drive lamb pricing and with the current wave in 'buy local or Canadian' sentiment, there is reason for optimism in the Alberta lamb sector.