

Sheep price decline in 2012 – Price Bubble or Price Crash?

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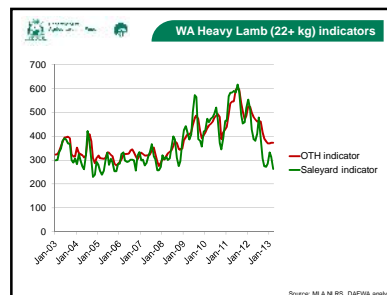
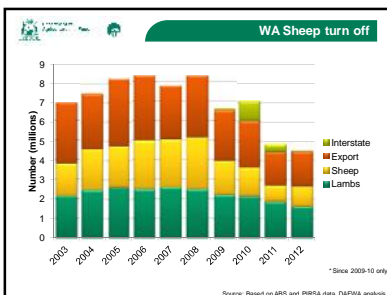
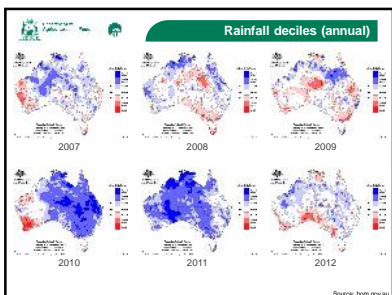
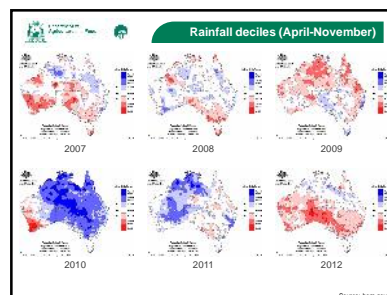
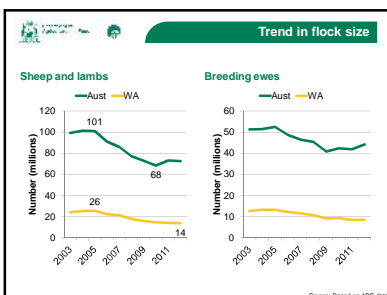
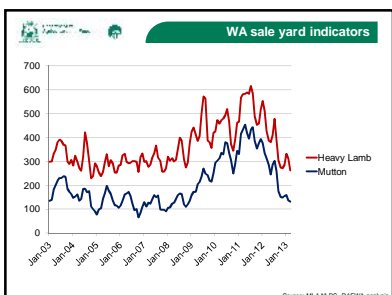
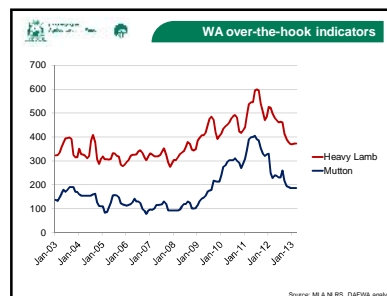
Outline

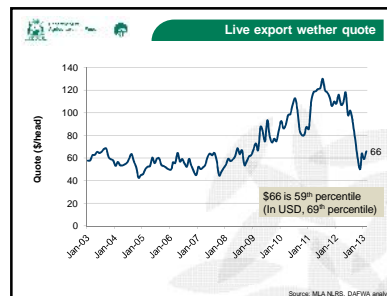
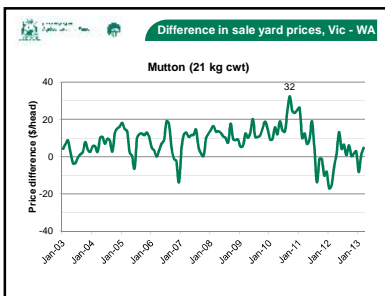
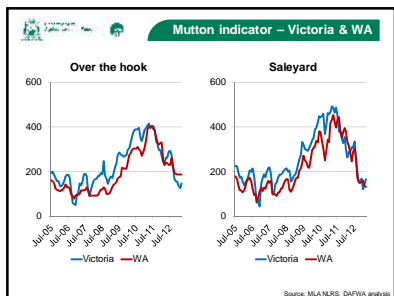
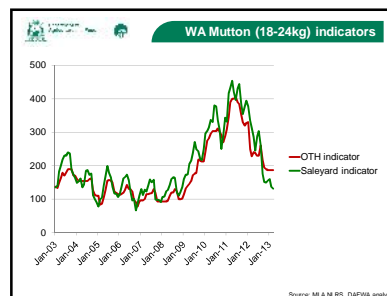
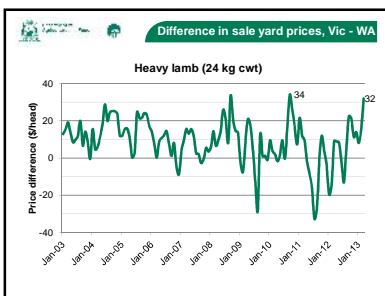
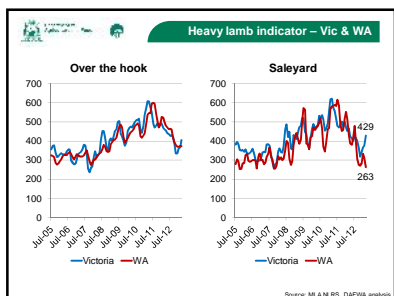
Price bubble or Price crash

- Price history – last 10 years
- Flock size
- Rainfall conditions
- Total turn off

- Heavy lamb
- Mutton

- Future

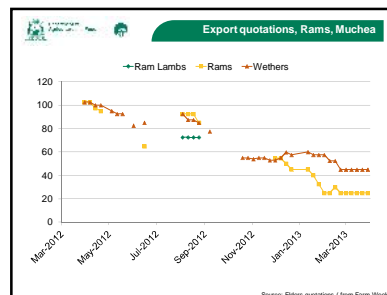
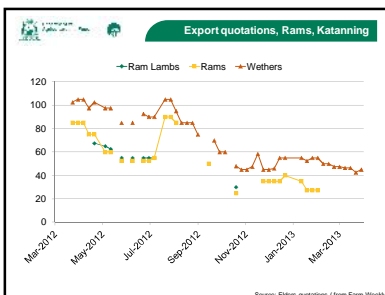




Other factors effecting price

	2003	2012
USD/AUD exchange rate	0.65	1.04
Per cent of sheep meat production exported	54%	67%

- ESCAS – exporter supply chain assurance system
 - Not uniform impact
- Demand from EU is soft
- Competitors – Eastern Australia, New Zealand
- China emerging

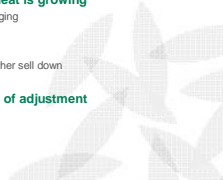


Future prospects

- **Lamb prices – to rationalise**
- **Demand for sheep meat is growing**
 - Middle East, China emerging
- **Supply remains tight**
 - Low flock size
 - Limited prospects for further sell down
 - Wool remains attractive
- **Live export in period of adjustment**



Thank you ...




How the sheep industry has changed

	1992	2002	2012
Number of sheep (million head)	34	23	14
Wool production (million kg greasy)	182	103	66
Breeding ewes (percent of flock)	45%	52%	62%
Lamb slaughter as a percent of all disposals	17%	27%	40%
Average wool fibre diameter (µm)	21.5	20.8	19.9
Gross value (\$ million) from			
➢ Sheep meat & live export	147 (247 [†])	421	455
➢ Wool	605 (1017 [†])	603	495

[†] in 2012 dollars