

U.S. Mid-Year Sheep and Goat Inventory Down 2.1% and 1.2%, Respectively

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USDA's mid-year Sheep and Goats report, released on July 23, 2010, indicated that the U.S. sheep/lamb and goat inventory dropped about 2.1 and 1.2 percent respectively, from a year ago.

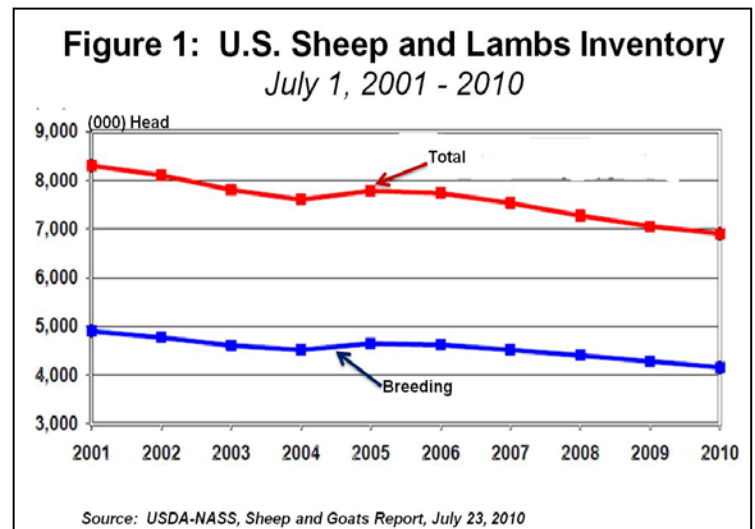
The U.S. sheep and lamb herd totaled 6.9 million head on July 1, 2010, down 150,000 head (2.1%) from an inventory of 7.05 million head on July 1, 2009, (See Figure 1). The size of the sheep and lamb herd is now the lowest since the mid-1940.

Goat Herd

The U.S. all goat inventory, decreased by 45,000 head (1.2%) to 3.655 million head from an inventory of 3.71 million head a year ago (See Table 1). Please note that while the inventory of angora goats remained the same as last year, it is the lowest inventory since the early 1900's. While the size of the milk goat herd increased slightly, the size of the meat goat herd declined 1.6 percent but remains above the size of the herd in mid-2007.

Sheep Herd

In 2006, it appeared that the size of the sheep/lamb herd would stabilize at about 7.7-7.8 million head as the size of the herd had increased for two consecutive years after eleven years of steady declines. The main commercial sheep

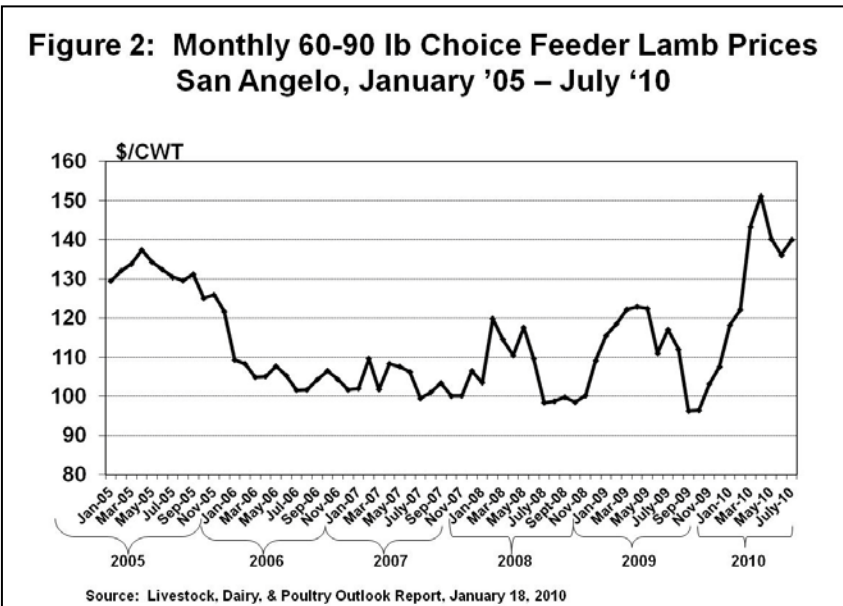


	2007	2008	2009	2010	% CHG.
<i>Total Number</i>					
Angora	260,000	230,000	165,000	165,000	0.0%
Milk	335,000	370,000	385,000	390,000	1.3%
Meat	3,000,000	3,200,000	3,160,000	3,110,000	-1.6%
All	3,595,000	3,800,000	3,710,000	3,665,000	-1.2%

product had shifted to lamb production and less dependent on wool production. This shift appeared supported by a shift to more hair sheep. While forage availability improved significantly this past winter/spring as a result of excellent rain since last September, the severe drought prior to last September, which began in a large portion of Texas, especially southwest Texas, in early 2005 and a significant increase in predation control problems, as well as high energy costs and the general softening of lamb and goat markets combined to influence individual decisions to continue to thin sheep and goat herds.

Lamb Market

Except for last fall's dip, the lamb market has been showing improvement since mid-2002. Prices reached record highs this past spring as the total U.S. sheep and lamb inventory continued to decline. (See Figure 2). The market for feeder lambs is expected to remain strong as feeder lamb supplies remain relatively tight.



Lamb Crop Down

The 2010 lamb crop is expected to total 3.6 million head, down about 90,000 head (2.4%) from a lamb crop of 3.69 million head in 2009, with 87.5 percent of the lambs born prior to July 1, 2010. An additional 450,000 lambs are expected to be born during July through December 2010. Tight supplies of lambs, appears to indicate that the market will remain relatively strong.

Breeding Herd Down

The breeding sheep and lamb's inventory on July 1, 2010 at 4.16 million head was down 2.8 percent from July 1, 2009. (See Figure 1). The breeding herd consisted of 3.365 million ewes one year old and older, 175,000 rams one year old and older, and 620,000 replacement lambs (including newborn lambs). (See Table 2). The inventory of market sheep and lambs (including newborn lambs) at 2.74 million head, was down 1.1 percent from a year ago. The inventory of market lambs at 2.69 million head was down 1.5 percent from a year ago and consisted of 1.58 million lambs under 65 pounds, 550,000 lambs 65-84 pounds, 285,000 lambs 85-105 pounds and 235,000 lambs over 105 pounds. The market sheep inventory was 90,000 head.

Table 2. U.S. Sheep, Lamb, Breeding Sheep and Lamb Inventories - July 1, 2009-2010														
All Sheep and Lamb Inventory														
<i>(1,000 head)</i>														
All Sheep & Lambs			Breeding Sheep & Lambs			Market Sheep & Lambs			Market Lambs					
2009	2010	'10 as % of '09	2009	2010	'10 as % of '09	2009	2010	'10 as % of '09	2009	2010	'09 as % of '08			
7,050	6,900	-2.1%	4,280	4,160	-2.8%	2,770	2,740	-1.1%	2,690	2,650	-1.5%			
Breeding Sheep 1 Yr old & older														
Ewes			Rams			Replacement Lambs								
2009	2010	'10 as % of '09	2009	2010	'10 as % of '09	2009	2010	'10 as % of '09						
3,470	3,365	-3.0%	180	175	-2.8%	630	620	-1.6%						
Total Breeding Sheep & Lambs 1997-2010														
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
5,775	5,575	5,350	5,030	4,900	4,780	4,610	4,545	4,655	4,635	4,540	4,400	4,280	4,160	-2.8%

Source: USD-NASS, Sheep and Goats Report, July 23, 2010