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## Winter lamb supply in question as producers cash in on higher prices

ANZ's latest Agri InFocus report outlines that vast areas of Australia's sheep production zones are experiencing challenging and persisting seasonal conditions, demonstrated in national mutton throughput and slaughter.

In particular, the latest data shows that challenges in continuing to provide sufficient and economical feed and water are combining with enticing prices to accelerate producer decisions to offload breeding stock ahead of the 2025 winter season.

As producers make difficult decisions to feed or hold, mutton slaughter continues to trend up, with year to April data showing an 8 per cent year on year increase on what was a high throughput year in 2024.

Alanna Barrett, ANZ Associate Director, Agribusiness Research, says that persistent dry conditions have challenged the industry, and a second tough winter could be ahead.

"The volumes of mutton being processed, particularly from areas where dry conditions have persisted the longest, including South Australia and Victoria, are likely to be rapidly reducing the core breeding flock for both the year ahead, but also into 2025.

"The flow on effect won't be seen until August/September, when the volume and quality of new season lamb becomes apparent," Mrs Barrett said.

Total lamb and mutton volumes from the West are also expected to continue to wane with the federal election result reaffirming current legislation to cease live export of sheep by 2028, further driving the structural shift away from sheep production in that state.

The report shows that prices are in producers' favour, with the National Mutton Indicator trading over 80 per cent higher than the same time last year and finished lamb prices continuing to trend upward.

Export demand continues to drive pricing with China leading growth statistics for the year, recording 9 per cent year on year growth for the first quarter for lamb exports, and 15 per cent growth for mutton volumes.

The United States remains in top position for lamb export volume and value, however growth of just 4 per cent was recorded in the first quarter, with far more significant growth seen in other markets such as Malaysia and the UK, up 33 and 78 per cent respectively.

"Despite incredible trade uncertainty between China and the US, the two major export partners of the Australian sheep industry, the demand for Australian sheep meat has to date remained highly resilient.

"Domestically, there are plenty of challenges in front of our sheep producers that can't be ignored, but the world continues to want the product and those that can stay the distance are looking like reaping the rewards this year," Mrs Barrett said.

Further insights can be found in the 2025 winter edition of ANZ's [Agri InFocus Commodity Insights](#) report.

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