News Release

For Release: 3 September 2025

Australia's sheep flock decline to continue driving high prices

Record slaughter numbers, poor marking rates in the east, industry contraction in the west, and elevated mutton and lamb prices have driven a sharp decline in the national sheep flock – with uncertainty remaining around the true extent of the drop.

ANZ's latest *Agri InFocus* report indicates that a sharp decline in flock numbers, combined with dry conditions during joining, is expected to lead to reduced production in 2025-2026. As a result, lamb prices are likely to remain at or near record levels, as lambs for slaughter, fattening, and restocking remain in short supply.

Recent data shows lamb slaughter figures have dipped slightly compared to last year, while sheep slaughter numbers are nearly 20 percent higher than some industry forecasts. This surge reflects producers capitalising on record mutton prices. ANZ estimates the national flock could have fallen to as low as 70 million head by the end of 2024–25 – the lowest level since the COVID-19 period.

While the outlook for supply remains tight, and lambing percentages are expected to fall across major sheep-producing areas, the flow-on effect is likely to be that prices remain high – though not necessarily at recent stratospheric levels.

ANZ Associate Director, Agribusiness Research, Madeleine Swan, says a combination of weather, record mutton and lamb prices and the decline of the industry in west have seen producers sell both lambs and older, poorer condition ewes to take advantage of prices and manage seasonal risk.

"This is a very significant decline in the national flock, especially considering that just two years ago we were talking the largest flock since the early 2000s," Ms Swan said.

"The current market is being driven by a combination of reduced supply and renewed restocking interest. Many producers who reduced numbers are now looking to purchase lighter lambs. When you add solid export demand to the mix, it creates a strong price environment.

"Although lower lambing and marking rates may mean fewer lambs in the paddock and saleyards, producers are likely to offset this with strong returns."

Ms Swan also noted the potential downside: "As saleyard prices rise, retail prices are likely to follow. Supermarkets have used lamb as a loss leader for some time, but it's hard to see retail prices remaining stable as upstream costs increase.

"Continuing growth in lamb and mutton exports will be crucial to offset any softening in domestic demand. 2024–25 is shaping up to be a record year for sheep meat exports, even though lamb exports have eased slightly from their COVID-era highs," Ms Swan concluded.

Further insights are available in the 2025 Spring edition of ANZ's Agri InFocus Commodity Insights report.

For media enquiries contact:

Kate Power
Public Relations Manager
Tel: +61 481 547 556

Alexandra La Sala
Public Relations Advisor
Tel: +61 499 292 554