Selling store lambs ‘less risky’ for most producers

Queensland producers should be flexible when making lamb marketing decisions, but the quicker turn off that comes with selling stores generally brings greater returns than grain feeding, according to a sheep and wool adviser.

Geoff Duddy from Sheep Solutions was a guest presenter at Leading Sheep workshops at Augathella and Bollon recently, advising on management strategies to minimise supplementary feeding, reduce production costs and boost income.

He said high store lamb prices have made feedlotting ‘reasonably risky’ in recent years.

But the private consultant, who has more than 25 years industry experience, has a relatively simple calculation to help producers determine store versus trade opportunities in a given market.

“Store lambs need to be trading at or below 85 per cent of the value of trade lambs on a cents per kilogram carcass weight basis to minimise risk and provide opportunities for reasonable profit margin,” Mr Duddy explained.

On average, he said it costs approximately $55 to get a lamb to store weight. If store lambs are selling for $85 a head, then producers stand to make a $30/head profit without the additional cost, in labour and ration, of an intensive feeding program.

“Starting lamb value when feedlotting is the single greatest cost. With national ewe numbers down and interest in sourcing store lambs for finishing high, most producers should focus on increasing lamb numbers and selling them early, particularly if seasonal conditions are against you or the economics of grain finishing don’t add up.”

How to calculate what will be most profitable:

- If store lambs (38kg liveweight-17kg carcase weight) cost $90 landed on farm the c/kg price (90 divided by 17) is 529c/kg.
- If trade lambs (23kg carcase weight) are selling for $139 then the c/kg price (139 divided by 23) is 604c/kg.
- The store lamb price worked out as a percentage against the trade lamb price (529 divided by 604 x 100) = 88 per cent.

“In this scenario producers would be better off selling store lambs, rather than keeping and feeding,” Mr Duddy said.

“Generally Queensland producers are generally well suited to turning off store lambs because of the scale of their operations.

“When it comes to assessing the opportunities for feedlotting as well as store and trade lamb prices, producers need to consider seasonal conditions, access to grain and prices, distance to market and seasonal price trends.”

However, Mr Duddy said regardless of whether producers were selling stores or on-feeding it was good practice to start lambs on grain a week to 10 days before weaning, to expose them to feed and feeding equipment.

“Even if you are selling store lambs this practice will make them more attractive to buyers, as it encourages rumen development, and ‘imprints’ or teaches the lamb to recognise and accept grain quicker.”

Regardless of the end market, Mr Duddy said elements like genetics, nutrition and management played a vital part in lamb production.

“Investing in quality genetics, for example buying in better performing rams based on Australian Sheep Breeding Values (ASBV) could easily equate to an extra $10 to $15 per lamb annually,” Mr Duddy said.

“Buying better genetics will always pay irrespective of whether producers feed or sell as stores.”

He said grain feeding lambs could be a complicated process and for many Queensland producers, particularly those with larger operations, selling store lambs was generally going to be more profitable and less risky.

“This is particularly true in the current market, where we are seeing high prices for replacement ewes and ewe lambs as western producers start rebuilding flocks,” Mr Duddy said.

“But whatever way producers opt to go the single most important message is ‘do the sums first’.”

Geoff Duddy, is a private sheep and wool consultant with Sheep Solutions and was a guest speaker at Leading Sheep workshops in south west Queensland.

Media: Andrea Corby phone: 33304551