What If….Lambs Were Priced on a Grid?

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Here come the lambs! Fat ones, skinny ones, tall ones, short ones. The restaurant owner wants lamb chops all the same size, but what's a packer to do? They now come in all different sizes. What if…lambs were priced on a grid to reward producers for carcasses, and lamb chop, sizes that the retail market wants?

Beef. It comes in a box. Why does it fit in that box? It fits in the box because carcasses are more uniform in size in that industry as compared to the lamb industry. How did the beef industry get to that point? Well, one way was by dictating price premiums based on quality and carcass size. Granted, the beef industry is much larger than the lamb industry and so they have more carcasses to choose from, but the key is that they have goals for end weights on the cattle and thus are able to package more uniform sized cuts of beef.

If the lamb industry wanted to move forward so that lean, heavy muscled lambs were afforded a premium, then we would need to develop a pricing grid. Let's take a look at what that might mean. Dr. Dave Notter gave a presentation to the students in the Howard Wyman Sheep Leadership School a few years ago and in that presentation, he gave an example of what a pricing grid might look like.

In this pricing grid, lamb carcass weights of 55 to 85 pounds at a yield grade 1 or lamb carcass weights at 75 to 85 pounds and a yield grade 2 or 3 would denote the base price. All other weights and yield grades would have prices adjusted up or down. To receive a premium on this grid, shepherds would need to produce lamb carcasses that weighed between 55 and 75 pounds with a yield grade of 2 or 3. This would give the shepherd a price premium of $12 per hundred pounds (cwt) above the base price. Lambs that did not meet the base specifications would be docked in price from $5 to $50/cwt. Keep in mind that the packer will also want adequately muscled lambs that meet the weight and fat thickness specifications.

The deepest discount for lambs would be those that are very heavy and very fat, while the smallest discount would be seen for small thin lambs. If this grid were to go into effect with your lamb market, how would your lambs rate? If most of your lambs don't typically fall into that premium market grid, how will you make changes to meet that market?

Changes in flocks will most likely come from changes in genetics. So, sire selection becomes even more important in flocks that define their products and markets for meat. A great way to take the guesswork out of sire selection is to choose rams that not only meet visual appraisal characteristics, but also meet performance data criteria through genetic selection tools. EPD's such as loin eye area, body weight, and fat thickness are all useful for selecting rams that are more likely to produce lambs that meet carcass specifications. You can also use ultrasound measurements for carcass data to make decisions regarding selecting rams or replacement ewe lambs if you don't have access to EPD information.

So, where will your next ram come from and what tools will you use to make your selection? And, how will you use these tools to position your flock above the average flock? To answer these questions, know your own lamb market and what defines value in that market. Then, you can look to the future to meet market demands for higher quality lamb carcasses.
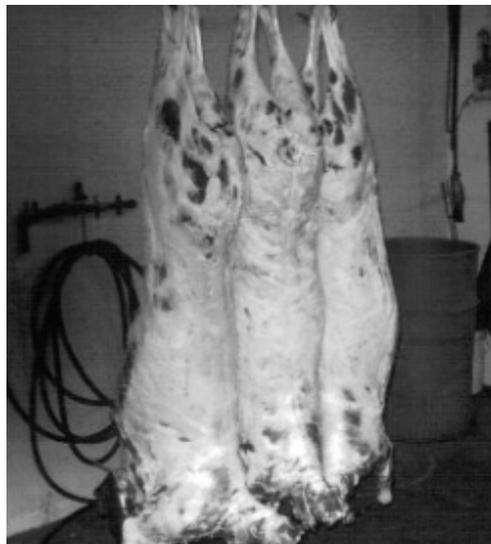
Carcass wt. (lb.)	Yield Grade/Backfat Thickness (in)				
	1 (<0.16)	2 (0.16 – 0.26)	3 (0.26 – 0.36)	4 (0.36 – 0.46)	5 (>0.46)
<55	- $5/cwt			- $15/cwt	- $35/cwt
55-65	Base	+ $12/cwt		- $10/cwt	- $30/cwt
65-75	Base				
75-85		Base			
>85	- $20/cwt			- $30/cwt	- $50/cwt

Graph taken from "Selecting Your Next Terminal Sire Ram" by Dr. Dave Notter