Lamb And Sheep Market Update

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Alberta Agriculture and Irrigation
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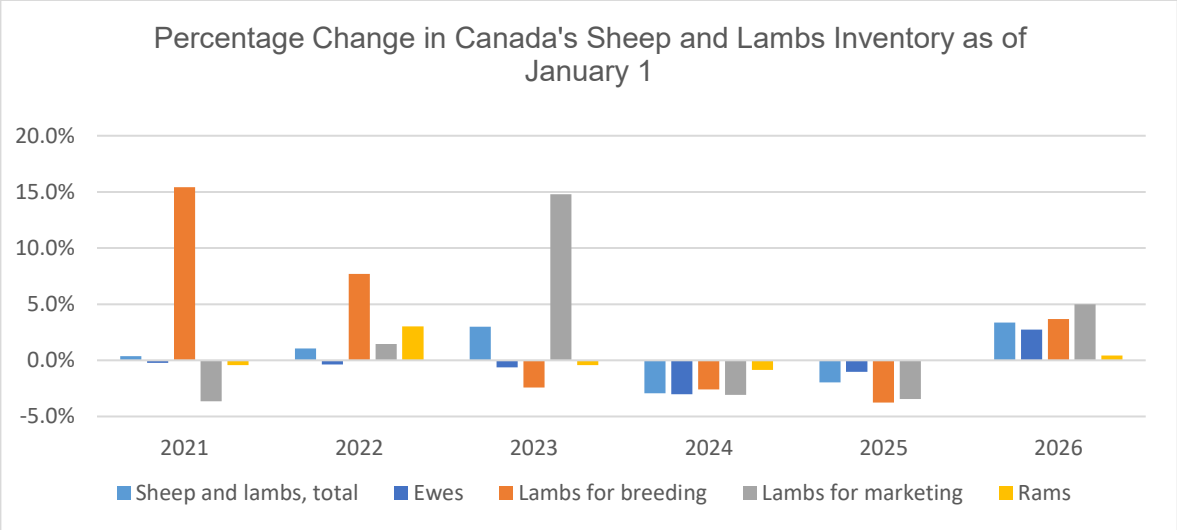
Overview

The Alberta sheep and lamb sector is poised for growth. After three years of consecutive decline in the national ewe breeding stock, other jurisdictions are now taking advantage of higher prices and strong demand to reclaim some of the domestic market. This update looks at January 1st inventory estimates and the sheep and lamb sector's positioning for future growth.

Inventory

Statistics Canada reported the national number of sheep and lambs on farms as rising by three per cent from last year to 833,000 head, as of January 1, 2026. The national ewe herd size rose by 2.4 per cent to 489,500 head and the number of lambs retained for breeding rose by 1.9 per cent to 90,300 head. Marketing lambs were reported at 229,600 head, a 5.1 per cent increase from last year.

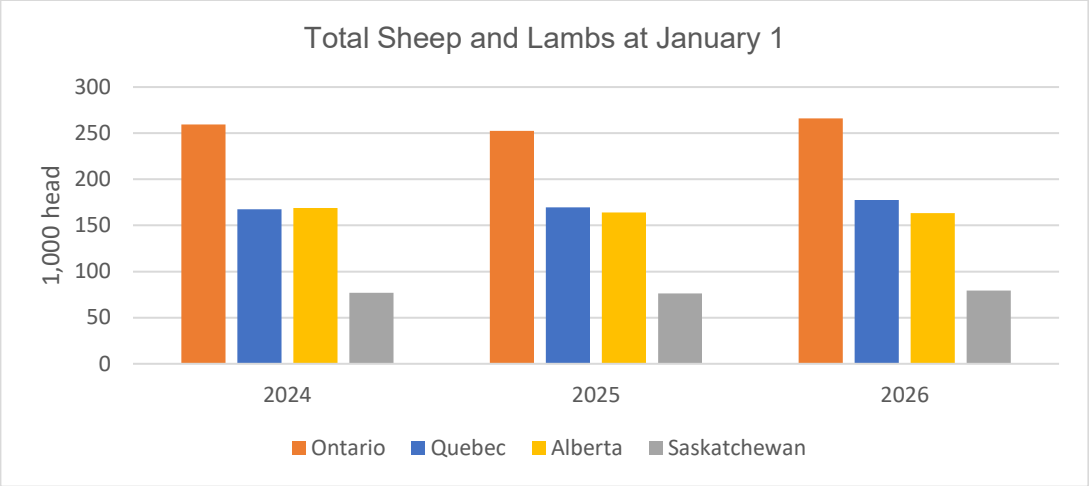
Nationally, the 2026 January 1st inventory shows signs of herd recovery after two consecutive years of contraction. Increases were greatest in Ontario where total sheep and lambs rose by 5.7 per cent to 266,200 head, followed by Quebec where total inventory rose by 4.8 per cent to 177,700 head.



Source: Statistics Canada

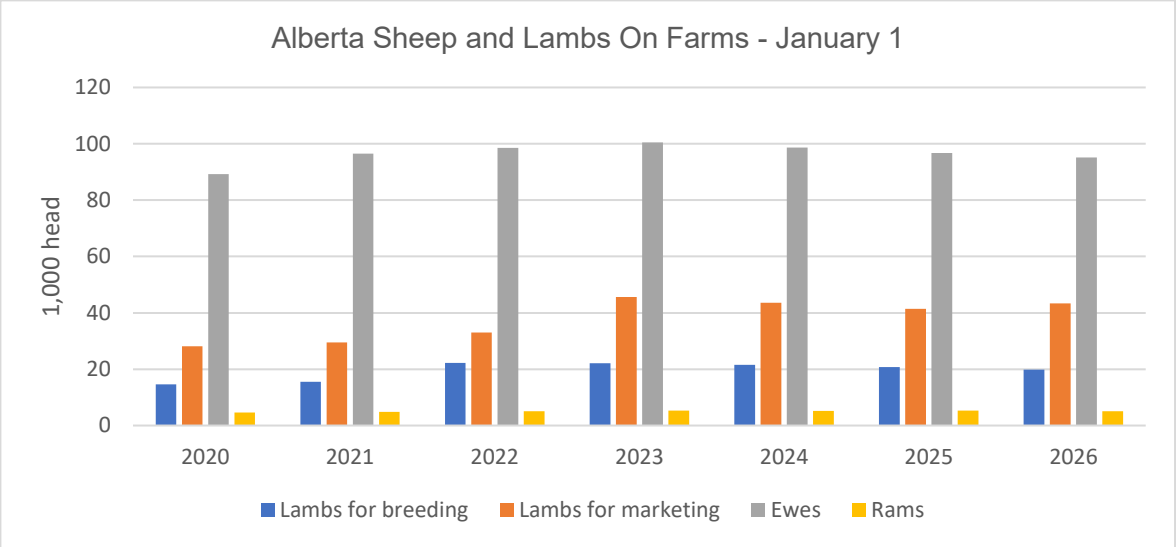
Western provinces reported a modest growth of 0.5 per cent to 355,900 head, primarily driven by Saskatchewan (3.9 per cent increase to 79,300 head) and to a lesser degree in British Columbia (1.3 per cent increase to 38,700 head). Alberta and Manitoba both reported declining inventories from the previous year of 163,400 head and 74,500 head, respectively.

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Source: Statistics Canada

Looking more closely at Alberta, the ewe inventory declined from a high of 100,500 head in 2023 to 95,100 head in 2026. Similarly, lambs retained for breeding declined from 22,200 head in 2022 to 19,800 head currently. Higher lamb prices may have incentivized producers to sell more ewe lambs rather than retain them for breeding, contributing to the decline in total sheep and lamb inventory.

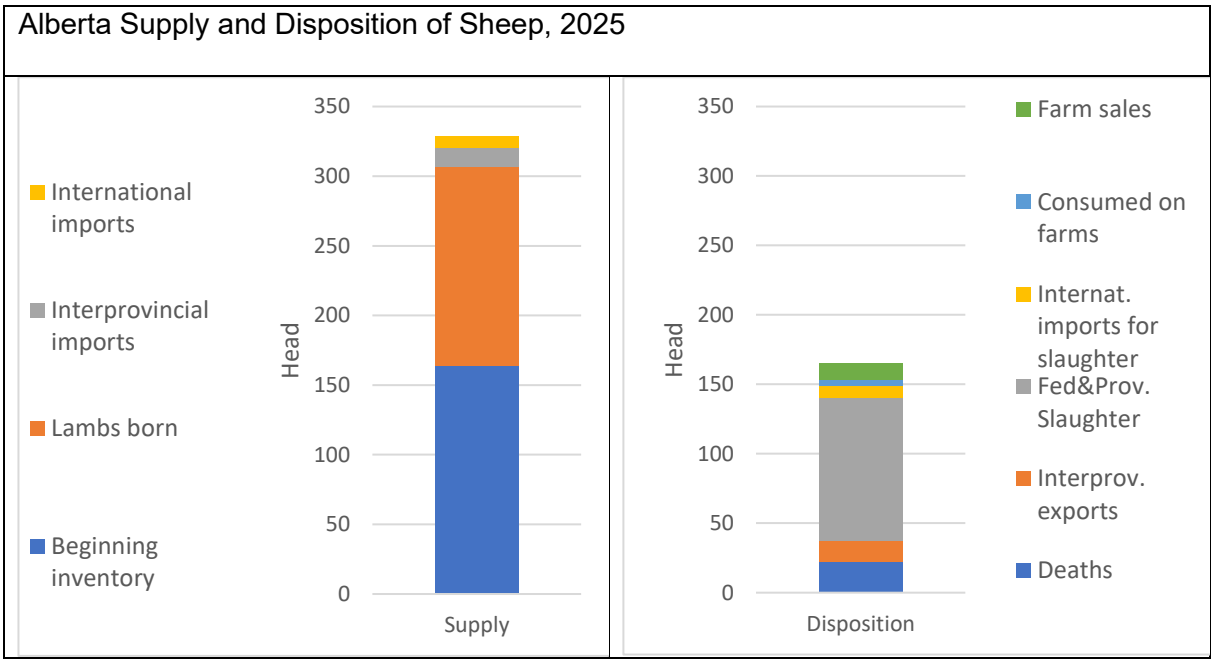


Source: Statistics Canada

Supply and disposition

In 2025, Alberta started the year with 164,100 head of sheep. Over the year, an additional 142,600 lambs were born, 13,800 head were imported from other provinces and 8,300 animals were imported from the U.S., bringing the total supply to 328,800 head. The disposition of sheep over the year included 103,100 head that were slaughtered in federally and provincially inspected facilities, 15,100 head that were exported to other provinces, 22,200 head lost to death and condemnations, 8,300 head imported for slaughter, 4,700 head consumed on farms and 12,000 head sold direct to consumers. The remaining animal inventory as of January 1, 2026, was 163,400 head.

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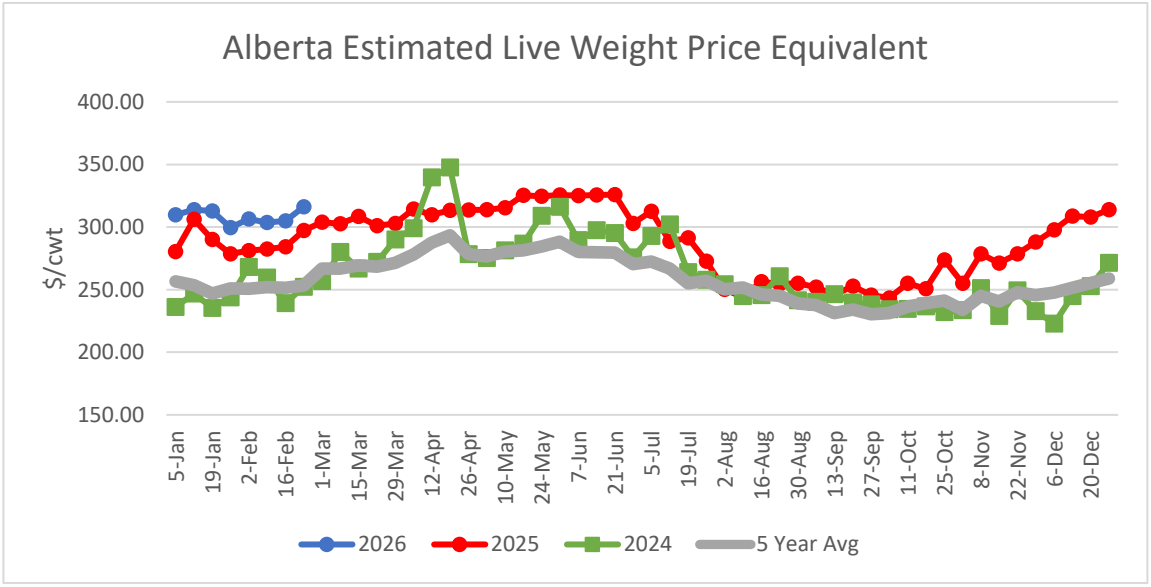


Source: Statistics Canada

Canada imported nearly 31.3 million tonnes of sheep and lamb meat in 2025, the majority of which was frozen sheep cuts (69.5 per cent). With strong demand for product and favourable prices, opportunities for growth in the domestic market exist.

Prices

Alberta lamb prices ended 2025 on a high note and have continued to be strong into the first eight weeks of 2026. The average price of $288.41 per hundredweight (cwt) for slaughter market lamb in 2025 was 9.5 per cent higher than in 2024. Average prices for January 2026 were 6.8 per cent higher than January 2025.



Source: Alberta Agriculture and Irrigation

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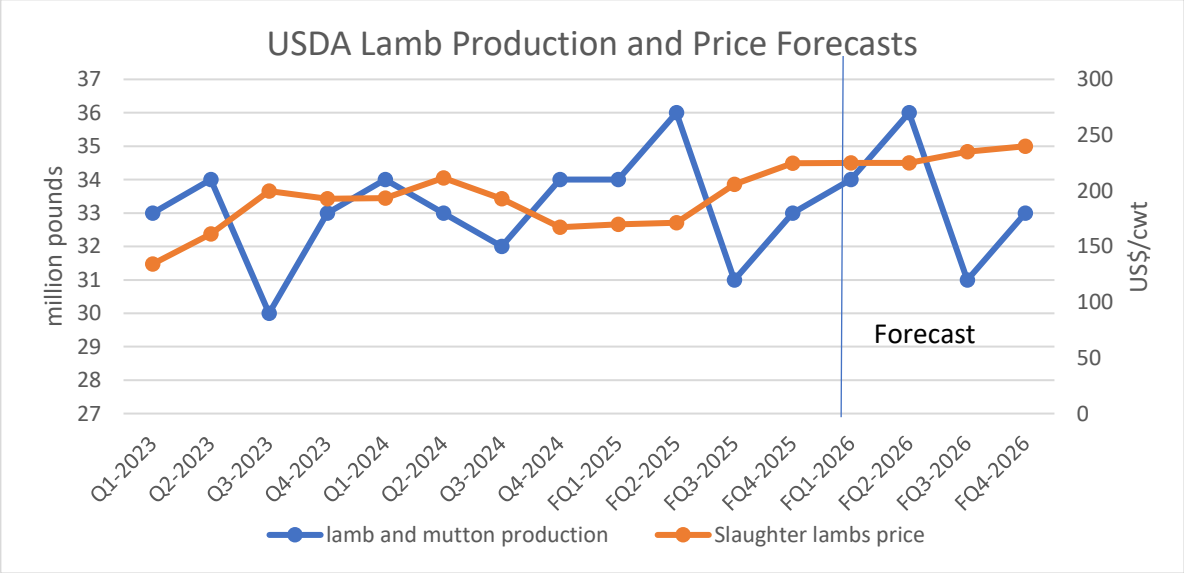
Spring is a key seasonal market for lamb due to an array of upcoming ethnic holidays where lamb is part of the preferred celebrative meal. Christian Easter and Jewish Passover provide good market opportunities, and both are in April this year. The Muslim holidays of Ramadan, Eid-al-Fitr, and Eid-ul-Adha are in February, March and May of 2026.

Global situation

As a result of the conflict in the Middle East, major sheep meat exporters like Australia and New Zealand are experiencing shipment issues. The United Arabic Emirates was Australia's fourth largest export market in 2025 (35,493 tonnes). Saudi Arabia was also a significant market at 34,716 tonnes of sheep meat. Qatar, Kuwait, Oman and Jordan are also significant markets. The Middle East conflict could have significant impact on global markets depending on the length of the war. Any prolonged closure of the Strait of Hormuz may necessitate a re-routing of shipments and potential redirecting of product to other markets in Asia, Europe and North America.

The changing policy and trade environment has been difficult to navigate. The recent U.S. Supreme Court ruling to strike down the use of International Emergency Economic Powers Act (IEEPA) to justify tariffs by the U.S. was soon replaced with alternative policies. The Trump administration has moved to alternative legal justification for tariffs (Section 122 of the Trade Act of 1974). As Canada prepares for the review of the Canada-U.S.-Mexico trade agreement, uncertainty continues with respect to the food system's integrated future. Although Alberta does not export sheep to the U.S., Alberta producers are not immune to the market volatility this uncertainty creates.

The United States Department of Agriculture (USDA) January 1 sheep inventory report shows a slight decrease of 0.7 per cent in sheep and lamb inventory to 4,990,000 head from last year. Replacement lambs were reported to be 600,000 head, representing a 2.4 per cent decrease and ewe inventory declined by one per cent to 2,850,000 head. USDA also reported that lamb prices for the later half of 2026 are anticipated to increase to US$235 and US$240/cwt in the third and fourth quarter, respectively.



Source: USDA, Economic Research Service

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Conclusion

Growing lamb production involves expanding the ewe breeding herd base, maintaining high lambing rates, and reducing losses due to predators. Alberta producers have the technical and management expertise to increase production to capture a greater share of the market. In recent years, per capita lamb consumption has remained relatively stable, but Alberta's population has grown rapidly, lending greater support for the demand for quality lamb.

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