



# MARKET PRICING IN CANADA

## LIVE PRICING:

The market pricing on lamb varies widely by month but closely follows seasonality trends. Lamb pricing bottoms out in the fall when supply is plentiful. It tightens leading up to Easter, especially on smaller lambs suitable for the carcass market. Pricing typically peaks in May until new crop lambs start becoming available for market. The below graph shows actual pricing data over the last 4-5 years in the Ontario market.

## WHY DOES ONTARIO PRICING MATTER:

Ontario market reports summarize actual weighted average pricing from key auctions. Local Western auction markets provide approximate ranges but not to the detail available from Ontario. This provides the supply and demand trends that producers, processors and end users of lamb rely on in Canada. For NALC, much of our business is retail and higher-value foodservice markets but to sell the entire carcass in balance means we rely on commodity markets periodically. Ontario and Quebec contain many of the meat distributors that can move large volumes of lamb. When the Ontario lamb market drops, the effects are felt nation-wide.

## WHAT IS THE BASIS:

The cost to ship to an Ontario auction market compared to Innisfail, Alberta is what NALC refers to as the basis. On a finished lamb originating in Alberta freight is \$25/lamb more, insurance, commissions, fees, onloading and other costs total about \$15/lamb and the extra shrink is \$8-15/lamb more depending on pricing and other factors. While each producer will look at this a little differently, on a 110+ lb lamb NALC estimates the basis at \$51.26/lamb, on a smaller 65-79 lb lamb it's estimated at \$34.43/lamb. NALC will work with producers individually to establish what basis calculation makes the most sense for them.

Subtracting the basis from the Ontario price provide producers in Western Canada a ballpark to establish a "market" price at the plant. NALC has shown that over the last 4-5 years pricing at the Innisfail plant is consistently ahead of the adjusted Ontario market – it has been the best return for producers in Western Canada for many years and this will continue.

### EVERYTHING YOU NEED TO KNOW:

- ✓ NALC has proved to exceed the basis adjusted Ontario price for many years.
- ✓ Benchmarking to the Ontario market is important for the plant and producers

