MARKETING LAMBS, CULL EWES AND WOOL FROM THE SHEEP DAIRY FLOCK

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Dairy sheep farmers have three potential sources of income: milk, meat, and wool. Sheep milk and possibly milk products presumably should be the most profitable part of the enterprise and, therefore, receive the most attention. How much dairy sheep farmers seek to capitalize on the by-products of the milking operation depend on several factors such as:

- their interest in diversification,
- their available time and other resources.

Wool must be removed as a normal management practice. Although in recent years the world and national market conditions for wool have been dismal, the situation appears to be improving. New government programs may also change this financial picture somewhat, but profit for raw wool is likely to remain modest. Steps can also be taken to upgrade the profitability of the wool by further processing and through marketing efforts. Before embarking on such an investment of time and effort, however, thought should be given to the purpose of the farm. Unless a family member has a strong interest in further processing the wool, it should be marketed through a wool pool to a commodity market. With an average yield of 8 lb of wool per ewe and prices ranging from $0.10 to $1.00 per pound, the return per head for wool will range between $0.80 and $8.00 per ewe.

Cull ewes are a necessary by-product of any sheep operation. Cull ewes often command higher prices in mid-winter or associated with the Muslim holiday of Id al Adha (The Festival of Sacrifice) which will be on 12 February 12, 2003 and 1 February 2004. Check the Northeast Sheep and Goat Marketing Program web site (www.sheepgoatmarketing.org) for future dates. Thus, if pasture or feed resources and management time are available, it might be profitable to accumulate cull ewes for sale at times when the price will be higher. Otherwise, cull ewes probably should be marketed through a dealer or an auction at the time they are culled.

Most cow dairy operations ship calves not kept for replacements to market shortly after birth. This is possible because several markets exist for calves, namely, bob veal, veal growers, replacement heifers, and beef. Similar markets are not available for newborn lambs. As a consequence, some additional investment of milk replacer and time must be made to bring lambs to a marketable size. A thumb rule is that one pound of milk replacer powder is required per pound of gain. Milk replacer powder purchased in quantity has a current cost of about $1.00 per pound. Newborn 8-pound lambs that are first fed bottled colostrum (letting the lamb suckle the ewe for colostrum is not recommended because it then is more difficult to get the lamb to suck from an artificial nipple) and then raised artificially until four weeks old should gain 0.7 lb per day for a total weight gain of 19.6 pounds on $19.60 of milk replacer. At 27.6 pounds, those lambs will be acceptable market weight for some

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hothouse lamb markets (Figure1). They can also be fed at a cost of about $0.35 per pound of gain to heavier weights for heavier hothouse lamb markets or for other markets (Figure1). Assuming the value of a non-replacement lamb in a dairy sheep operation at birth is zero, and with good hothouse lambs bringing $1.50 to $2.00 per pound or more, milk replacer is certainly worth the investment. How, then, should the dairy sheep farmer go about marketing lambs to ensure that they bring the highest net return?

	Lamb weight, pounds																							
Market (fatness)	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140
Auction	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Feeder (lean)	X	X	X	X	X	X	X	X	X	X	X	X	X	X										
"Hot house" (fat)	X	X	X	X	X																			
Greek roaster (fat)						X	X	X	X	X	X	X												
Halal (lean)							X	X	X	X	X	X	X											
Ethnic live markets			X	X	X	X	X	X	X	X	X	X	X	X										
Local butcher shops										X	X	X	X	X	X	X								
Freezer trade														X	X	X	X	X						
Restaurant															X	X	X	X	X	X	X	X	X	X
Commodity (lean)																		X	X	X	X	X	X	X

Figure 1. Marketing options in the Northeast.

The lamb market is segmented with the strongest consumption coming from various religious and ethnic communities. Each group has its own preferences on the size and type lambs they want to consume (Figure 1). Thus, the producer should know the market in order to supply what is needed or be willing to market through a dealer who knows the best markets.

Auction markets are readily available but many do not specialize in sale of sheep and lambs. For example, most of the auction markets in the northeastern United States specialize in marketing cull dairy cows and baby calves. Unless a dairy sheep farmer is near a regional auction market that specializes in a large volume of lambs and sheep, other marketing options should be considered.

One option for dairy sheep farmers located near large urban centers is to market individual animals directly to consumers. Recent immigrants like to make the trip to the farm and choose their own animals. They may request permission to slaughter the animal on the farm which, if it is convenient for the farmer to provide the facilities, adds value to the sale.

The two keys to marketing young lambs to other markets are uniformity and numbers. Whether marketing direct to a volume customer or through a dealer, enough animals to fill the trailer or truck are necessary to attract buyers. Usually, buyers want to supply a specific market so the animals need to be uniform in weight and fatness.

An alternative to having large numbers is to provide smaller groups of uniform animals throughout the year. For example, the Northeast Sheep and Goat Marketing Program initiated a market pool consisting of a group of five lamb producers and an ethnic meat retailer in New York City. The pool supplies the retailer with 10 to 20 lambs per week all year long at a fixed price per pound of carcass weight. The combined producers represent a total ewe flock of about 1200. All are on accelerated lambing programs and all but one also service other markets.

The pool operates by sending the lambs to a rural slaughterhouse that has agreed to a flat charge to kill and deliver the lambs to New York City. The producer pays the slaughter and New York City delivery charge up front when the lambs are delivered to the slaughterhouse. After the slaughterhouse makes delivery, the retailer mails payment for the lambs, based on the carcass weights provided by the slaughterhouse, to the pool manager, who in turn, forwards the gross amount received to the producer.

The product being marketed by the pool is a fat lamb carcass ranging from 30 to 40 pounds. In the restaurants, the carcasses are roasted on a spit over a bed of coals. Meat for meals is sliced off the roasting carcass based on the customers' preference of cuts.

The retailer uses considerably more of these lambs than the 10 to 20 being supplied by the pool. The balance is supplied by slaughterhouses that buy at regional auctions or from dealers. The slaughter- houses have difficulty finding a continuing supply of these specialty lambs, especially from January through June. In addition to roaster lambs, the store purchases finished western lamb for retail cuts and other specialty lambs (hothouse) for holidays and by special order. Thus, there is considerable room for expansion with additional roaster lambs or with hothouse lambs. Price considerations rule out supplying large lambs like those obtained from the West. As more direct marketing pools de- velop, dairy sheep farmers could participate in them at least part of the year.

Dairy sheep farmers who manage their ewes for once a year lambing in the spring meet the requirement for uniformity and numbers of lambs for marketing in large groups. Thus, they have several marketing options. One is to sell feeder lambs but that market is not as lucrative as the several options for lighter weight meat animals such as hothouse, Greek roaster, halal, and other ethnic market lambs. To access these markets, producers need either direct connections with buyers or the services of a dealer. Many buyers in the Northeast are listed in the web site directory of the Northeast Sheep and Goat Marketing Program (www.sheepgoatmarketing.org).

The markets for heavier lambs shown in Figure 1 are local butcher shops, freezer trade (selling cut, wrapped, and frozen carcasses directly to consumers for their freezers), restaurants, and the traditional commodity market for "finished" lambs. Because the gross return per animal at heavier weights often is not much more than that for the specialized markets for lighter animals, usually they are not as profitable. In addition, most sheep dairies will not have the volume of lambs necessary to compete with traditional western feedlot lambs available through commodity markets.

Dairy sheep farmers have many options for marketing their non-dairy production. Which options they choose depends upon the additional time and resources available for adding value to wool, cull ewes, and lambs. Producers should spend some time investigating options available in their regions. Farms located near urban areas with large populations of first and second generation immigrants should ethnic markets for lambs and cull ewes. Educational resources, current market information, and a directory of buyers in the Northeast are located at the sheepgoatmarketing.org web site