



To scan or not to scan that is the question?

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As discussed in several recent articles, a severe deficit of breeding ewes across Australia was always going to put extreme pressure on the store sheep market once there was widespread rain. This is exactly what happened in the first months of 2020, and when key regions had drought breaking rainfall, a scramble to restock paddocks against a 116-year flock low began. A question on the factors impacting current buyer behaviour, and thus what key elements vendors should look to achieve when selling; has prompted the AuctionsPlus Market Insights team (AMI) to analyse data of scanned in lamb (SIL) ewes.

This article will look at the potential premiums a seller receives when offering SIL Merino ewes on AuctionsPlus, marketed as SIL nominating multiples and singles versus being sold as just SIL. To compile this article the AMI team has reviewed sale data from SIL Merino ewes sold online between January and July 2020.

Like other sheep markets, SIL ewes have skyrocketed in value. Figure 1 below highlights the growth that SIL Merino ewes have seen since the widespread rain across the eastern states. Seeing 45% growth from December 2019 when SIL Merino ewes were averaging \$180, to July 2020 where they are averaging \$260.

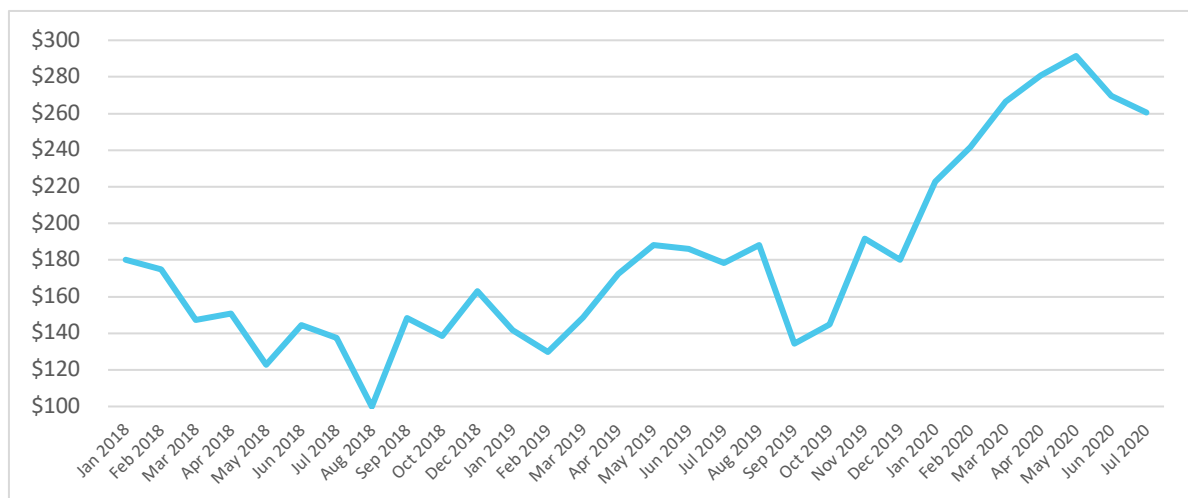


Figure 1. Average price for SIL Merino ewes on AuctionsPlus, January 2018 to July 2020 (\$/head)

Nathan Harris, of Nathan Harris Scanning in Baradine, NSW, has seen his clients utilise this knowledge to take their businesses forward. From both a management and selling perspective, “the extra knowledge is invaluable, to understand the nutrition that your single ewes and multiple ewes need is critical”. Obviously, there is an extra cost involved for the seller, sitting around an additional 25c/head, however that is negated when selling. “When scanning for clients, they know that buyers want more knowledge and will pay more for that”. To measure this, the AMI team has graphed the





average price that SIL Merino ewes sold for when the percentage of multiples is nominated, against the average price for Merino ewes sold only as SIL.

Figure 2 highlights the immediate value that a grower receives when selling ewes nominating multiples and singles, with an average of a \$23/head more to be received. Even when selling Merino ewes with 10% multiples and 90% singles, there is a \$14 premium than marketing those same ewes as just SIL.

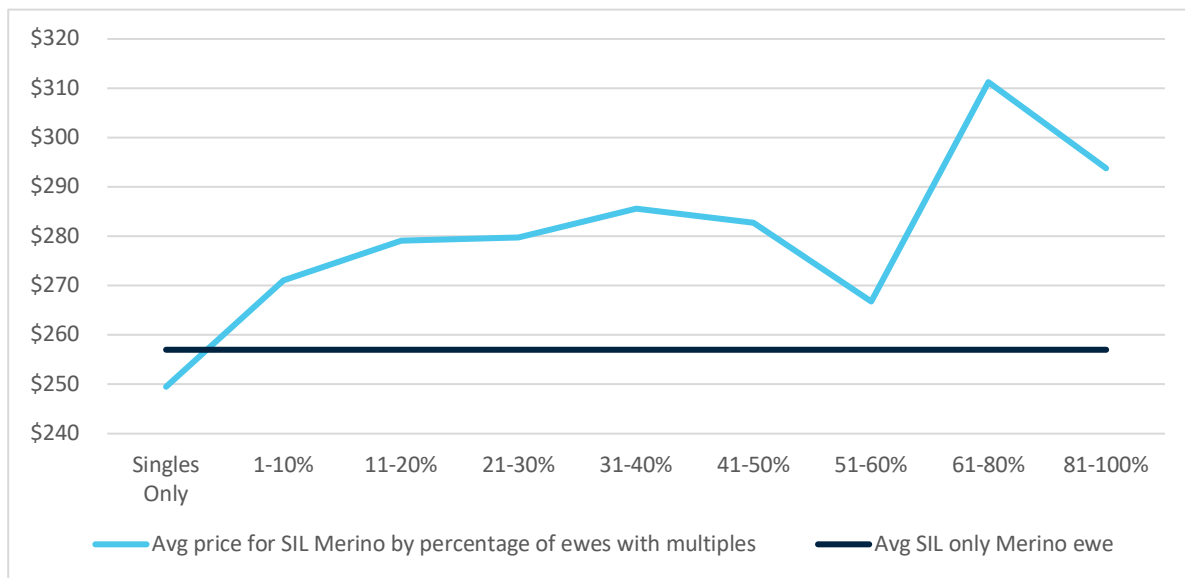


Figure 2. The average price for SIL Merino ewes sold broken up by percentage of multiples versus the average price for Merino ewe sold as SIL, January 2018 to July 2020 (\$/head)

From a buyer's perspective livestock agent Adam Chudleigh, McCarron Cullinane Chudleigh, Forbes, NSW, says he and his buyers always gain more confidence when buying SIL ewes with multiples and singles nominated. *"Buying nominated multiples gives our clients the confidence that they will get the lambs on the ground, providing them with many options to sell. Either into the store market to make a quick return or to feed through to hit the fat market".*

Adam also highlighted the value that the added assurance and confidence provided when buying scanned and nominated stock, going onto say that *"if vendors are willing to spend the extra money they deserve to receive additional value due to their management practices."*

Reflecting on market results is the best indicator to dictate future buyer behaviour and see exactly what they are after. As evident through this article, the cost of scanning for singles and multiples has seen on average, a considerable price premium. It is clear that more information provided by the vendor offers an added level of confidence to the buyer increasing the likelihood of higher returns.

