COMPETITION for forward lamb supplies escalated today with the release of Thomas Foods International contracts paying 600-620c/kg for 18-32kg crossbred lambs delivered from December to March.

The TFI contracts are for delivery of 2-5 score lambs in minimum consignments of 100 head to the company’s plants at Murray Bridge and Lobethal in South Australia and Tamworth in New South Wales.

They include a 50 percent upside if TFI’s weekly grid price is greater than the contract price.

The contract price for crossbred lambs at all plants is 620c/kg cwt from December 27 until the end of January and 600c/kg through February until early March. The price for Merino lambs if 590c/kg until the end of January, coming back to 570c/kg after that.

TFI’s national smallstock livestock manager, Paul Leonard, said the contracts will give the company some coverage through a period when it can be difficult to get lambs.

"From the end of February-March onwards you traditionally get a reasonable run of shorn heavy lambs, but I think it is smart to have some coverage in the Christmas through January period."

Mr Leonard non-one knows what the market is going to do and it is important to give some incentive for people to feed some lambs. With the contract prices over summer and with skin returns, people can go out and pay $110-$120 for store lambs with some confidence, he said.

"It gives an incentive for people to also feed a few lambs on for you."

Mr Leonard said TFI is offering the 50pc upside to give producers some insurance through market fluctuations.

There is an expectation now that there is some upside in contracts just to give people some insurance or comfort that if the market keeps running up they will share in any further price increases, he said.

Click here to read the TFI contracts.