

Spread the Word: Wool is Wonderful

Spread the word about wool. It is a unique fiber: 100% natural, 100% biodegradable, and 100% renewable. It is also a natural fire retardant, naturally wrinkle resistant, and breathable, it will wick moisture away from your skin to keep you dry. Wool's all-natural attributes are keeping global wool demand strong, and supporting premiums at retail. A 2015 Nielsen study found that 66 percent of global consumers are willing to pay more for sustainable goods and 73 percent of Millennials, (Curtin, M., 3/2018).

Wool Pool Successful

In Kentucky, a wool pool purchases wool and then gathers wool of like styles to offer buyers. This year, the Tennessee, Kentucky and Virginia wool pool saw continued success and offered the following prices: \$0.50 per lb. for black faced sheep wool and \$0.50 per lb. for white face. Reduced prices were offered for burry wool (\$0.42/lb.), short lamb wool (\$0.40 per lb.), and \$0.10 per lb. for black wool.

Burry wool is wool that contains burrs from any plant. Heavy burrs decrease yield, the amount of useable wool for retail apparel, blankets or carpets. Black wool is from fleeces from sheep containing gray, brown, or black wool. Black wool's use is limited because it cannot be dyed into a rainbow of colors.

Lamb wool also receives a discount. Wool from lambs is often shorter than wool from ewes and rams simply because it hasn't had as much time to grow. The shorter fibers are also limiting in processing. "Staple" length wool refers to longer wool fibers (about 2 inches) and can determine the end use of wool. Staple length wool can be combed and processed into worsted yarn that is used in apparel.

In the wool pool this year there were still some buyers that had significant straw and manure contaminates in their wool. Growers are encouraged to take a few moments at the farm to ensure that all visible contaminates are removed before arriving at the pool. If significant contaminates are found at the pool, the volunteers must remove the trash, reweigh the bag, and correct the buyer's ticket by recording a lower weight. All this is an unnecessary cost to the pool and in the end, means wool pool price offers are perhaps lower than could be.

Wool grown on farms and ranches is



normally sold and moved to processing centers "in the grease." However, its value is always determined from a measure or estimate of both qualitative and quantitative aspects of the clean fiber present, (ASI, 3/2007). If a bale of wool is riddled with pieces of straw or manure clumps, then this will significantly reduce the available clean wool for processing.

U.S. Wool Season Slowed

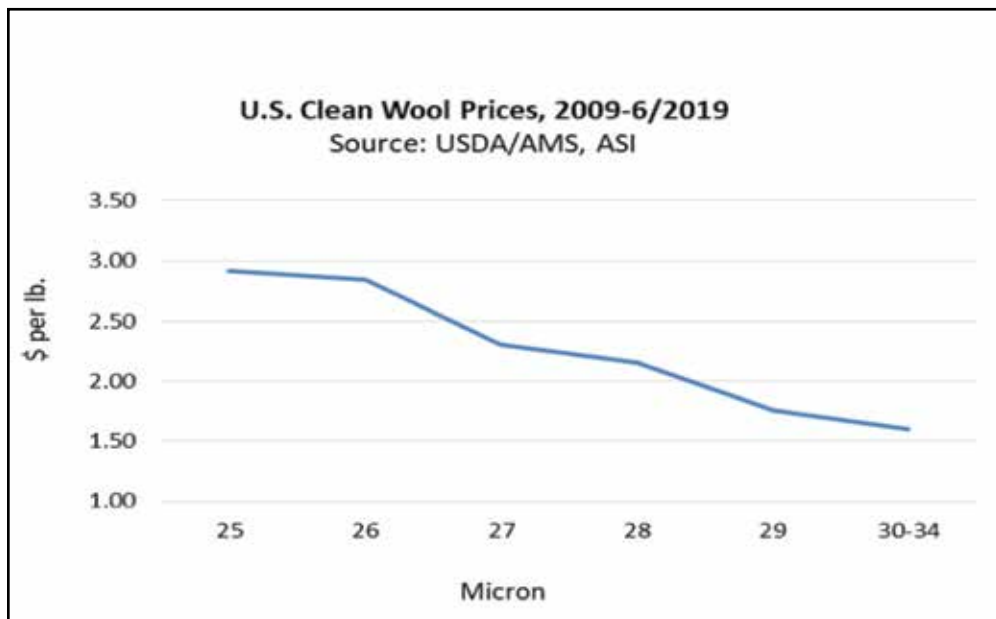
The U.S. wool season began this spring very good, with prices even higher than last year, but then by May slowed considerably. A "train wreck" was how one wool market participant called it. Due to the 25 percent tariff imposed by China on raw wool exports, fewer Chinese buyers were interested in U.S. wool, and price offers were sharply lower. Other buyers followed suit: Prospective buyers from India were present, but also made discount offers, and U.S. buyers followed.

By early August, there was still a significant volume of U.S. wool left unsold. In general, wool growers would rather sell their wool than store it. The global wool market is already sensitive to global growth factors including the Chinese slow down and European growth stagnation. Adding a trade war exacerbates marketing.

U.S.-China tariffs directly affected U.S. raw wool exports to China. In January to June, greasy raw wool exports (on a clean basis) to China dropped 47 percent in volume and 55 percent by value year-on-year. In January through June, raw wool exports -- to all countries -- were down 34 percent in kgs and down 14 percent by value. Some of China's U.S. wool imports were picked up by Egypt. The bulk of U.S. wool exports occurs in July and August, so a broader comparison cannot yet be made.

Wool Value Starts with Breed

The American Sheep Industry Association (ASI) reminds us that while some sheep grow wool of more value than others, all sheep have valuable wool. In western U.S. and internationally, wool fiber diameter—micron—is the primary price guide for wool. As micron readings get lower, the fineness of the wool increases, and price premiums rise. On average, 25 micron wool receives an 82-percent premium over 30-34 micron wool. A 26 micron wool receives a 77-percent



premium over 30-34 micron wool.

Wool Preparation

On-farm management can boost wool value. ASI maintains that wool production is a year-round process. Quality wool is a function of both environmental conditions, but also management decisions. Environmental conditions might include pasture management and feeding practices. Management decisions include when to shear and the cleanliness of the shearing area.

A reputable wool grower in western U.S. reported that many growers do an excellent job preparing wool, but there are those that could do better. Many growers typically practice bellies out untied (BOU) whereby the dirty belly is separated from the remainder of the clip. However, this is not enough to maximize value. Removing only the belly doesn't ensure all visible contaminants are removed. The grower should try to remove any and all urine stains and sweat and dung locks.

A quick visual inspection can increase the value of the wool by increasing its yield, the valuable portion of the clip. Contaminants may include dirt, vegetable matter, colored fibers, polypropylene pieces from baling twine, and medullated hair fibers from hair sheep.

International Wool Market Strong

Both demand and supply factors affect

wool prices. Recently demand has faltered due to uncertain economic factors, but tight supply persists, supporting prices. U.S. wool prices are dictated by Australian wool prices and global demand. China is the single-largest wool buyer and reportedly, the largest consumer of wool apparel, as well. Any economic downturn in China, as has occurred in the last year, affects Australian wool prices, which then affects U.S. wool prices.

At the beginning of its 2019/20 wool season, the volume at Australian auctions was down 21 percent year-on-year, (AWI, 8/9/19). The drought has prompted a significant increase in adult sheep slaughter, reducing numbers of sheep shorn.

The Australian Wool Production Forecasting Committee's first forecast for 2019/20 is for shorn wool production to be down 5 percent in Australia year-on-year due to a reduction in the number of sheep expected to be shorn. This early forecast assumes normal seasonal conditions in 2019/20, (AWI, 4/2019).

The prolonged drought in Australia has shifted the characterization of its wool. The drought has enhanced the growth of finer wool relative to the 26 micron and broader wools. There is therefore a relative short supply of the coarsest wools, which bodes well for Kentucky.

Wool Price Forecasts

Australian wool reached record highs in 2018, but this year has weakened. The 2019 weakening is still very high; however, from a historic perspective. In early August, Australian wool prices had fallen to an 18th month low, but still above the 80th percentile for the last decade, (AWI, 8/9/19). "The Sino-US trade imbalance dispute continues to be the most quoted cause as to why the demand for wool has so rapidly gone off the boil. The dispute is having widespread influence over the global economy and all to the negative. Consumer and manufacturer confidence has been pummeled and the utmost of caution prevails at present," (Ibid).

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