STRENGTHENING THE
AMERICAN WOOL INDUSTRY

WOOL PRICING

A series of bulletins containing valuable information for the wool grower.

Sheep Production in the Twenty-First Century; Keeping Pace with Demand

The relative value of greasy (raw) wool is a function of its value-determining characteristics that are both qualitative and quantitative.

Clean price is based primarily on qualitative factors that determine the "end use" of the raw fiber. The two most important qualitative factors in value determination are fiber diameter and length. Characteristics that also affect clean price, but to a lesser degree, are uniformity, fiber strength, color, crimp, softness and certain contaminants such as "poly" twine, amount and type of vegetable matter contamination and non-scourable branding paint. To determine **grease price,** a measure of yield is necessary.

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.

The first step in determining grease price is to establish a clean price that is based mostly on the fiber diameter and length combined with other factors noted previously. Clean price is then combined with a value for yield to arrive at a grease price using the following formula:

Clean Price x Yield = Grease Price

Grease price determined in this manner is usually a 'delivered' price. To determine grease price at a given point, handling costs such as freight, grading, storage, commissions, coring and testing are deducted. Because these charges involve wool in the greasy state, they are subtracted from the delivered grease price rather than clean price. The formula for determining the grease price actually paid to the wool grower becomes:

(Clean Price x Yield) - Handling = Grease Price

Wool Price Example (Actual figures will vary)		
Clean Price Delivered		$2.12
-Multiply- Yield	x	0.58
Grease Price, Delivered		**$1.23**
-Minus- Transportation and Other Handling Charges	-	0.15
Grease Price, Received By Grower		**$1.08**

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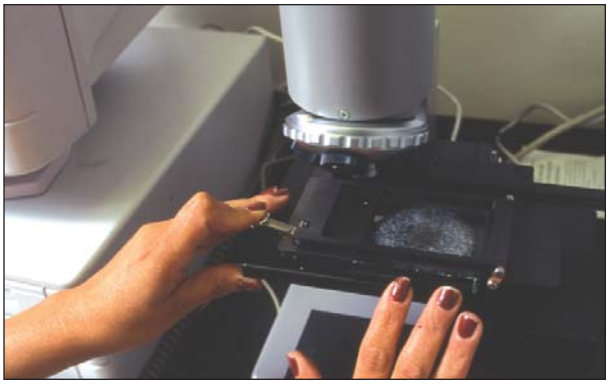

Considerations for growers:

The formulas for determining grease price of wool suggest that producers can adjust their management systems to change one or more of the factors to increase the price they receive for their wool clips.

Fiber diameter and length are the two factors that primarily determine clean price. These factors can be altered by changes in breeding and/or nutrition. If the nutritional program is correct for optimum lamb production, dietary changes to influence wool growth are seldom justified. Average fiber length can be increased and average fiber diameter can be reduced to increase clean price by using different breeds or by within-breed selection.

Response to within-breed selection for these traits is relatively slow; however, resulting changes tend to be permanent. Changing breeds is usually not encouraged for existing flocks which the breed or breed combinations used have been selected to fit specific management systems and environments.

Year-long care and proper wool handling at shearing time affect both clean price (due to contaminants) and yield (due to level of non-wool components). Harvest time (shearing) is especially crucial because entire clips can be improved or spoiled during that period. Management adjustments at shearing time are usually rewarding to producers because they are quite easily accomplished, readily visible and, in the long-term, increase grease price with minimal cost.

Careful attention to marketing options available and the cost/benefit relationships associated with each can usually reduce handling (marketing) charges.

When possible, objective measurement (coring with laboratory analysis) should be used to measure the basic wool value determining factors. Wool that is described accurately has a better chance of being correctly priced.

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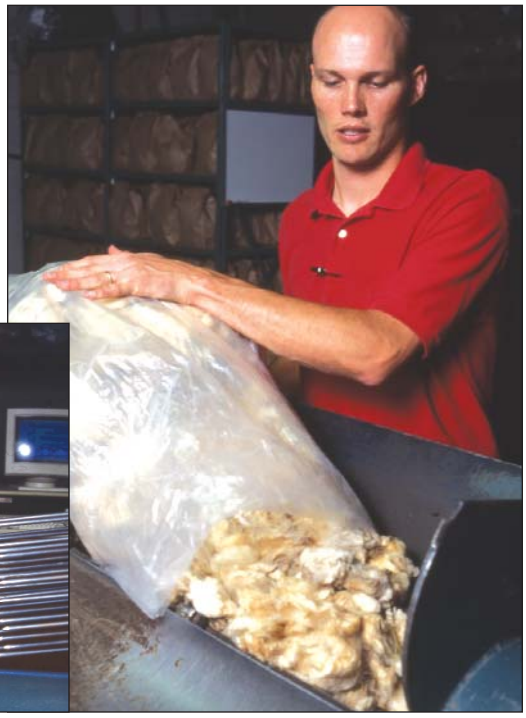

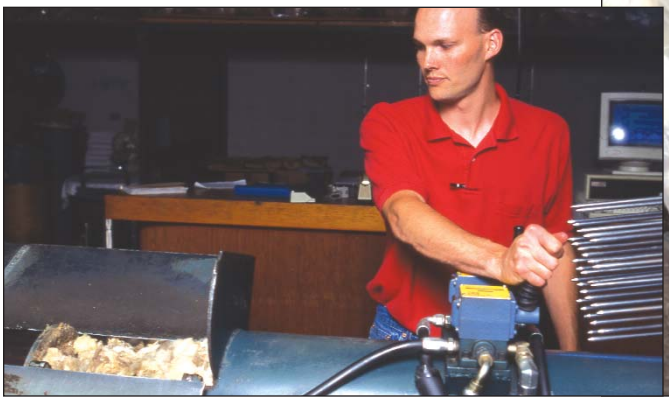

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