



Sheep Industry and Wool Market Update

American Sheep Industry Association

October 3, 2025

Sheep Industry

Economic pressures are still affecting the U.S. sheep industry and the financial sustainability of sheep producers across the country.

The **cost of production remains above pre-pandemic** levels.

- Rising input costs are putting significant pressure on the profitability of sheep production in the U.S.
- Although feed prices have eased, other essential inputs, particularly labor, remain at unsustainable levels.
- Elevated interest rates have increased borrowing costs, further straining sheep producer finances.
- The economic imbalance between shearing expenses and the value of the wool continues to burden U.S. wool producers. In many instances, the cost of shearing exceeds the total revenue generated from wool sales.
- Estimated returns for a hypothetical Colorado lamb feeding operation from January through August were negative, averaging -\$19.00 per head. This marks a sharp decline from the positive returns of \$13.50 per head recorded for the same period in 2024. Losses during the summer of 2025 reached levels not seen since 2022.

Persistent inflation continues to constrain household budgets and elevate the cost of essential goods and services, contributing to **downward pressure on American wool prices**.

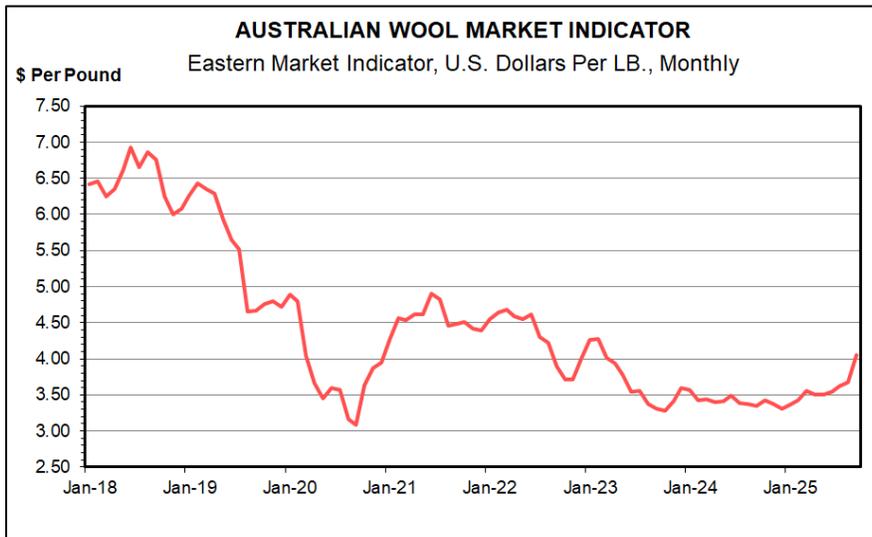
- Consumers are shifting away from American wool, opting instead for lower-cost apparel alternatives and selective luxury purchases (e.g., leather goods and automotive interiors).
- The expansion of ultra-low-cost apparel companies from China, such as Shein, has accelerated the dominance of synthetic, often microplastic-based clothing in the market. This shift has led to a decline in consumer spending on higher-quality, long-lasting natural fibers like American wool.
- Reductions in processing infrastructure and weakened domestic consumer markets are intensifying the ongoing devastation of the American raw wool industry.
- Making all wool more valuable is important for sheep producers and the future of the American wool industry.
- U.S. wool prices follow trends in the Australian market, where the average Eastern Market Indicator (EMI) price has continued to decline.

The sheep industry, unlike other livestock sectors, **does not have a risk management program** to help weather periods of uncertainty or economic losses.

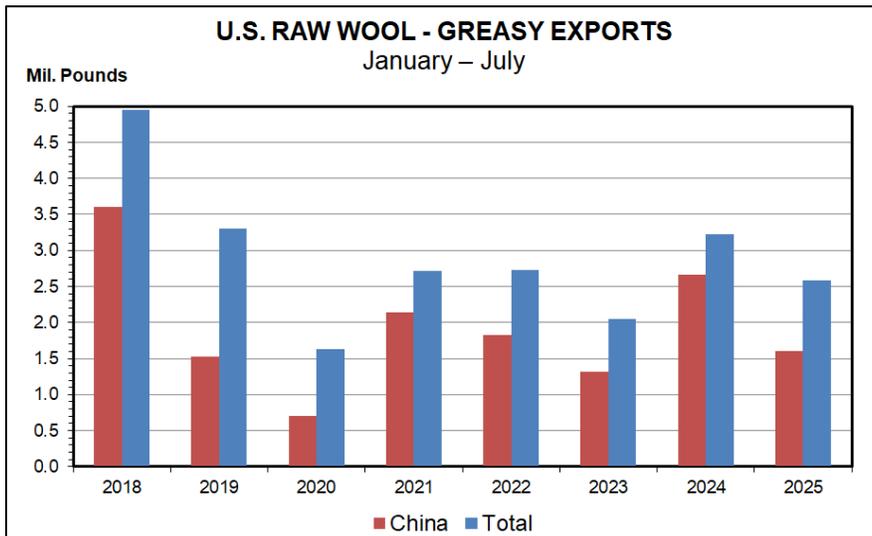
Wool Market: Tariff-Driven Struggles Persist

- Persistent tariff impacts, coupled with persistently low wool prices, continue to pose significant challenges for U.S. sheep producers.
- American wool remains heavily export dependent and has not fully recovered from the disruptions caused by the 2018 trade tariffs and the global pandemic.
- **Since 2018, the American wool industry has faced sustained negative impacts from tariffs.**
- Current trade tariff policies continue to compound the challenges that began in 2018, further straining the U.S. sheep and wool industry.
- U.S. wool exports to China fell 40% between January and July 2025 due to tariffs, which are set to rise further in November, threatening the sheep and wool industry.

Unlike other export dependent agricultural commodities, the American Wool industry has been excluded from tariff assistance programs and relief efforts.



Data Source: USDA-AMS, Compiled by ASI



Data Source: USDA-FAS, Compiled by ASI