

FIG. 1, at left, shows index of Arizona wool production — total, Indian and white, from 1951 through 1963. Source: USDA.

Wool Prices in Arizona

By Clarence D. Edmond and John W. Wildermuth

Generally, changes in production of a commodity exert a strong influence on the price of that commodity. However, there is little indication that U. S. wool production has much influence on U. S. wool prices. Rather, prices appear to be more a result of the competition of wool imports and synthetic fibers.

Production of wool in Arizona has risen almost steadily since 1951 when about 2.5 million pounds of grease wool were produced (Fig. 1). At that time, wool production was about equally divided between Indians and whites, but the Indian share has increased slightly over the years. In 1963 Indian wool accounted for 57 percent of the 3.5 million pound Arizona wool crop. Also, due primarily to the variation in numbers of sheep and lambs on feed, production by the whites has been more erratic from year to year.

Yields per fleece have been rather stable over the last 12 years according to USDA's Statistical Reporting Service. Average weights per fleece of white owned sheep have varied between 7.7 pounds in 1961 and 9.1 pounds in 1958. Fleece weights of Indian owned sheep tend to average from half a pound to one pound lighter. During the last 12

years, weights have varied between 6.0 pounds in 1961 and 6.8 pounds in 1950 and 1962.

Indian Flocks Increased

More sheep shorn was the major factor contributing to the one million pound increase in the state's wool production between 1951 and 1963. The number shorn increased from 342 thousand in 1951 to 488 thousand in 1963 (Fig. 2). The Indians accounted for most of this 146,000 head increase in number shorn. In 1951 they sheared 198,000 head compared to 144,000 head shorn by whites. In 1963 the number shorn by Indians was 299,000 compared to 189,000 shorn by the whites.

The average price received per

pound of wool by Arizona producers appears to be directly related to U. S. prices, with Arizona prices tending to run about 4 to 8 cents lower (Fig. 3). Wool prices for both Arizona and the U. S. have varied widely since 1910. Between 1914 and 1918, during World War I, prices of wool in Arizona increased from 15 cents to 57 cents per pound, then fell sharply in 1921.

Prices were relatively good during the remainder of the '20's, but fell to an extreme low of 8 cents per pound in 1932. Following the depression of the 1930's, wool prices worked upward to 1951, when an all time high of 72 cents per pound was reached. Then prices dropped sharply between 1951 and 1955. Since 1955, prices have varied between 32 and 43 cents per pound in Arizona, while U. S. prices have varied between 36 and 54 cents per pound.

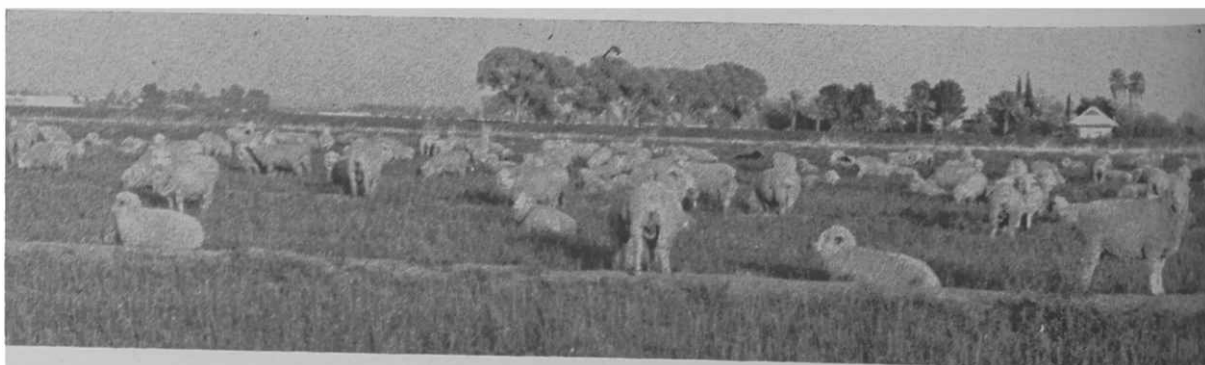
Government Bolsters Price

The large drop in wool prices, between 1951 and 1963, is not indicative of returns to producers of wool after 1954, for in 1955 the government initiated a program of compensatory payments to support wool prices to producers. Since that time, the support price in the U. S. has been 62 cents per pound of average wool sold. But, depending upon quality, a producer might receive more or less than the 62 cent average for his wool. The rate of the compensatory payment is the percentage increase required to bring the value of an average pound of U. S. wool up to the support level of 62 cents.

To qualify for payments, a producer must market his wool during the given April 1 to March 31 mar-

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BELOW, sheep grazing irrigated alfalfa pasture in the Salt River Valley, near Mesa.



This is the fourth article in a series by Dr. Edmond, farm management specialist in the Extension Service, and Mr. Wildermuth, former student in the Department of Agricultural Economics.

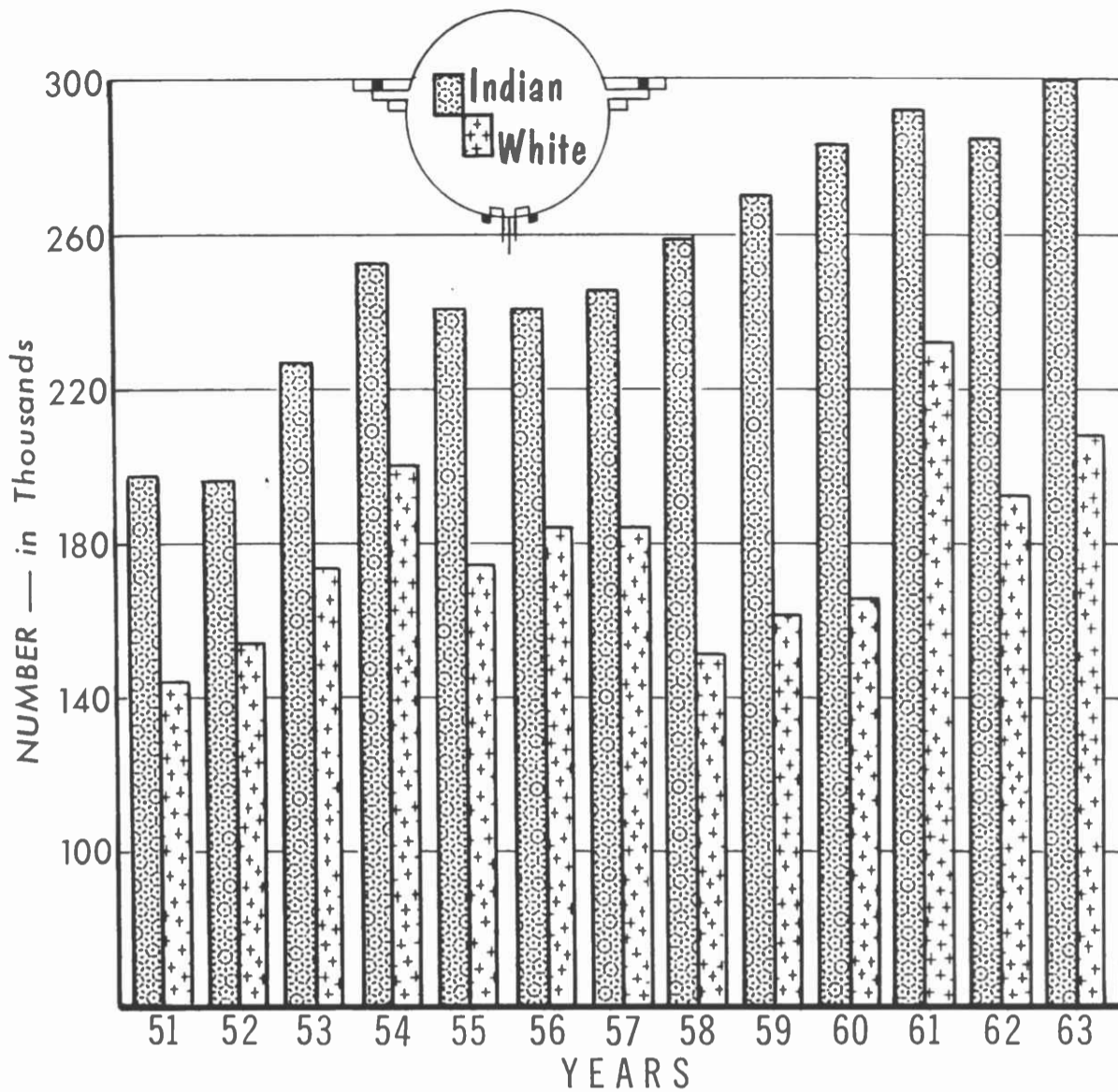


FIG. 2, at left, lists sheep shorn in Arizona by Indian and white ownership, 1951-63. Source: USDA.

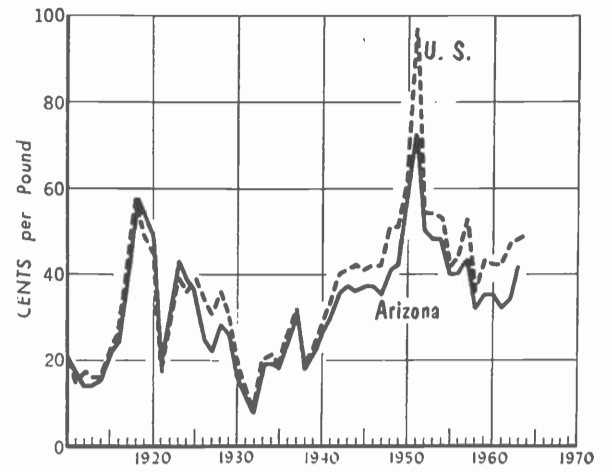


FIG. 3, above, shows average price per pound received by farmers for shorn wool. Source: USDA.

Support Levels and Payment Rates Since Inception of the Government Wool Program

Year	Average Price Per Pound			Payment Rate (percent)
	Support Level (cents per lb.)	U. S. (cents per lb.)	Arizona (cents per lb.)	
1955	62	42.8	40	44.9
1956	62	44.3	40	40.0
1957	62	53.7	43	15.5
1958	62	36.4	32	70.3
1959	62	43.3	35	43.2
1960	62	42.0	35	47.6
1961	62	42.9	37	44.5
1962	62	47.7	39	30.0
1963	62	48.5	38	27.8

Source: Arizona Agricultural Stabilization and Conservation Service.

mained at 62 cents per pound over the entire period, but the national average price, and therefore the payment rates, has fluctuated considerably. The lowest price, and therefore the highest payment rate, received during this period was in 1958 when the national average price was 36.4 cents per pound and the payment rate was 70.3 percent.

Major reasons for the decline in American wool production have been competition from foreign wools and domestic synthetics. Production costs of foreign wools are generally lower than in the U. S., and quality of imported wools has remained high. Due to sharp price competition, synthetics have gained much of the fabric market.

Data on wool imports go back to 1923, when 388 million pounds of wool were imported, and 273 million pounds were produced (Fig. 4). From 1923 to 1932 imports dropped sharply as domestic prices decreased. Following the depression in the 30's, imports rose rather sharply to 1946, when slightly over one billion pounds were imported compared to 342 million pounds produced domestically. Generally, due primarily to competition from synthetics, wool imports have trended downward since 1946.

Synthetics Output Zooms

Statistics on U. S. production of synthetic fibers began in 1920 when 10 million pounds were produced (Fig. 4). Since then, production of synthetics has mushroomed. At present, U. S. output of synthetic fibers is over 2.5 billion pounds annually, compared to about 278 million pounds of wool produced in the U. S. and about 400 million pounds of wool imported into this country. As a result of low-

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keting year. He must furnish with his payment claim sheet a bill of sale which contains the name and address of the buyer, date of sale, his own name and address, net weight of wool sold, and his net proceeds after normal marketing deductions.

For example, assume that during a given marketing year the national average price was determined to be 45 cents per pound. To bring the average price up to the 62 cent support, an increase of 17 cents, or 38 percent, is required. Now, suppose that, due to differences in quality, one rancher re-

ceived 40 cents per pound for his wool, while another received 50 cents per pound. By law, both are entitled to the national average increase of 38 percent. A 38 percent increase would amount to 15.2 cents more per pound for the first rancher and 19.0 cents more per pound for the second rancher. Thus, the wool program provides an incentive to produce better quality wool.

Prices, Supports Fluctuate

The actual support prices, national average prices, Arizona average price, and payment rates under the program since its inception are shown in our table. Wool price supports have re-

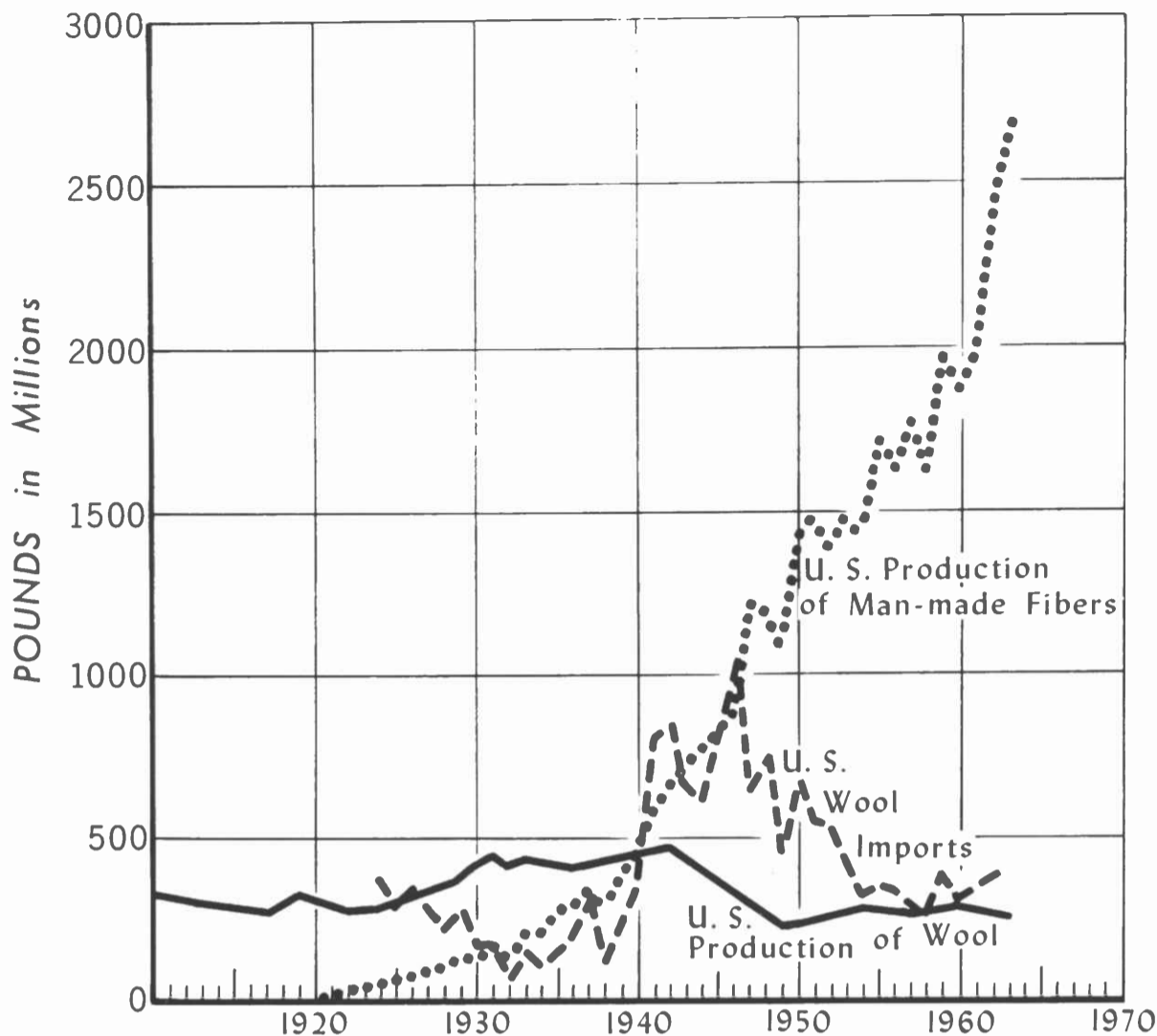


FIG. 4 shows U.S. production and imports of wool and the production of man-made fibers, 1910-63. Source: USDA.

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er prices and certain other qualities, man-made fibers have secured a large share of the U. S. fiber market.

Recently, ways have been found to greatly improve the crease holding ability of wool, and to make it completely washable. Neither of these processes affect the absorbency and full-bodied appearance of wool. Perhaps, with these technical improvements, wool will be able to acquire a larger share of the fiber market. However, at least partially offsetting this will be continued improvements in present synthetics and introduction of new ones.

Thus, it appears that U. S. wool will continue to face strong competition, both from man-made fibers and from wool imports.

La urea sola agregada a una ración apropiada de granos para los rumiantes tiene mal sabor, y si el animal la ingiere en cantidad excesiva, puede sufrir intoxicación. Por esa razón, la urea no debe pasar de un tercio de la proteína total de la ración. Para obtener una mezcla más deseable se han usado diferentes compuestos combinados con la urea como una mezcla líquida de urea, melaza y alcohol etílico.

Large Uniform Lots Get Higher Cotton Prices

By Robert S. Firch and Raymond O. P. Farrish

An analysis of factors affecting grower prices for 1964 Arizona cotton sold on bid sheets has just been completed. The study covered more than 74,000 bales ginned at 26 central Arizona gins and sold in over 2,600 individual lots.

Premiums for Large, Uniform Lots

This study of sales during 16 weeks indicated that growers who sold their cotton in one bale lots, depending upon the week, received 55¢ to \$3.33 per bale less than those who sold their cotton in truckload lots. Those who sold their cotton in lots with a single grade, staple, color, and foreign matter designation received 93¢ to \$1.74 per bale more than those who sold their cotton in lots containing several different grades, etc.

Larger lots — up to truckload size — do increase grower prices. One

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way to increase lot size is to put several grades and/or staples together in one lot. However, the analysis of 1963 and 1964 sales indicates that the gain from larger lot size will almost never exceed the loss from reduced uniformity. Cotton should be sold in perfectly uniform lots, even if it must be sold in lots containing just one bale.

Cotton growers can expect to gain as much as \$3 per bale for some lots by selling their cotton in perfectly uniform truckload lots. Perhaps the best way to obtain this objective is for growers to pool their cotton at the gin.

Premiums for Acala Cotton

In six of the 16 weeks studied there were enough lots of Acala 44 and 4-42 cotton sold to allow a refined appraisal of the premiums paid for this cotton. The analysis adjusted for the other major factors which affect selling price and found statistically significant premiums of \$18.05, \$18.50, \$21.65, \$19.20, \$3.10, and \$4.05 per bale.

Small Premiums for Hand-Picked

Half of the weeks contained enough lots of hand-picked cotton to evaluate premiums over machine-picked cotton. After adjusting for other factors, only two weeks had statistically significant premiums, and these were \$1.20 and \$3.20 per bale. The average for the whole season was \$1.02 per bale. It appears that growers can expect higher prices for hand-picked cotton only as it yields higher government grades.

A more detailed report may be obtained from the authors.

FARM OUTPUT UP IN USSR

A good recovery by the Soviet Union from disastrously low farm production in 1963 was the outstanding feature of the agricultural situation in eastern Europe last year, the U. S. Department of Agriculture reports. The department's economic research service said the Soviet Union officially reported record crops of sugar beets, sunflower seed, potatoes and vegetables.

Los granos y subproductos de éstos se utilizan en la preparación de los alimentos concentrados. Los que se compran deben escogerse sobre la base del costo relativo de la proteína digerible y de los nutrientes digeribles no protéicos. Para escoger los más convenientes se calcula el costo por unidad de nutrientes en dos alimentos comunes de los que se conoce el precio corriente, uno bajo y otro rico en proteínas. Los valores de estas normas se aplican a los contenidos de los alimentos que se trata de valorar.