

FIBRE DIAMETER OF CRUTCHINGS AS AN INDICATOR OF CLIP FIBRE DIAMETER - AN AID TO FORWARD SELLING OF WOOL

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The main risk factors facing woolgrowers are drought, volume of wool produced and wool price (Thompson 1995). One method to avoid the risk of fluctuations in wool price is for woolgrowers to adopt a forward selling strategy. Forward selling contracts contain specifications for the key attributes of greasy wool which affect price; discounts and premiums are offered to woolgrowers dependent on how closely the wool they deliver meets contract specifications.

The main determinant of the price of wool is average fibre diameter (FD), but woolgrowers have been reluctant to consider forward contracts as a marketing option to reduce price risk because of uncertainty that they can deliver wool with FD required in the contract specification.

Mid side sampling is advocated to determine average FD but this is a special and costly procedure. Crutching before shearing has been accepted by woolgrowers for stain removal as part of quality assurance programs initiated by woolbrokers, and is already standard husbandry for mid season blowfly control. The use of average FD of wool removed at crutching as an indicator of average FD of the clip at shearing could give woolgrowers more confidence that they can deliver wool to meet specifications in a forward contract.

The relationships between average crutch wool FD and average FD for the whole clip, or fleece wool in the clip shorn from adult sheep, were examined using records of seven year's wool production, from 1989 to 1995, from 'Gostwyck', Uralla NSW (Table 1). The average FDs at crutching and at shearing six months later were obtained following normal pre-sale testing of individual sale lots.

Table 1. Fibre diameter (FD, mm) of crutch wool, whole clip, and adult fleece

Date	Crutchings FD	Clip FD	Adult Fleece FD
1989	20.2	19.4	19.8
1990	20.1	19.0	19.5
1991	19.9	18.8	19.2
1992	19.7	17.9	18.2
1993	19.9	18.3	18.5
1994	19.6	18.2	18.5
1995	19.2	18.0	18.4
Weighted average	19.9	18.5	18.9

These data were analysed to establish correlations between average FD at crutching and average FD of both adult fleece and the whole clip at shearing. The correlations were 0.78 and 0.83 respectively.

For practical application of this finding, individual properties should assemble data to establish the difference over time between the average FD of crutch wool and average FD of the clip. The woolgrower can then use this difference to predict from crutchings the average FD of the subsequent clip, three to six months later, and gain assurance that the FD specification of a forward wool sale contract, made at about the time of crutching, will be met when the wool is delivered after shearing.

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THOMPSON, D. and JACKSON, D. (1995). 'Risks and the Woolgrower'. Centre for Agricultural and Resource Economics, University of New England, Armidale.