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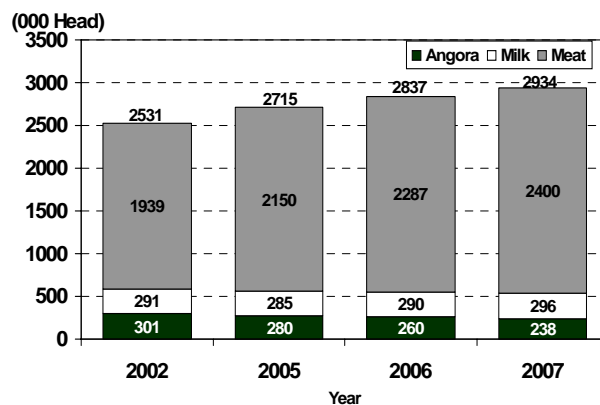
Total U.S. Goat Inventory Up 3.4%: Meat Goats Up 5%; Angora Goats Down 8.5%

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While the U.S. all-goat inventory increased 3.4 and 8.4 percent from 2006 and 2005 respectively, on January 1, 2007, the size of the Angora goat herd decreased 8.5 and 15 percent, respectively. A year ago, it appeared that the liquidation of the U.S. Angora goat herd was slowing down. Price bids for Angora kids and mohair improved and were probably influencing the slow-down of the liquidation of the U.S. Angora goat herd. But, the extreme drought in the southwestern part of the U.S. during 2006 and the hardier, more profitable aspect of meat goats worked against retention of a large Angora goat herd.

The mix between Angora, meat and milk goats has changed dramatically during the last 14 years. Angora goats have been replaced with meat goats at more than a one for-one-basis. According to USDA's February 2, 2007 Sheep and Goat report, while the inventory of Angora goats decreased by 22,000 on January 1, 2007, the inventory of meat goats increased by 113,000 head. (See Figure 1). The size the total U.S. goat herd is now over a million head larger than the 1.9 million head U.S. goat herd in 1992. The size of the U.S. Angora goat herd at 238,000 head on January 1, 2007 is only 8.1 percent of the 2.934 million head total U.S. goat herd. Meat goats now comprise about 82 percent of the U.S. goat herd, compared to Angora goats which accounted for close to 90 percent of the total U.S. goat herd in 1992.

Figure 1: Goat Inventory, by Categories United States, 2002, 2005, 2006 and 2007



Source: USDA, Sheep and Goats Report, February 2, 2007

Mohair Production Down, Prices Up

Mohair production dropped to 1.354 million pounds during 2006, down 12.4 percent from 1.546 million pounds produced during 2005. This is the lowest production since 1987. After dropping to record lows during the mid-90's, prices for mohair made an excellent recovery in 2000, weakened during 2002 but have been showing strength during the past four years. (See Figure 2).

Almost all of the mohair is being exported. Currently, the industry is being supported by exporting the substantial accumulation of stocks stored in warehouses. About three times the amount of the current annual production is being exported to countries like South Africa and the

United Kingdom with the excess of production coming out of warehouse stocks. For example, 3.859 million pounds (clean) were exported primarily to South Africa (71% of exports), the United Kingdom (12% of exports) and five other countries in 2005, when U.S. production was estimated at 1.546 million pounds (greasy). What will happen to the industry when stocks are depleted?

Texas Leading State

Texas dominates the U.S. commercial goat industry with about 44 percent of the U.S. inventory. (See Figure 3).

Texas continues to dominate the mohair industry, producing about 81.2 percent of the 1.354 million pounds of mohair produced during 2006, followed by Arizona with 5.9 percent and New Mexico with 3.2 percent.

Figure 2: U.S. Mohair Production and Price in Texas, 1979-2006

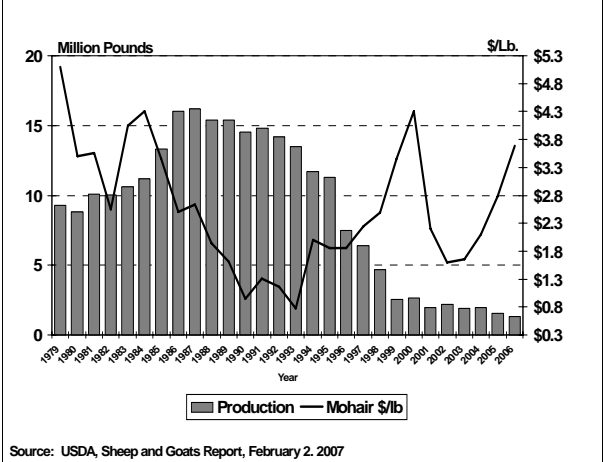


Figure 3: Goat Inventory, by Categories Texas, 2002, 2005, 2006 and 2007

