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**PRESENTED BY —**

- **Agricultural Economics Association of South Africa**
- **Co-ordinating Committee of Agricultural Marketing Boards**
- **Department of Agricultural Economics and Marketing**
- **Department of Agriculture and Water Supply**
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- **SA Agricultural Union**

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## 6. A look into the future

### 6.1 Production

In the light of the relatively favourable price for mohair over the past year and the good prospects for the coming year, it is expected that production will increase by more than 10 per cent. This rate of increase in production will continue in the medium term for as long as the price of mohair continues to be more favourable than for other agricultural products competing for the same ground. The accuracy of this forecast is, however, also subject to unpredictable factors such as droughts, low kid crops and large scale deaths due to unforeseen cold snaps.

### 6.2 Prices

6.2.1 The prediction in 1984 that good prices would be obtained during 1985 because of lack of supply to meet the demand was correct, but the sharp and unexpected further decline of the Rand relative to the values of the monetary units of purchasing countries caused a greater increase in prices. The present price levels are acceptable to manufacturing countries and therefore it is expected that in the short term the price in "Dollar" terms should be maintained. However, mohair prices can be expected to change in accordance with the change in Rand/Dollar values. This also applies to the medium term where the demand for mohair is expected to remain good.

6.2.2 Fluctuations in mohair prices as well as fluctuations in the exchange rates are causing tremendous problems at present. In an effort to ensure a more stable price basis and a more even supply of mohair to the market, the Mohair Board has amended its sales programme by increasing the number of sales per season from 9 to 11 as well as narrowing the gap between seasons. The seasons will now run from March to August and from September to February and sales are now spaced so that mohair will be available to the trade practically continuously and without a break between seasons.

6.2.3 Over the short and medium term good prices are consequently predicted which will result in an increase in production

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TABLE 1: ANNUAL MOHAIR PRODUCTION, SHARE OF WORLD MARKET, AVERAGE ANNUAL PRICE AND TOTAL EARNINGS FROM 1973 TO 1985

<u>Year</u>	<u>Production (Mil kg)</u>	<u>% of Total World Production</u>	<u>Average Price c/kg</u>	<u>Earnings Mil kg</u>
1973	3,4	25	331,5	11,3
1974	3,7	28	245,2	9,0
1975	3,8	29	416,4	16,0
1976	4,1	31	668,5	27,5
1977	4,5	33	639,1	27,7
1978	4,9	34	1 048,2	51,0
1979	5,4	35	1 095,3	59,9
1980	6,1	38	717,5	31,9
1981	6,9	40	792,8	45,8
1982	7,6	42	833,8	54,5
1983	7,2	42	1 211,7	94,8
1984	8,1	46	1 554,3	125,7
1985	9,1	46	2 032,0	186,4

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THE MOHAIR INDUSTRY

Abstract

In the R.S.A. Angora goats are shorn at least twice a year. Mohair is therefore marketed in two seasons, namely a Summer season (February to June) and a Winter season (August to December). Both seasons thus fall within a normal calendar year.

Production

Due to favourable prices for mohair since the one-channel marketing system was introduced, mohair production since 1973 has increased from 3,4 million kg per year to 9,1 million kg during 1985. This increase in production was more rapid than in the other producing countries of the world and as a result South Africa's share of the market increased from 25 per cent in 1973 to almost 50 per cent in 1985. Apart from its large share in the market, South Africa also produces the best quality mohair in the world.

Even though more than 80 per cent of the mohair produced in South Africa originates from twenty districts, horizontal expansion is rapidly spreading Angora goat farming into non-traditional areas. Increase in production is, however, being retarded by the tempo of growth of the national flock as well as environmental factors such as droughts.

Exports

More than 97 per cent of the South African mohair clip is exported to the Far East, Europe and the United Kingdom. Approximately 70 per cent of the clip is, however, locally scoured or scoured and combed. Because of South Africa's large share in the market, overseas countries are showing more interest in having further processing done locally.

Prices

The average price of mohair has increased by 260 per cent over the past decade and over the past year alone it increased by approximately 30 per cent to R20,32 per kilogram. This sharp rise in price can be ascribed to a strong demand for the limited supply, inflated by a sharp decline in the value of the rand relative to the value of the monetary units of purchasing countries.

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The future

Because of favourable prices, the great interest in Angora goats and good management with regard to nutrition as well as good grazing conditions, an increase in production of approximately 10 per cent can be predicted for the coming year. This growth can be expected to continue in the medium term for as long as the Angora goat remains the most profitable farming unit when competing for the same ground.

The good demand for mohair coupled with price levels acceptable to the purchasing countries again indicate a favourable market for the short term. The unpredictable exchange rates play a predominant role and will determine the price level in the immediate future.