

Pelts Asset or liability?

Sheep and lamb pelts (skins with wool) are no longer a valuable by-product, at least from a commodity standpoint. The market for pelts has experienced a significant decline in recent years, due mostly to the decline in the export market (China). At one time, lamb producers received credits for their lambs' pelts. Nowadays, in many cases, pelts have a negative value. According to some sources, there has been a 95% loss in the value of pelts since 2019. USDA rarely reports pelt prices anymore, due to confidentiality (not enough market participants).

Current situation

- Export market collapse
- Tariffs and trade disputes
- Stronger US dollar
- Reduced demand for sheepskin products
- Competition from synthetics
- Environmental concerns and regulations.



Despite the current negative situation, there are niche marketing opportunities for sheep and lamb pelts. Many producers have developed lucrative markets for their pelts. Several state sheep associations sell pelts. It is common to have pelts professionally tanned, though you could do it yourself. Pelts are typically scraped, stretched, and salted before being sent to the tannery.



While the market for pelts has diminished, the market for sheep and lamb skin (without wool) and goat skin is growing due to desirability of the leather in various industries. The leather is often used in high end fashion such as gloves, handbags, belts, vests, shoes, and leather jackets.