



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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2016/35

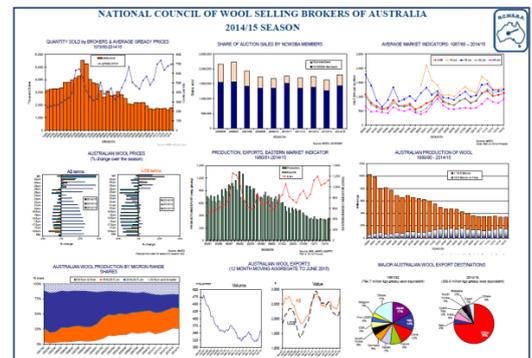
From the desk of Chris Wilcox, Executive Director

- Last call – Order you NCWSBA Wallchart
- Topsy turvy week for the Australian wool market
- Wool exports by the five major wool exporting countries fall
- Wool imports by the major processing countries – Europe up, China down
- Nanjing Wool Market Conference
- Upcoming events



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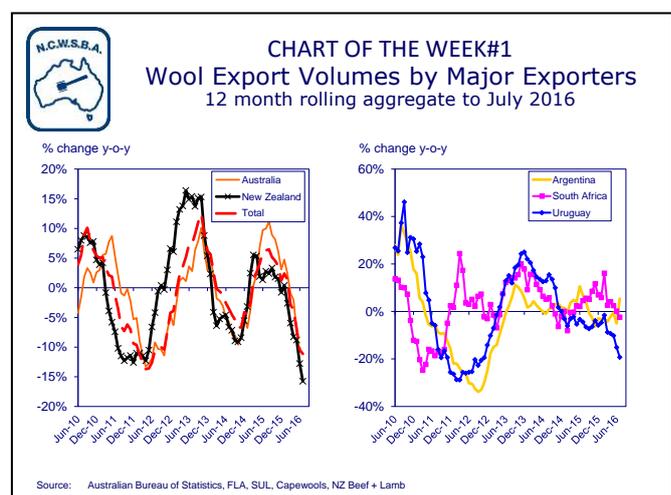
LAST CALL: The 2016 Wall Chart from the National Council of Wool Selling Brokers is now available. Free to NCWSBA members, it is an A2 printed Wall Chart with graphs showing auction volumes and prices, market indicators, and Australian wool production and exports as far back as the 1979/80 season. If you haven't requested copies or if you didn't pick them up at the NCWSBA AGM, send me an email at chris.wilcox@woolindustries.org with your address and how many you would like for your office.



It was a topsy turvy week for the **Australian wool market** this week after a sharp drop in the A\$ initially drove prices higher on Wednesday, particularly for fine and superfine wool. The momentum wasn't sustained on Thursday and prices slid. In the end the **Eastern Market Indicator (EMI)** lifted by 6 cents, to 1311 Acents/kg. Fine and superfine wool prices lifted strongly, with the 18.5 micron price guide rising by 25 cents and the 18 micron price guide up by 32 cents. Crossbred wool prices also lifted, by 10-15 cents. In contrast, prices for medium and broad Merino wool fell, with prices for wool between 20 and 23 micron falling by as much as 25 cents. The A\$ fell by 2.2 UScents and by 2 €cents this week. As a result, the EMI in dropped by 24 UScents to 979 USc/kg and by 22 €cents to 871 €cents/kg.

The sale in Sydney did best for the week, with the Northern Market Indicator up 10 cents to 1340 c/kg. The Western Market Indicator was 5 cents higher at 1384 c/kg and the Southern Market Indicator increased by just 1 cent to 1290 c/kg. There were 41,832 bales were offered across the three selling centres of which 94.7% were sold to the trade.

In last week's edition of the Weekly Newsletter I reported that **Australian wool exports** fell in July by 5% by volume and by 7% in value terms compared with July 2015, with a continued decline in exports to China. This decline in July continued the downturn seen over the past 12 months (see the first **Chart of the Week**).



The latest data from the **other major wool producing and exporting countries** shows that there has been a similar decline in exports from New Zealand, Uruguay and, to a lesser extent, South Africa (see Chart). Exports from Argentina, on the other hand, have lifted in recent months. As a result of these declines from four of the five major wool producing and exporting countries, total exports have been declining steadily over the past 12 months.

While lower production in Australia and New Zealand have no doubt contributed to the decline in wool exports, a key driver has been a plunge in raw wool demand and imports by China. The second **Chart of the Week** shows the trends in **wool imports by the major wool processing countries**. Note that this is imports from the five major exporting countries, not all source countries.

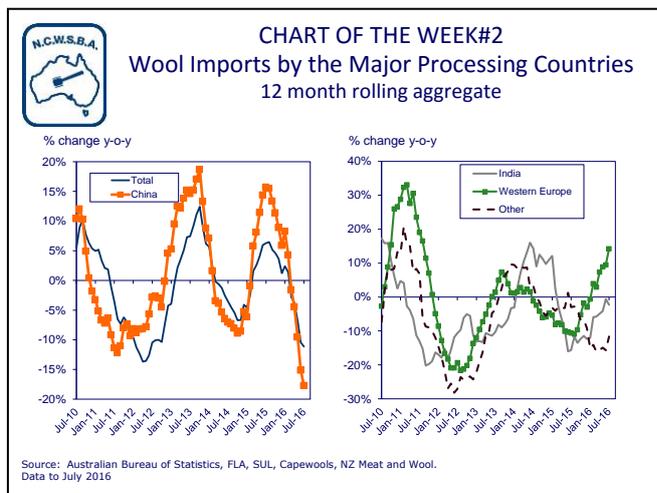
The sharp drop in imports by China from the five major exporters is clear and, at this stage, shows no sign of letting up. Nevertheless, with such a sharp decline in raw wool imports, China's stocks of raw wool must be diminishing. At some point in coming months, China's purchases seem likely to pick up.

While China's purchases have been falling, raw wool imports by Western Europe have been rising steadily and strongly. Imports by Italy, Germany, the Czech Republic and the UK have all lifted strongly. In the 12 months to July, imports by these four countries were up by 6%, 16%, 37% and 11% respectively. This increased purchasing is very welcome after an extended period of weakness and has helped support wool prices, notably in Australia.

India's wool imports have also been on a rising trend, although this faltered in July. Raw wool exports to 'other' destinations (which includes Taiwan, Malaysia, Egypt, South Korea and Thailand) has been on a falling trend but that seems to have bottomed recently.

The **Nanjing Wool Market Conference** is on next week from 24th to 25th September in Wuxi, China. I am one of the keynote speakers and will be giving a presentation on the situation and outlook for the wool industry.

Prior to the Conference I will be visiting a number of mills in Shandong and Zhejiang provinces with Matthew Thomas, the winner of the 2015 NCWSBA Wool Broker Award. There are six of us in the group which includes Robert Ryan (Schute-Bell and Chairman of FAWO), Bianca Heaney (Executive Officer of FAWO), Ben Litchfield (Monaro Wool and President of PTWMA) and Richard Halliday (President of WoolProducers Australia). The **China-Australia Joint Working Group on Wool** will meet on 23rd September. Following the Conference there will be a mill technician training course under the auspices of the Joint Working Group on Wool. I will be one of presenters at the training course.



INDUSTRY EVENTS

The **Nanjing Wool Market Conference** will be held in Wuxi on 23rd-25th September. Click [here](#) for details.

The **IWTO Wool Roundtable** will be held in Biella, Italy on 28th-29th November.

The **IWTO 2017 Congress** will be held in May 2017. I will keep you posted about the location once it has been advised by the IWTO Head Office.

WOOL SALES WEEK BEGINNING 19th SEPT 2016 – week 12 (roster as at 15/9/2016)

Sydney

Wed, 21st Sep; Thurs, 22nd Sep 8,008 bales

Melbourne

Tues, 20th Sep, Wed, 21st Sep; Thurs, 22nd Sep 26,100 bales

Fremantle

Wed, 14th Sep; Thurs, 15th Sep 7,785 bales

Information in the Weekly Newsletter is intended to provide general information only and is not intended to constitute advice for a specific purpose.