



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Australian wool market stabilises
- Wool Exchange Portal to go ahead
- Australian wool exports jump in April
- Australian Wool Industry Medal – Calling for Nominations
- Upcoming events



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Some stability returned to the **Australian wool market** this week after the price declines in recent weeks. The **Eastern Market Indicator (EMI)** rose by 6 cents to 1478 c/kg, helped by a very small offering of just 24,018 bales at Sydney and Melbourne (with no sale in Fremantle this week as it moves to fortnightly sales). Overall, prices for superfine wool (18.5 microns and finer) rose by 10-18 cents, due to a lift in prices in the Southern Region as prices declined in the Northern Region. Prices for 19 to 21 micron wool lifted by as much as 20 cents, and Crossbred wools were steady. The Northern Market Indicator slid 2 cents to 1545 c/kg while the Southern Market Indicator lifted by 10 cents to 1436 c/kg. The A\$ rose by 1.5 UScents to 75.4 UScents. It also gained ground against the Euro, up by over 1 €cent. The EMI in both currencies rose by more than in A\$ terms, up by 27 UScents to 1115 USc/kg and by 21 €cents to 991 €cents/kg.

As you will have probably seen from the Media Release and media coverage on Wednesday, AWI announced that the **Wool Exchange Portal (WEP)** will be built. The decision by the AWI Board is on the basis of industry benefits of \$38 million over 15 years, assuming cost savings of \$17 per bale for growers who use the WEP. While the details of the benefit-cost analysis have not been released, media reports say that the analysis assumed that 15% of growers take up the WEP and use it for trading of their wool. The WEP will now move into the 'discovery phase' which will involve developing detailed functional specifications and the architecture, developing a roadmap of development and the financial plan, among other things. AWI will fund the development of the WEP and envisage that ownership would "reside in large part with woolgrowers."

The media release and supporting document provide numerous claimed benefits from the WEP, including greater pricing efficiency, promoting competition, choice and transparency in the wool selling system to benefit woolgrowers. With annual production of around 1.9-2 million bales (most of which is sold at auction but some is sold privately), the claimed industry benefit of \$38 million over 15 years equates to around \$1.30 per bale produced or about 0.7 cents/kg of wool produced in Australia. Further details, including a document with Frequently Asked Questions on the WEP can be found at <https://wool.com/about-awi/media-releases/wool-exchange-portal-build-to-begin/>.

Wool exports from Australia surged in April according to data from the Australian Bureau of Statistics which was released yesterday. The volume of wool exported was 22% higher in April compared with April 2016 and the value of exports surged by 50% year-on-year. By destination country, the big increases in the volume of exports were seen for China (+25%), Italy (+110%), Taiwan (+39%) and Thailand (+480%). Exports to Malaysia recorded a sharp decline of 69%, but this was one of the few countries to see a fall in exports.

The increase in May has pushed the exports for the season to date much higher, continuing the trend seen since August 2016. The first **Chart of the Week** shows the long-term trends in the volume and value (in both A\$ and US\$) of wool exports from Australia, on a 12-month moving aggregate basis. While the volume

of exports has lifted sharply in the past eight months, a continued rise will be constrained by the production levels in Australia. The trends in the export value are a better guide to the strength of demand. The value of exports in both A\$ and US\$ has risen strongly, as the chart shows. Of note is the rise in the export value in A\$ terms. In the 12 months to April 2017, the A\$ value of wool exports from Australia totalled A\$3.15 billion, the highest 12-month total in 14 years (July 2003).

By micron range, for the ten months of the 2016/17 season to April, there was a 48% lift in the value of exports of 20-23 micron wool and a 26% jump in the value of exports of 19 micron and finer wool. In contrast, the export value for 24-27 micron wool was down by 11% and for 28 micron and broader wool was down by 33%.

Earlier this week AWEX released the statistics on **mulesing status** from the National Wool Declaration (NWD) for May. The data shows a continued increase in the volume of wool with an NWD, up by 18% for the eleven months to May. As has been the case for some time, the most significant increase is for wool declared as Pain Relief (PR), up by 30% for the season to date. As the table below shows, there was a 14% increase in wool declared as Non-Mulesed (NM) and a 12% lift in wool declared as Ceased Mulesed (CM). As a result of these changes, the proportion of wool declared as PR, NM or CM was 40.1% for the 2016/17 season, well above the 34.1% for the same period in 2015/16.

The table below provides further details on the number of bales with each declaration and the shares for the 2015/16 and 2016/17 season to May.

Table: NWD Statistics – Season to end May (bales)

	CM	NM	PR	CM+NM+PR	Blank	All NWDs	ND	Total
2015/16	38,097	125,443	305,220	468,760	280,249	749,009	623,922	1,372,931
2016/17	42,596	142,534	397,783	582,913	301,379	884,292	568,860	1,453,152
% change	+12%	+14%	+30%	+24%	+8%	+18%	-9%	+6%
2015/16 share (%)	2.8%	9.1%	22.2%	34.1%	20.4%	54.6%	45.4%	100%
2016/17 share (%)	2.9%	9.8%	27.4%	40.1%	20.7%	60.9%	39.1%	100%

Source: AWEX

REMINDER: The Federation of Australian Wool Organisations (FAWO) is seeking nominations for the **Australian Wool Industry Medal**. The Medal aims to recognise men and women who have made an exceptional and sustained contribution to the Australian wool industry. The inaugural Medal Recipients will receive their Medals at a special presentation to be held at the Australian “Wool Week” dinner on 24th August 2017 in Melbourne. I have already received three suggestions for people involved in wool broking to be nominated. If you have a suggestion for a person that should be nominated, please let me know on 0419344259 or by email at chris.wilcox@woolindustries.org.

INDUSTRY EVENTS

The **NCWSBA Annual General Meeting** will be held in Melbourne on 24th August 2017

Wool Week will be held at the Crowne Plaza Hotel, Melbourne on 24th to 25th August 2017.

The **2017 Nanjing Wool Market Conference** will be held in Tongxiang, China on 17th to 18th September 2017.

WOOL SALES WEEK BEGINNING 12th JUNE 2017 – week 50 (roster as at 08/06/2017)

<u>Sydney</u>	Wed, 14 th June; Thurs, 15 th June	9,696 bales
<u>Melbourne</u>	Wed, 14 th June; Thurs, 15 th June	16,261 bales
<u>Fremantle</u>	Wed, 14 th June; Thurs, 15 th June	4,851 bales

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