



# 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 surges back
- Australian Merino wool exports up, Crossbred wool exports down
- Australian sheep and lamb turnoff down despite record prices
- Australian Wool Industry Medal launched
- Upcoming events



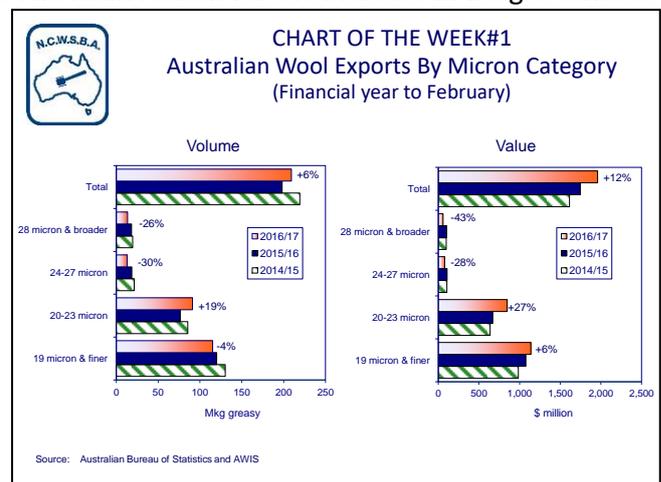
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The **Australian wool market** surged back this week in the final sale before the one week Easter recess. Intense buyer competition, particularly for 19-22 micron wool, saw the **Eastern Market Indicator (EMI)** rise by 53 cents to 1512 c/kg, recovering a fair swag of the losses seen in the past two weeks. The biggest gains for the week were for 19 to 22 micron which lifted by as much as 132 cents for the week. Superfine wools also rose strongly, while finer Crossbred wools had some nice gains of 30 cents. Amid all this strong buying, demand for Merino cardings has fallen away a little in recent weeks, with the Merino Cardings Indicator falling to 1172 c/kg. Of the regions, the Western Market Indicator lifted the most, up by 73 cents to 1532 c/kg. The Northern Region held another successful sale at the Royal Easter Show in Sydney and the Northern Indicator lifted by 59 cents to 1608 c/kg. The Southern Market Indicator rose by 66 cents to 1466 c/kg. The A\$ fell by 0.5 UScents against the US\$ to just under 75 UScents and the EMI was down by 33 UScents to 1134 USc/kg.

The data on **Australian wool exports** for February from the Australian Bureau of Statistics shows that the volume of wool exports declined by 10% in February, but the value of exports lifted by 1% for the month compared with a year earlier. In terms of the weight of wool exported, exports to China fell by 8% for the month, while exports to the Czech Republic, Italy, South Korea and Egypt all increased, by 18%, 6%, 17% and 69% respectively. Exports to India, the second largest destination, fell by 32% in February year-on-year. In value terms, exports to China (+5%), Italy (+14%), the Czech Republic (+16%), South Korea (+20%) and Egypt (+104%) all increased in February compared with February 2016. The value of wool exports to India declined by 26% for the month.

For the 2016/17 season to date, Australia's wool exports were 6% higher by weight and 12% higher by value than for the same period in the 2015/16 season. The main reason for the increase in weight terms is a 13% increase in exports to China.

Given the trends in wool test volumes by micron category as reported in last week's edition of the *Weekly Newsletter*, it is interesting to see what has happened to **Australia's wool exports by micron category**. The first of this week's **Charts of the Week** shows the data on Australian wool exports in both value and volume terms for 2014/15, 2015/16 and 2016/17 to February. As can be seen, there is a clear split between the results for Merino wool (19 micron & finer and 20-23 micron) and Crossbred-type wool (24-27 micron and 28 micron & broader). The value



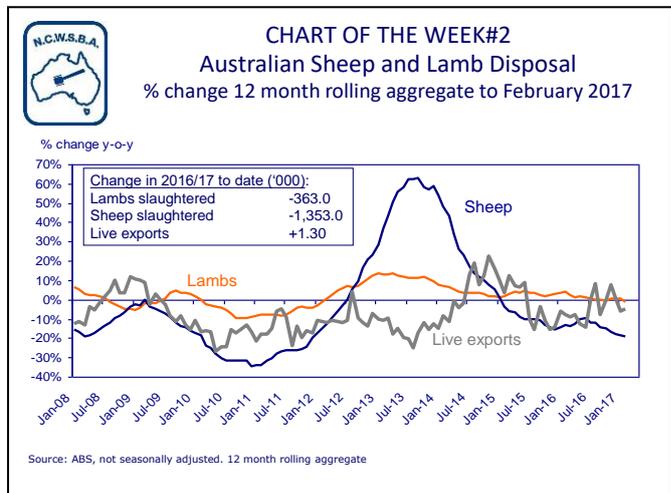
of exports is a better proxy for 'demand' than the volume of exports, as the volume of exports is significantly influenced by the available supply.

The value of exports for both 19 micron & finer and 20-23 micron wool has lifted this season, led by a 27% increase in the value of exports of 20-23 micron wool. The value of exports of 20-23 micron wool is at the highest level since the 2006/07 season. Despite the 4% drop in the volume of exports of 19 micron & finer wool, the value of exports of this wool has increased by 6% and is at the highest ever recorded for the July to February period. In contrast to this strong lift in exports for Merino wool, the value of exports of 24-27 micron and 28 micron & broader wool has fallen sharply this season – down by 28% and 43% respectively to the lowest level for the July to February period since the 2003/04 season. This reflects the parlous state of demand for this wool.

The **Australian Wool Production Forecasting Committee** meets next Wednesday (19<sup>th</sup> April) to review its current forecast for 2016/17 and decide on its first forecast for 2017/18. The media release with the new forecasts will be out on 21<sup>st</sup> April 2017, and I will forward it on.

One factor that the Committee will consider when it contemplates its forecast for 2017/18 is the number of sheep and lambs it expects at the start of the season (i.e. the end of the 2016/17 season). It will need to take into account the **turnoff of sheep and lambs** this season. The second **Chart of the Week** shows the

trends in sheep and lamb turn-off over the past decade and for the current season to February. As can be seen, the number of adult sheep slaughtered this season is well below the same period last year and the number of lambs is also lower. Total turnoff is 1.71 million head lower for the eight months compared with the same period in 2015/16. This decline in turn-off comes even though the prices for trade lamb and for Merino lambs hit record levels last week. As well, the current price for mutton sheep has only been exceeded once, in June 2010, according to the data I have from Meat & Livestock Australia.



As you will have seen from the Media Release I sent out on Monday, the Federation of Australian Wool Organisations (FAWO) has launched the **Australian Wool Industry Medal**. Robert Ryan AO, the chairman of FAWO, launched the Medal at the Sydney Royal Easter Show last Friday evening. The Medal aims to recognise men and women who have made an exceptional and sustained contribution to the Australian wool industry. National Council of Wool Selling Brokers of Australia is a member of FAWO and I have been involved in development and preparation for the new Award. There are several categories for eligible nominees including: Wool Growers, Brokers, Shearers, Wool Classers, Researchers, Buyers, Educators, Marketing and Services. Nominations will be considered by a selection Panel of senior members of 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 24<sup>th</sup> August 2017 in Melbourne. Full details and nomination forms can be downloaded from [www.fawo.org.au](http://www.fawo.org.au).

#### OTHER INDUSTRY EVENTS

The **IWTO 2017 Congress** will be held in Harrogate, UK on 3<sup>rd</sup> to 5<sup>th</sup> May 2017.

The **NCWSBA Annual General Meeting** will be held in Melbourne on 24<sup>th</sup> August, at the same time as Wool Week.

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

**THE AUSTRALIAN WOOL AUCTION MARKET WILL BE IN RECESS FOR THE WEEK BEGINNING 17<sup>TH</sup> APRIL 2017. SALES WILL RESUME IN THE WEEK BEGINNING 24<sup>TH</sup> APRIL 2017.**

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