



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

Unit 9
42-46 Vella Drive
Sunshine West Vic 3020

Phone: 03 9311 0152
Fax: 03 9311 0138
E-mail: newsba@woolindustries.org
Twitter: @woolbrokersaus

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From the desk of Chris Wilcox, Executive Director

- Australian wool market continues its slide
- Micron price differentials update
- Incomes rise for sheep and wool: ABARES Farm Financial Performance
- Electronic classer specis (e-specis) launches
- Call for nominations for the 2018 Australian Wool Industry Medal
- Upcoming events

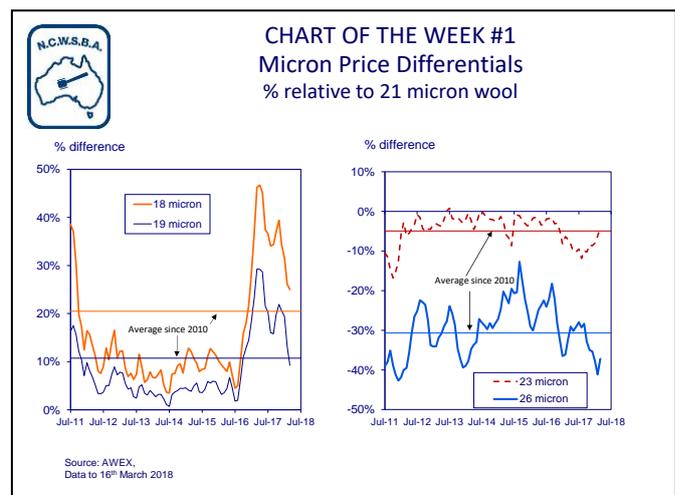


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The **Australian wool market** continued to slide this week as buyers slowed their purchasing. Part of the reason for the slide is that there has been an increased amount of lower spec wool, often with increased amount of vegetable matter. The **Eastern Market Indicator (EMI)** fell by 27 cents to 1751 c/kg. Merino wool prices were down across the board, with the larger falls seen for superfine wool. Crossbred wool prices also eased, but to a lesser extent. Melbourne did best among the three selling centres, with the Southern Market Indicator falling by 16 cents to 1704 c/kg. The Western Market Indicator declined by 25 cents to 1834 c/kg and the Northern Market Indicator was 43 cents lower at 1826 c/kg. The A\$ lifted by ½ a UScent against the US\$ and the EMI was down by 13 UScents to 1379 USc/kg. The A\$ also rose against the Euro and the Renminbi. As a result, the EMI dropped by 8 €cents to 1114 €cents/kg, and by 101 RMB to 8705 RMB/kg.

The **price premium for 18 micron wool** over 21 micron wool has fallen back in 2017/18 to date. The premium currently stands at 24% after climbing throughout 2016/17 to a peak of 47% in April 2017. The premium for 18 micron wool has been eroded this season as a result of a faster increase in the price for 21 micron wool compared with that for 18 micron wool. So far this season, the 18 micron price guide has increased by 9%, while the 21 micron price guide has lifted by 20%. In 2016/17, the 18 micron price guide rose by 40% while the 21 micron price guide only increased by 9%.

Despite the slide in the premium for 18 micron wool, it remains above the average since 2010, as can be seen in the left hand graph in the first **Chart of the Week**. The graph also shows the trends in the premium for 19 micron wool over 21 micron wool, which have followed the same pattern as the 18 micron price premium. Note that the premium for 19 micron wool has dipped below the long term average. The right-hand graph shows the trends in the price differentials for 23 micron and 26 micron wool compared with 21 micron wool. As can be seen, the discount for 26 micron wool is currently at 37%, more than the long term average of 31%, highlighting the divergence in trends in Merino wool prices and the price for Crossbred wool.

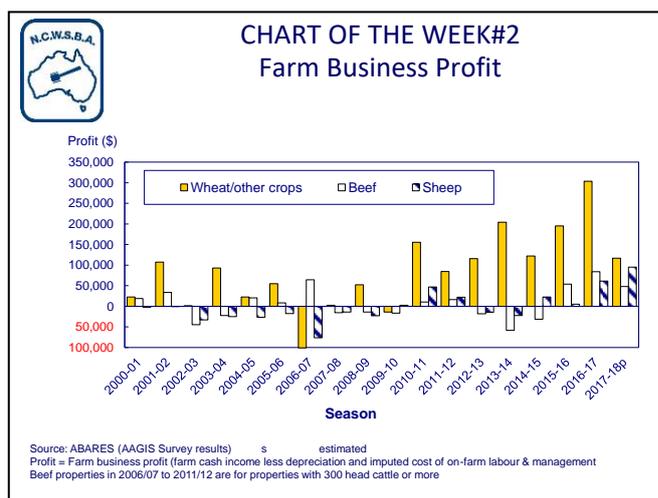


ABARES has released its estimates of **farm profitability of various broadacre enterprises** in Australia for 2017/18. These estimates are taken from ABARES' annual Australian Agricultural and Grazing Industries Survey (AAGIS). ABARES notes that despite less favourable seasonal conditions in most of Australia's agricultural regions which resulted in reduced pasture production for grazing sheep, farm business profitability for sheep and wool properties lifted in 2017/18. This much better farm business profitability was due to higher sheep,

lamb and wool prices which pushed up farm receipts. In 2016/17, receipts from sheep, lambs and wool accounted for 22% of broadacre farm cash receipts across Australia. This share for sheep, lambs and wool jumped to 27% in 2017/18 as a result of the surge in wool prices and supported by continued high prices for sheep and lambs. It is the highest contribution from sheep, wool and lambs since 2002/03. Furthermore, ABARES projects that average farm cash receipts in all states will be boosted by higher prices for wool, sheep and lambs. Finally, ABARES believes that most broadacre farms with sheep have lifted their production of wool, sheep and lambs in response to the excellent prices.

This higher farm cash receipts for sheep properties has led to excellent farm business profits for sheep properties [farm business profit is cash receipts less cash costs plus the change in trading stocks less depreciation less imputed labour cost for the operator and family]. The second **Chart of the Week** shows the average annual farm business profit per farm for cropping, beef and sheep properties between 2000/01 and 2017/18. As can be seen, ABARES' projected farm business profit for sheep farms for 2017/18 is higher than the estimated level in 2016/17. In fact, at an average of \$95,000, it is the highest level achieved since the turn of the millennium.

While farm business profit lifted for sheep farms, it fell for cropping and beef farms. As can be seen, there was a precipitous drop in the average farm business profit for cropping farms in 2017/18. You can see more details from ABARES Farm Financial Performance analysis in the latest Agricultural Commodities publication. Click [here](#) to download the report.



AWI yesterday announced that first stage of **WoolQ, the eSpeci**, was launched. The WoolQ eSpeci can replace the paper classer's speci, and record mob and wool information during shearing. It can be used on desktops, laptops, tablets and smartphones. It can be used on-line if access to the internet is available or off-line if access is not available. As soon as internet access is available, the WoolQ eSpeci uploads the data on-line. You can see full details at www.woolq.com.

AWEX plans on launching its new **WoolClip** software on 3rd April. John Colley (NCWSBA President) and I were given a demonstration of WoolClip by AWEX yesterday. WoolClip can be used by growers, classers and others and includes the ability to generate an e-speci, as well as an electronic National Wool Declaration. I will cover more about WoolClip once it has been launched.

The availability of e-specis will be benefit to wool brokers, as it will speed the processing of classer's specis and reduce the administrative and data entry costs.

FAWO has called for nominations for the **2018 FAWO Australian Wool Industry Medal**. The Medal recognises men and women who have made an exceptional and sustained contribution to the Australian wool industry. Nominations close on 1st May 2018. The 2018 Medal Recipients will receive their Medals at a special presentation to be held at the Australian "Wool Week" dinner on 23rd August 2018 in Melbourne. Full details and nomination forms can be downloaded from www.fawo.org.au.

INDUSTRY EVENTS

The **World Merino Congress** will be held in Montevideo, Uruguay on 12th to 14th April 2018. Click [here](#) for details.

The **IWTO 2018 Congress** will be held in Hong Kong on 14th to 16th May 2018. Click [here](#) to register.

The **Nanjing Wool Market Conference** will be held on 11th to 13th September 2018 in Nanjing.

The **IWTO 2018 Round Table** will be held in Buenos Aires on 3rd to 4th December 2018.

The **IWTO 2019 Congress** will be held in Venice on 9th to 11th April 2019.

WOOL SALES WEEK BEGINNING 19th MAR 2018 – week 36? (roster as at 15/03/2018)

<u>Sydney</u>	Wed, 21 st Mar; Thurs, 22 nd Mar	7,522 bales
<u>Melbourne</u>	Tues, 20 th Mar; Wed, 21 st Mar; Thurs, 22 nd Mar	22,279 bales
<u>Fremantle</u>	Wed, 21 st Mar; Thurs, 22 nd Mar	9,048 bales