Australian Wool Innovation Limited

MEDIA RELEASE

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Improved seasonal conditions but low sheep numbers limit recovery in shorn wool production

- The Australian Wool Production Forecasting Committee's fourth forecast of shorn wool production in 2019/20 is 281 mkg greasy. This is a 6.3% decline on the 300 mkg estimate for 2018/19 as low sheep numbers and the enduring impact of drought continue to constrain production.
- The Committee's first forecast for 2020/21 is for shorn wool production to be 276 mkg greasy, a fall of 1.6% compared with the current season. Low sheep numbers, opportunistic cropping in mixed farming regions and uncertainty surrounding wool prices are expected to contribute to a slow recovery in shorn wool production despite the favourable seasonal outlook in many wool production areas.

The Australian Wool Production Forecasting Committee (AWPFC) has updated its forecast of shorn wool production for the 2019/20 season. This fourth forecast is for production to be 281 million kilograms (mkg) greasy, a 6.3% decline on the estimate of 300 mkg greasy in 2018/19 (Table 1).

Relatively widespread rain has been welcomed through south eastern Australia and along the eastern seaboard in the first quarter of 2020. Western Australia remains dry with on-farm water supplies at low levels and a sharp increase in the number of interstate sheep transfers.

Committee Chairman, Russell Pattinson noted that "Strong returns for mutton and lamb along with high sheep replacement costs and uncertainty surrounding the impact of COVID-19 on global demand for wool and on wool prices may slow recovery in wool production despite the favourable seasonal outlook".

The number of sheep shorn in Australia during 2019/20 is forecast to fall by 5.7% to 68.4 million. Sheep shorn numbers are expected to remain at 2018/19 levels in South Australia and Tasmania, but decline in all other states with Queensland (down 13.6%), New South Wales (down 9.7%), Victoria (down 6.6%) and Western Australia (down 2.1%).

The average wool cut per head is forecast to decline by 0.5% nationally to 4.11 kg greasy for the 2019/20 season. In Queensland, shorn wool production is forecast to fall by 12.3%, South Australia down 9.0%, New South Wales down 6.8%, Tasmania down 6.7%, Victoria down 5.4% and Western Australia down 3.5% (Table 2).

AWTA wool test volumes to the end of March 2020 were down by 5.5% year-on-year while first-hand offered wool at auction to the end of week 42 was down 17.9%. The decline in the latter is partly due to the recent downward movement in wool prices with smaller auction offerings and high pre-sale withdrawal evident in recent months. ABS wool receivals from July to the end of December were down 13.2% compared with the same months in 2018/19.

The AWPFC's first forecast of shorn wool production for the 2020/21 season is 276 mkg greasy, a 1.7% decline on the 2019/20 forecast. The Committee expects that low sheep numbers will continue to limit any increase in shorn wool production despite the favourable seasonal outlook across many wool producing regions of the country.

Table 1: Summary of wool production estimates and forecasts for Australia

Parameter	2018/19 Final Estimate	2019/20 Fourth Forecast	*Change y-o-y (%)*	2020/21 First Forecast	*Change y-o-y (%)*
Sheep numbers shorn (million head)	72.5	68.4	-5.7%	65.6	-4.1%
Average cut per head (kg/head)	4.13	4.11	-0.5%	4.21	2.4%
Shorn wool production (mkg greasy)	300	281	-6.3%	276	-1.7%

Note: Totals may not add due to rounding.

Table 2: Total shorn wool production by state - 2017/18, 2018/19 and 2019/20

mkg greasy	NSW	VIC	WA	SA	TAS	QLD	NATIONAL
2017/18 Final Estimate (mkg)	125.7	73.5	65.1	59.5	9.3	8.3	341
2018/19 Final Estimate (mkg)	99.1	66.9	62.2	54.3	9.0	8.1	300
Change y-o-y %	-21.2%	-9.0%	-4.5%	-8.7%	-3.2%	-2.4%	-12.1%
2019/20 Fourth Forecast (mkg)	92.4	63.3	60.0	49.4	8.4	7.1	281
Change y-o-y %	-6.8%	-5.4%	-3.5%	-9.0%	-6.7%	-12.3%	-6.3%

Note: Totals may not add due to rounding.

The National Committee drew on advice from the six State Committees, each of which includes growers, brokers, private treaty merchants, sheep pregnancy scanners, representatives from State Departments of Agriculture and from the Australian Wool Testing Authority. Data and input were also drawn from AWEX, wool exporters, the Australian Bureau of Statistics, ABARES, and Meat and Livestock Australia.

The state and national Committees will next meet in mid-August 2020.

The full forecast report will be available on the AWI website at www.wool.com/forecasts from May 8th 2020.

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