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 prices slide as sales resume after the recess
- Wool exports from the major wool exporting countries in 2015/16
- Raw wool imports by the major wool processing countries in 2015/16
- NCWSBA Annual General Meeting and Forum
- NCWSBA Wallchart available next week
- Upcoming events

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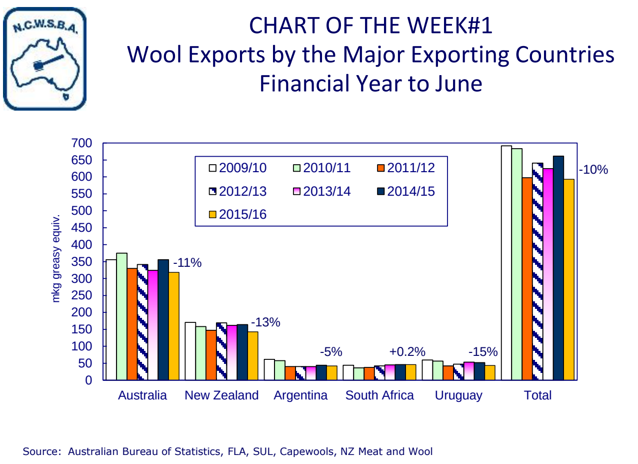
Merino wool prices slid sales this week as sales in the **Australian wool market** resumed after the three-week recess. As expected, two factors played a part in the slide: the offering volumes and the exchange rate. There were 52,182 bales offered over the three selling centres. This was not as high as the pre-sale rostered volumes of 54,700 bales. Even so, AWEX reported that it is the largest post-recess sale volume in five years. The other factor was that the A$ was almost a UScent higher this week than the level prior to the recess.

The **Eastern Market Indicator** (EMI) fell by 14 cents, to 1297 Acents/kg. Merino wool prices fell by between 11 and 23 cents, while the Merino Cardings indicator dropped by 38 cents. Most Crossbred prices lifted compared with the levels prior to the recess. The Northern Market Indicator fell by 12 cents, the Southern Market Indicator was done by 14 cents and the Western Market Indicator fell by 17 cents.

With the A$ rising against the US$, the EMI actually rose by 1 US cent to 1,000 USc/kg. The A$ also lifted a little against the Euro to 69 €cents and the EMI was down by 4 €cents to 895 €cents/kg.

In last week's *Weekly Newsletter* I reported on the **Australian wool exports** for the full 2015/16 season. The volume of Australia's exports was down by 11%, with the most significant contributor to this decline being the 12% drop in exports to China. It is interesting to compare these results with wool exports by the other four **major wool exporting countries**, New Zealand, Argentina, South Africa and Uruguay.

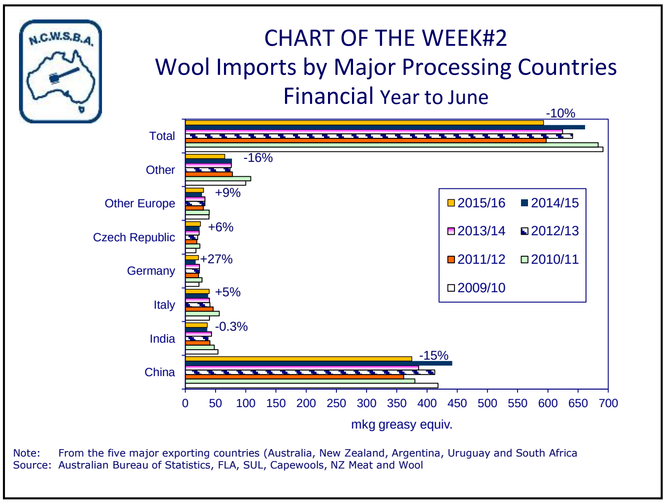


As the first **Chart of the Week** shows, wool exports from New Zealand, Argentina and Uruguay also fell in 2015/16. Exports from **New Zealand** fell by 13% to 143 mkg greasy. This is the lowest for many years and reflects a decline in wool production in New Zealand. Exports from **Argentina** declined by 5%, but the export volume of 42 mkg was higher than in the period 2010/11 to 2013/14.

Uruguay's exports also fell, by 15%, in 2015/16 to 44 mkg greasy. According to my Uruguayan colleagues, buyer interest in the medium micron Corriedale wool produced by Uruguay has been lacklustre for some time. As well, Uruguay's wool production has dropped sharply in recent years. Not all of Uruguay's exports are of domestically grown wool, as Uruguay exports top combed from wool produced in a number of South American countries, including Argentina, Chile and Brazil.

Only **South Africa** recorded an increase in exports in 2015/16, albeit by a mere 0.2%. South Africa's exports of 46 mkg in 2015/16 was the highest level of exports since the mid-1990s. **Total exports** from the five major wool exporting countries fell by 10% in 2015/16 to 593 mkg. This is equal to the low in recent years set in 2010/11.

Of the major wool processing countries, China was the major driver behind the decline in export volumes. As the second **Chart of the Week** shows, exports of raw and semi-processed wool to **China** from the five major exporters was down by 15% in 2015/16. Exports to China in 2015/16 totalled 375 mkg, above the recent low point in 2011/12, but well below other years shown in the chart. As can be seen, exports to China reached a peak in the 2014/15 season.

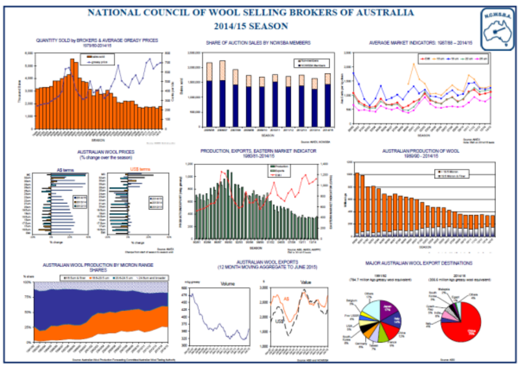


Exports to the other major processing countries in 2015/16 were on par with or above the 2014/15 levels. The most significant increase was in exports to Germany, which lifted by 27%. Exports to all European countries lifted. Exports to 'other' destinations (which includes Malaysia, Egypt and Thailand) declined.

A pick up in export volumes from the five major exporting countries will require both improved demand from China and higher wool production, notably in Australia and New Zealand. Higher production seems unlikely this season. The current forecast for wool production in Australia in 2016/17 is for a small decline from 2015.16 levels. The **Australian Wool Production Forecasting Committee** meets next Wednesday (17th August) to review and agree on its estimate for 2015/16 and its forecast for 2016/17. I will report on the Committee's new forecast in next week's edition. **Beef + Lamb NZ's** latest forecast for 2016/17 suggest that NZ wool production in 2016/17 will remain at around the same level as in 2015/16.

The NCWSBA Annual General Meeting and Forum will be held on Thursday, 25th August. A feature of the Forum will be a presentation by Dr Charles Milne, Chief Veterinary Officer for Victoria, on the need for preparation for an outbreak of Foot and Mouth Disease. **Today is the last day for registrations. Register now if you haven't done so already! Contact Melissa Mulley at AWIS on Melissa.mulley@woolindustries.org for details on how to register.**

REMINDER: The 2016 Wall Chart from the National Council of Wool Selling Brokers will be available from 19th August. 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. ***Send me an email at chris.wilcox@woolindustries.org and tell me how many you would like for your office and the delivery address***. The Wall Charts will also be available at the NCWSBA AGM on 25th August.



INDUSTRY EVENTS

The **2016 AWIS Wool Week** will be held at the Crowne Plaza in Melbourne on 25th & 26th August. The **NCWSBA AGM** will be held on Thursday, 25th August 2016.

The **Nanjing Wool Market Conference** will be held in Wuxi on 23rd-27th September. Click here for details.

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

WOOL SALES WEEK BEGINNING 15th AUGUST 2016 – week 7 (roster as at 11/8/2016)

Sydney
Wed, 17th Aug; Thurs, 18th Aug — 14,255 bales

Melbourne
Wed, 17th Aug; Thurs, 18th Aug — 21,007 bales

Fremantle
Wed, 17th Aug; Thurs, 18th Aug — 7,589 bales

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