The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Wool prices drop back
- NCWSBA 2016 Broker Award Launched
- Exports from the major wool exporting countries
- Imports by the major wool processing countries
- International Woolmark Award
- Other upcoming events

The **Australian wool market** hit a bump this week due to a combination of a sizeable offering and softer demand. The Eastern Market Indicator (EMI) closed at 1268 Ac/kg, down by 17 cents for the week. The Northern Market Indicator and the Southern Market Indicator were both 17 cents lower at 1296 Ac/kg and 1249 Ac/kg respectively. The Western Market Indicator recorded the most significant falls for the week, a decline of 31 cents to 1324 Ac/kg. It was the last designated Australian Superfine sale in Sydney this week, and prices for superfine wool did better (at least in Sydney) than did broader Merino wool. Even so the Merino Micron Price Guides recorded significant declines. Finer Crossbred wool and the Merino Cardings Indicator performed best for the week. There were 46,943 bales offered in the three centres and , with the fall in prices, the pass-in rate increased to 12.3% for the week. The A$ lifted slightly against the US$ and the Euro over the week. As a result, the EMI fell by less in both currencies than in A$. The EMI fell by 11 UScents to 910 USc/kg and was down by just 0.7€cents to 825 €c/kg.

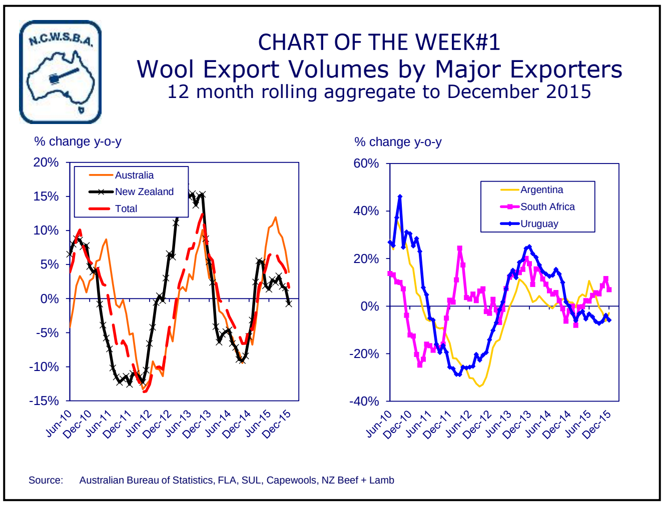
The **NCWSBA Broker Award for 2016 has now been launched!** Sponsored by Fairfax Agricultural Media and AWTA, the Award recognises excellence in wool broking by a younger member of our industry – be it client servicing, auctioneering, innovation or other aspects of wool broking. This is the fifth year that it has been offered. The Award winner this year will be granted an **all-expenses trip to Istanbul, Turkey, to attend 2017 IWTO Congress in May 2017.** Arrangements will also be made for the Award winner to visit the wool textile industry in Turkey.

We have decided to launch the Award earlier this year to give NCWSBA member companies time to identify potential applicants in their company and time for the applicants to prepare their submissions. As well, the Finalists for the 2016 Award will be profiled in the Fairfax Agricultural Media newspapers in each state in the lead up to Wool Week and the NCWSBA Annual General Meeting on 25th August when this year's Award winner will be announced.

Nominations are being sought for the 2016 Broker Award. Closing date for nominations is Friday, 1st July. Please contact me for an application form – chris.wilcox@woolindustries.org or call me on (03)93110152.

The latest data on **wool exports from the five major exporting countries** (Australia, New Zealand, South Africa, Argentina and Uruguay) shows that raw wool exports have dropped in the first six months of the 2015/16 season. I reported in the *Weekly Newsletter* two weeks ago (12th February edition) that Australia's wool exports were down by 11% this season to December. New Zealand's wool exports were down by 9% for the same period, Uruguay's exports were down by 11%, while Argentina's exports were down a massive 22%. In contrast, South Africa's exports increased by 6%. In total, exports from the five major exporting countries were down by 10% in the July-December 2015 period.

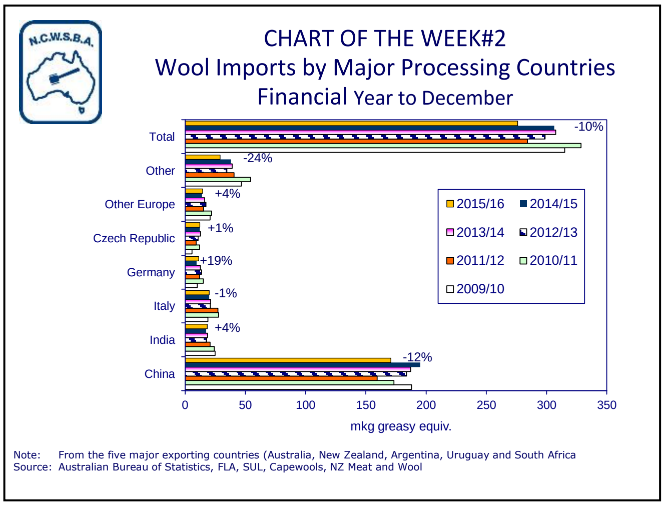
The first **Chart of the Week** shows the year-on-year change in the 12 month moving aggregate of exports for each of the five major wool exporting countries and the total. I use this type of chart to see how the long-term trends are tracking and the turning points. You can see the very cyclical pattern for exports from Australia and New Zealand and for the total (Australia and New Zealand account for 79% of the exports from the five major exporting countries).



The cycle is currently on the downswing for Australian and New Zealand wool exports and for the total exports from the five major exporting countries. The 12 month moving aggregate remains above the year earlier levels for Australia and the total, but has dipped below year earlier levels for New Zealand. The same cyclical pattern can be seen for Uruguayan wool exports, which have been on the downswing for longer than Australia and New Zealand. The pattern is less clear for South African and Argentinian wool exports, although South Africa's exports are doing better than most countries, probably helped by the massive devaluation of the Rand in the past 12-18 months.

One reason for the decline in the volume of exports is that **wool production and supply** is lower this season. Up this week, there has been 8.4% less wool offered for auction in Australia than last year. The Australian Wool Production Forecasting Committee predicts that production will be 7% lower in 2015/16. Wool production in Uruguay is expected to fall by 9% while production in New Zealand is predicted to be down by 2%. In contrast, wool production in both South Africa and Argentina is expected to be steady.

One of the other major reasons for the cyclical downturn in wool exports is that raw wool imports by China has turned down in recent months. As the second **Chart of the Week** shows, wool exports from the five major exporting countries to China is down by 12% for the first six months of the 2015/16 season. This follows a 24% increase in exports to China in the January to June 2015 period. Exports to the other major processing countries in the first half of the 2015/16 season are mostly positive, with increases in exports to India, Germany, the Czech Republic and the UK (included in 'Other Europe'). Exports to Italy are down slightly, but there have been strong declines in exports to 'other countries' (which includes Egypt and Malaysia).



AWI announced on 12th February that British fashion label Teatum Jones was announced as the winner of the womenswear final of the **2015/2016 International Woolmark Prize**. The award was judged by a panel which included André Leon Talley (fashion author, editor and consultant), Imran Amed (CEO & Editor-in-Chief, *Business of Fashion)*; and Stefano Tonchi (Editor-in-Chief, *W Magazine*).

OTHER INDUSTRY EVENTS

The **ABARES Outlook 2016 Conference** will be held in Canberra on 1-2 March 2016.

The **Australian Wool Production Forecasting Committee** will meet on 30th March 2016 in Melbourne.

The **2016 IWTO Congress** will be held in Sydney on 4-6 April. Register at http://www.iwto.org/events/upcoming-events/45/

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.

WOOL SALES WEEK BEGINNING 29th FEBRUARY 2016 – week 36 (roster as at 25/2/2016)

Sydney	
Wed, 2nd Mar; Thurs, 3rd Mar	10,600 bales
Melbourne	
Wed, 2nd Mar; Thurs, 3rd Mar	22,660 bales
Fremantle	
Wed, 2nd Mar; Thurs, 3rd Mar	9,371 bales

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