The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- A$ down, wool prices up
- NCWSBA Wool Broker Award 2016 and the 2015 Award winner at the 2016 IWTO Congress in Sydney
- Update on China's raw wool imports
- Mixed news for China's wool product exports
- Upcoming events

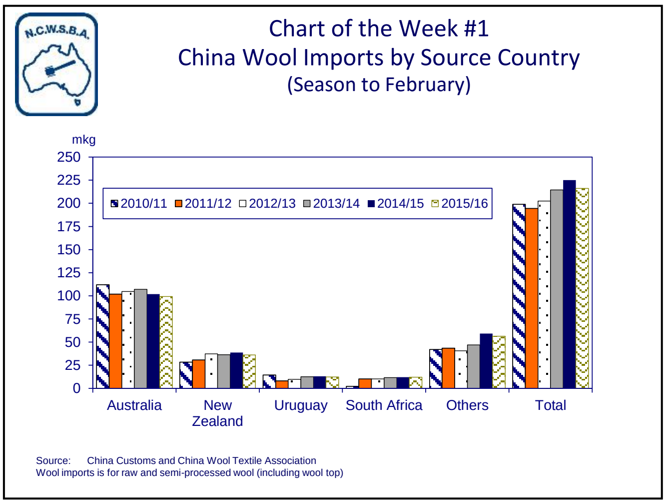
A good, solid week for the **Australian wool market** with prices lifting, snapping a run of three weeks of losses. The **Eastern Market Indicator** (EMI) increased by 24 cents and finished at 1241 Ac/kg, the same level as a fortnight ago. The price lifts were caused by a combination of a sharp drop in the A$ and lower-than-expected auction offerings. After a surprise drop in Australia's inflation rate for the March quarter was announced on Wednesday, the A$ fell sharply against the major currencies. It closed the week at 76.15 UScents and 67.18 €cents (falls of almost 2 UScents and 2 €cents for the week), according to the Reserve Bank of Australia. As a result of the drop in the A$, the EMI closed the week at 946 UScents (a fall of 4 UScents) and 834 €cents/kg (down by 6 €cents/kg). Superfine, fine and medium Merino wool drove the prices higher, with 17.5 to 21 micron lifting by around 40 cents. Broader Merino wool and ultrafine wool lifted by 19 to 32 cents. Crossbred wool and Merino cardings were steady at last week's levels. By region, the Northern Market Indicator was at 1262 Ac/kg (up 23 cents), the Southern Market Indicator was at 1228 Ac/kg (up 26 cents) and the Western Market Indicator at 1325 Ac/kg (up 47 cents).

REMINDER: Applications for the **NCWSBA Broker Award for 2016 are being sought!** 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 the Award 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.

The **2015 Award winner, Matt Thomas**, attended the IWTO 2016 Congress in Sydney in early April. He was one of the 20 or so Young Professionals who attended the Congress this year. He also participated in the Discussion Panel on Education, Extension and Adoption held on Tuesday morning (see the photo). It was a great opportunity for Matt to meet wool industry people from around the world, talk about his perspective about the industry, learn about the other parts of the global wool textile industry and develop his network of contacts. **Closing date for nominations for the 2016 NCWSBA Award is Friday, 1st July**. Please contact me for an application form – chris.wilcox@woolindustries.org or call me on (03)93110152.

I have just received the data on **China's trade in raw wool and in wool products** for January and February from the China Wool Textile Association. It shows some interesting trends. Firstly, raw wool imports. **China's raw wool imports** in January and February showed a significant increase compared with the same two months in 2015. Total raw wool imports in the two months were 7.5% higher than a year earlier. In fact, at 50.73 mkg, China's raw wool imports in the first two months of this year were higher than for the same period in each of the past eight years. By source country, imports from Australia were up by 11%, from NZ up 30%, from South Africa up by 4% and from 'other countries' up by 4%. Imports from Uruguay were down by 30%. The increase in January and February has helped offset the large declines seen in October to December. Even so, China's imports for the 2015/16 season to February were still 4% below the level in 2014/15.

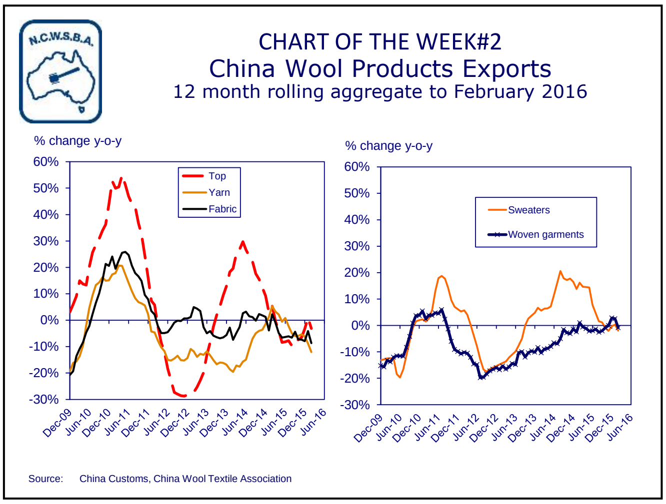
The first **Chart of the Week** shows China's imports of raw wool by source country and total for the past six seasons. While total raw wool imports were down compared with the highs achieved in 2014/15, it remains high compared with previous seasons. This, however, has been achieved due to an increase in imports from 'other countries' in the past two seasons. ("Other countries' includes, Argentina, the United Kingdom, Russia, Kazakhstan and Kyrgyzstan).



Imports from New Zealand, South Africa and Uruguay have also been maintained at quite high levels. In contrast, China's raw wool imports from Australia have slipped a little compared with previous seasons. This probably at least partly reflects the lower supplies available in Australia this season.

While China's raw wool imports in recent months point to increased demand by early stage processing and spinning mills, the latest data on **China's exports of wool products** are very mixed or even a little pessimistic. In the first two months of 2016, China's exports of wool top were 5% higher than a year earlier and were the highest in the past eight years. However, its exports of wool yarn, wool fabric (worsted and woollen), wool sweaters and wool woven garments were all below year earlier levels for the January-February period. Wool yarn exports were down by 20%, wool fabric exports were down by 6%, wool sweater exports were down by 7% and woven wool garments were down by 18%.

For wool sweaters and woven wool garments, these declines are not all that significant because the January to April period is the low point of exports during the year. Exports of these products see a seasonal lift beginning in May. Even so, the declines in the first two months for a number of the major export products are not encouraging. This is illustrated by the trends in the 12 month moving aggregate of exports for each product (as shown in the second **Chart of the Week**). Exports of all products in the past 12 months are below the level of a year ago, although China's exports of woven wool garments are improving.



OTHER 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 2nd MAY 2016 – week 45 (roster as at 28/4/2016)

Sydney	
Wed, 4th May; Thurs, 5th May	10,690 bales
Melbourne	
Wed, 4th May; Thurs, 5th May	21,591 bales
Fremantle	
Wed, 4th May; Thurs, 5th May	6,170 bales

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