



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Superfine wool in demand, prices up
- NCWSBA 2017 Broker Award launched
- ABARES' five year forecasts for livestock and cropping
- Australian wool exports up in January
- New NCWSBA launched – www.woolbrokers.org
- Upcoming events



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It was another week of price rises for fine and superfine Merino wool, Merino Cardings and Crossbred wool in the **Australian wool market**. The **Eastern Market Indicator (EMI)** lifted by 22 cents to a new 29 year high for the combined AWC Market Indicator/EMI, at 1522 c/kg. There have only ever been four weeks when the MI/EMI has been higher, between 22nd April and 13th May 1988. Being at such a high level, the chance of a correction looms large. While fine and superfine wool lifted strongly, medium Merino wool prices slipped back a little. By region, the Northern Market Indicator increased by 23 cents to 1605 c/kg, while the Southern Market Indicator rose by 21 cents to 1469 c/kg. The Western Market Indicator, with a larger weighting to medium Merino wool, only lifted by 9 cents to 1556 c/kg.

The A\$ fell by over 1 UScents and 1 €cents to 75.2 UScents and 71.4 €cents on Thursday, with most of the fall occurring on Wednesday night. As a result, the EMI this week fell by 3UScents to 1145 USc/kg and by 4 €cents to 1086€/kg.

The **NCWSBA Broker Award for 2017 has 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 sixth year that it has been offered. The Award winner this year will be granted an **all-expenses paid trip Hong Kong to attend the 2018 IWTO Congress in April-May 2018**. Arrangements will also be made for the Award winner to visit the wool textile industry and retailers in Hong Kong and southern China.

As we did last year, the Finalists for the 2017 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 24th August when this year's Award winner will be announced.

Nominations are being sought for the 2017 Broker Award. Closing date for nominations is Friday, 20th June. Please contact me for an application form – chris.wilcox@woolindustries.org or call me on (03)93110152.

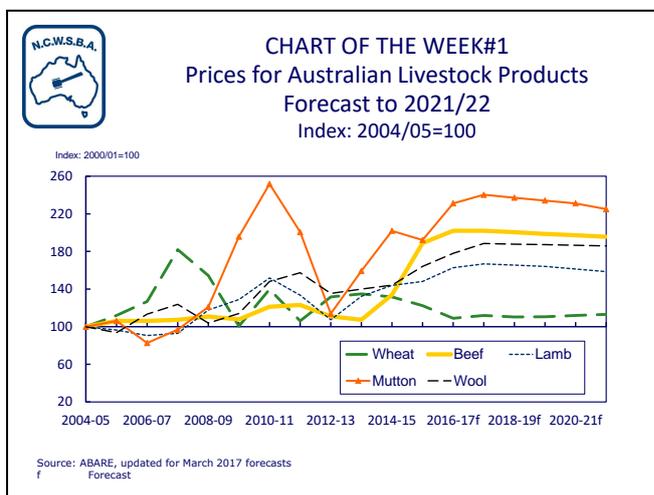
The annual **ABARES Outlook Conference** was held earlier this week in Canberra. ABARES, the Australian Government's agricultural forecasting and research agency, released its new five year forecasts for Australia's agricultural industries during the Conference. The assumptions underlying the forecasts include: world economic growth will be at 3.3% in 2017 and 3.4% in 2018 (compared with 3.2% in 2015 and 3.1% in 2016); the A\$ will average 0.73 UScents in 2017/18 and 0.74 UScents in 2018/19 and remain at that rate thereafter.

For **wool**, ABARES predicts that the EMI will lift from 1,360 c/kg this season to an average of 1,440 c/kg in 2017/18, then ease a little to 1,420 c/kg by 2021/22. This increase in the nominal wool price comes even though ABARES also predicts that shorn wool production will lift next season to 353 mkg greasy. ABARES

predicts that wool production will continue to increase to 392 mkg greasy by 2021/22. The increased shorn wool production in 2017/18 and beyond is the result of a forecast increase in sheep numbers in Australia. ABARES predicts that sheep numbers will lift from 73.6 million head at the end of this season to 83 million head by 2021/22. With higher prices and production, ABARES predicts that Australian wool exports will rise to above \$4.1 billion in 2018/19 and lift to \$4.35 billion by 2021/22, up from \$3.61 billion this season.

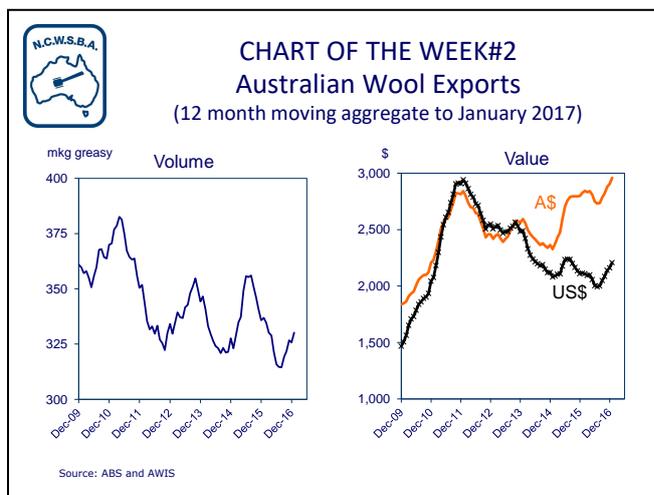
For **other broadacre commodities**, ABARES predicts that lamb prices will lift to an average of 600 c/kg next season before easing back a little in part due to higher lamb slaughterings. It also expects that sheep meat prices will lift in 2017/18 before softening. ABARES forecasts that beef prices will remain at an average of 540 c/kg in 2017/18, the same as in 2016/17, and then slide. In contrast, the forecasts for broadacre cropping are much more subdued than for livestock, as can be seen from the detailed forecasts in the table on page 3.

The first **Chart of the Week** shows ABARES predictions for prices for livestock and wheat over the next five years compared with the past decade, based on an index starting in 2004/05. It shows clearly that livestock enterprise prices have outperformed and are predicted to continue to outperform cropping prices.



The statistics on **wool exports from Australia** were released last Friday, after I had sent out the *Weekly Newsletter*. The data shows that there was a sharp lift in wool exports in both volume and value in January.

Wool exports from Australia lifted by 25% in volume and 36% in value in January compared with a year earlier. The main driver was a leap in exports to China which more than offset significant declines in exports to the Czech Republic, Italy and India during the month. China accounted for a massive 86% of Australia's wool exports by volume in January. As a result of the increase in January, Australia's wool exports were 9% higher for the seven months of the 2016/17 season (July to January) and 14% higher by value. As the second **Chart of the Week** shows, the Australia's wool exports is on a cyclical upturn. In fact, in A\$ terms the 12 month aggregate of wool exports (i.e. from February 2016 to January 2017) hit a 14-year peak.



The new, improved **NCWSBA website** at www.woolbrokers.org is now live. With a new, modern look and compatible with mobile devices, the new website has a host of new features including video resources news articles and archived editions of the *Weekly Newsletter*.

OTHER INDUSTRY EVENTS

The next meeting of the **Australian Wool Production Forecasting Committee** will be on 19th April 2017 in Melbourne.

The **IWTO 2017 Congress** will be held in Harrogate, UK on 3rd to 5th May 2017.

The **2017 Nanjing Wool Market Conference** will be held in Tongxiang, China on 17th to 18th September 2017.

WOOL SALES WEEK BEGINNING 13th MAR 2017 – week 37 (roster as at 9/03/2017)

<u>Sydney</u>	Wed, 15 th Mar; Thurs, 16 th Mar	10,279 bales
<u>Melbourne</u>	Wed, 15 th Mar; Thurs, 16 th Mar	22,661 bales
<u>Fremantle</u>	Wed, 15 th Mar; Thurs, 16 th Mar	10,791 bales



ABARES Forecasts for wool, sheep, cotton & wheat

	14/15	15/16	16/17e	17/18f	18/19f	19/20f	20/21f	21/22f
EMI (Ac/kg)	1,102	1,253	1,360	1,440	1,435	1,430	1,425	1,420
Shorn wool prod (mkg)	346	325	341	353	367	378	385	392
Sheep numbers (mill)	70.9	68.7	73.6	76.6	78.6	80.4	81.8	83.0
Wool exports (\$mill)	3,154	3,283	3,605	3,972	4,106	4,199	4,289	4,349
Lamb price (Ac/kg)	518	533	585	600	595	590	580	570
Sheep price (Ac/kg)	332	316	380	395	390	385	380	370
Beef price (Ac/kg)	364	505	540	540	536	531	527	523
CotLook A index (USc/lb)	70.8	70.4	78.0	80.4	79.0	81.7	84.8	88.0
Wheat price (A\$/tonne)	326	303	270	277	273	274	277	280

Source: ABARES

Note: Prices are annual averages and saleyard price. Production is annual total. Sheep numbers is at 30th June.