The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Mixed results in the Australian wool market
- NCWSBA 2017 Wool Broker Award
- Exports from the five major wool exporting countries – a contrast
- China's raw wool imports much less NZ and Uruguayan wool
- Version 7 of the National Wool Declaration now available
- Financial performance of Australian lamb producing properties hit 20 year highs
- Upcoming events

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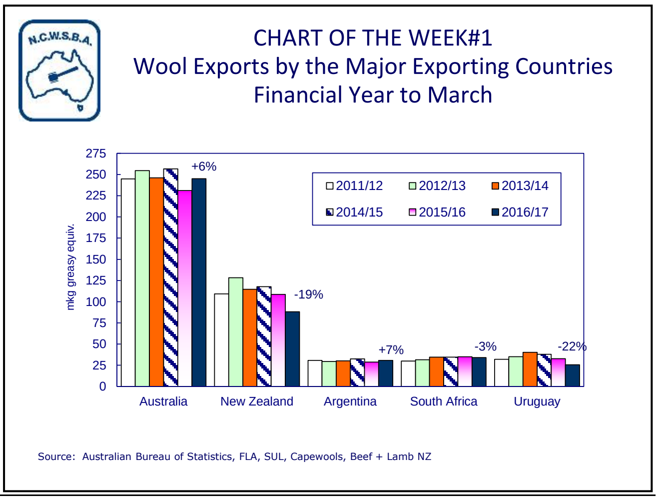
It was an odd week for the **Australian wool market** with prices in the three selling centres taking different directions. Prices in Fremantle strengthened, prices in Sydney were a bit up and down, while Merino prices in Melbourne were firmly down. The Southern Market Indicator fell the most, down by 21 cents to 1470 c/kg, with significant declines for most Merino wools. The Northern Market Indicator eased by 3 cents to 1612 c/kg, with Merino prices seeing some small gains and small losses over the week. In contrast to the weakness on the east coast, the Western Market Indicator rose by 8 cents to 1535 c/kg after solid gains for Merino wool 20 microns and broader. Perhaps it was simply a readjustment among the centres back to a comparable base. Largely because of the price falls in Melbourne, the **Eastern Market Indicator** (EMI) was down by 12 cents to 1522 c/kg. Adding to the complexity in reading the current market, the A$ strengthened against the US$ but fell against the Euro. The A$ was over 1 UScent higher at 74.6 UScents. As a result, the EMI actually lifted by 8 UScents to 1135 USc/kg. The A$ slid against the Euro to 66.9 €cents, and the EMI fell by 18 €cents to 1019 €cents/kg.

REMINDER: Nominations for the **NCWSBA Broker Award for 2017 CLOSE ON 20th JUNE!!** Sponsored by Fairfax Agricultural Media and AWTA, the Award recognises excellence in wool broking by a younger member of our industry. The Award winner this year will be granted an all-expenses paid trip Hong Kong to attend the 2018 IWTO Congress on 14-16 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. **Please contact me for an application form – chris.wilcox@woolindustries.org or call me on (03)93110152**.

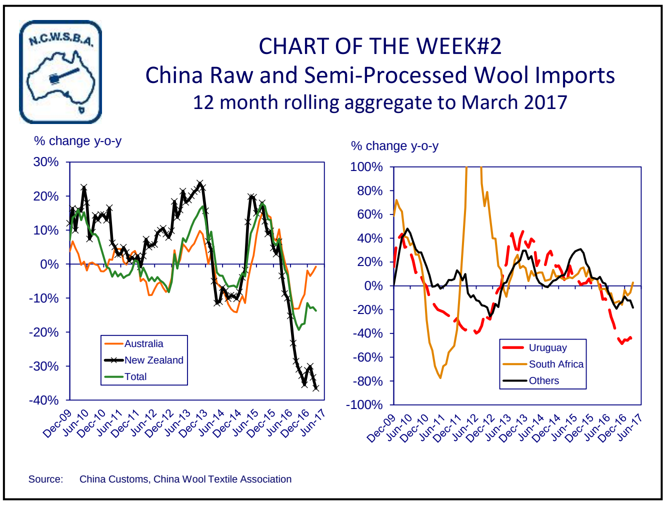
The latest trade data from the five major wool exporting countries shows the strong contrast between those countries producing Merino wool and those producing broader, Crossbred wool. The first **Chart of the Week** shows wool exports for the first three quarters of the season for Australia, New Zealand, Argentina, South Africa and Uruguay. It compares the six seasons 2011/12 to 2016/17.



As can be seen, exports from Australia and Argentina are up this season to March, while exports from South Africa are slightly down.

In contrast, exports from NZ and Uruguay are down substantially. No wonder the representatives from those countries attending the recent IWTO Congress were disappointed with current market conditions for their wool!

It doesn’t take much to discover what is driving the decline in wool exports from NZ and Uruguay – it is a sharp drop in **demand from China**. The second **Chart of the Week** shows the trends in China’s raw wool imports by major source country. The huge drop in imports from both NZ and Uruguay is clearly evident. Note that this chart shows the % change in the 12 month moving aggregate. For the 12 months to March, China’s imports from NZ were 37% below the previous 12 months, while China’s imports from Uruguay were a massive 47% lower. For both countries, China has been the major export destination, so this decline in demand has hit hard.



In contrast to the large declines in China’s imports from NZ and Uruguay, Australia and South Africa have fared much better and are at around the same levels in the 12 months to March as in the previous 12 months., and are on an upward swing.

One final point on China’s imports – in the 12 months to March, Australia accounted for 54% of China’s total imports of raw and semi-processed wool in the April 2016 to March 2017 period. This is up from 47% in the previous 12-month period. In contrast, NZ’s share has fallen from 18% to just 13% in the past 12 months.

AWEX has released the latest version of the **National Wool Declaration**. The new version (Version 7) includes a repositioning on the form of the Mob Mulesing Status and of the Ceased Mulesing (CM) status. As well, the definition of CM has been changed to: *“To be eligible for CM status, no lambs born on the property in the last 12 months have been mulesed and no purchased ewes or wethers are mulesed.”* AWEX also notes that the Property Identification Number (PIC) is required for the NWD - Integrity Program as well as traceability related to potential exotic animal disease outbreak(s). It is important that this information is completed by growers when preparing the NWD (as well as the classers’ specification). You can download Version 7 of the NWD by clicking here.

ABARES this week released the results from its latest **Australian Agricultural Grazing Industries Survey (AAGIS)**. The results cover the lamb, grain, beef and dairy industries. ABARES ceased covering the wool industry a few years ago when AWI terminated their funding. The Survey shows that for the **Australian lamb producing farms**, average farm cash incomes in 2016/17 were the highest in more than 20 years, in real terms. The average income of lamb producing farms was $265,000 per farm in 2016/17. This is a 25% increase over 2015/16 and, according to Meat & Livestock Australia (MLA), was 72% higher than the average in the 15-years between 2000/01 to 2015/16). The projected rise in incomes is due to higher prices for lambs, sheep and wool in 2016/17, as well as increased receipts from crops. You can see further details from ABARES at http://www.agriculture.gov.au/abares/research-topics/surveys/, and from MLA by clicking here.

INDUSTRY EVENTS

The **NCWSBA Annual General Meeting** will be held in Melbourne on 24th August 2017

Wool Week will be held at the Crowne Plaza Hotel, Melbourne on 24th to 25th August 2017.

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

WOOL SALES WEEK BEGINNING 22nd MAY 2017 – week 47 (roster as at 18/05/2017)

Sydney
Wed, 24th May; Thurs, 25th May — 9,547 bales

Melbourne
Wed, 24th May; Thurs, 25th May — 21,326 bales

Fremantle
Wed, 24th May; Thurs, 25th May — 6,475 bales

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