The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Merino wool prices lift again
- International wool price comparison: Broad Crossbred prices languish
- Australian lamb and sheep prices higher and sheep turn-off up
- Normal rainfall expected for most sheep growing regions in Australia
- Developments with WoolQ (aka Wool Exchange Portal)
- Upcoming events

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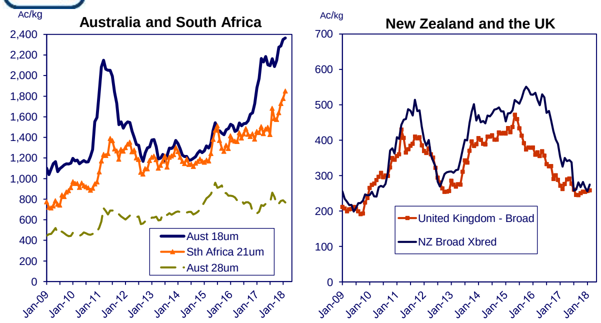
The **Australian wool market** moved higher this week, with the **Eastern Market Indicator** rising by 8 cents and closing at a new week-ending record of 1820 c/kg (still a touch below the within-week high of 1821 c/kg set in January). Merino fleece wool prices in general lifted by between 20-50 cents, while Crossbred fleece wools lifted by around 10 cents. The cardings sector fell back, with the Merino Cardings indicators falling by 10-30 cents, while the skirtings were also weaker. The Western Market Indicator lifted the most, up by 16 cents for the week to 1895 c/kg. The Northern Market Indicator rose by 9 cents to 1902 c/kg and the Southern Market Indicator was 8 cents higher at 1769 c/kg. The A$ fell against the US$ and the Renminbi and was steady against the Euro. As a result, the EMI was down by 17 UScents to 1419 USc/kg and by 96 RMB to 9020 RMB/kg; but up by 3€cents to 1158 €cents/kg.

It is interesting to compare the recent trends in **international wool prices**. The first **Chart of the Week** shows the comparison of the trends in prices for Australian superfine wool, South African medium Merino wool, medium micron Crossbred wool from Australia, and broad Crossbred wool from New Zealand and the United Kingdom. All prices are in A$ per kilogram. Note that the scales for the two graphs are different, with the scale for the Australia and South Africa wool prices up to 2400 Ac/kg while the scale for NZ and UK wool only goes to 700 Ac/kg.

CHART OF THE WEEK#1
Merino Wool Prices versus Crossbred Wool Prices

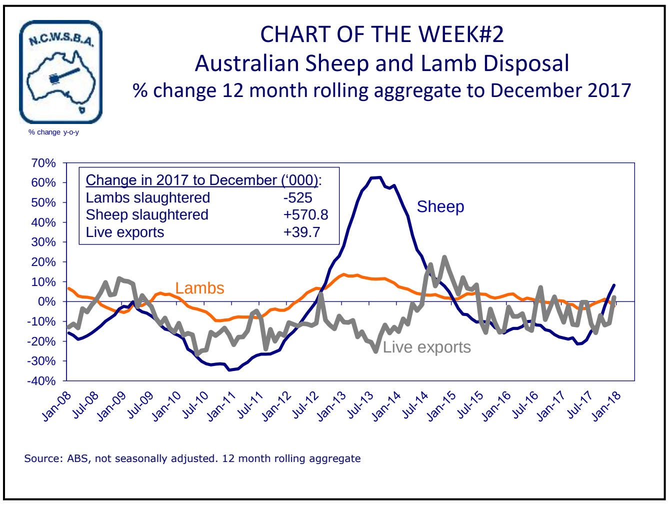


Source: AWEX, BWMB, NZ Wool Services
Prices to week ending 23rd February 2018
NZ Broad crossbred wool is 33-38 micron. The UK wool price is the British Wool Marketing Board Indicator.

As can be seen, Merino wool prices continue to power ahead to new heights, with no signs yet of sliding. Meanwhile, prices for medium Crossbred wool from Australia have recovered a little from the lows seen at the start of 2017. In contrast, prices for broad Crossbred wool from both NZ and the UK stumble along at 8-year lows, with not much sign of an improvement. However, I think that a recovery may be close at hand. As I reported in last week's edition of the *Weekly Newsletter*, New Zealand's wool exports were 17% higher in the first six months of this season compared with the same period in 2016/17. This will help clear the excess 180,000 to 200,000 bales of stocks reportedly held over from the 2016/17 season. As those stocks are diminished, prices for this broader wool will start to recover.

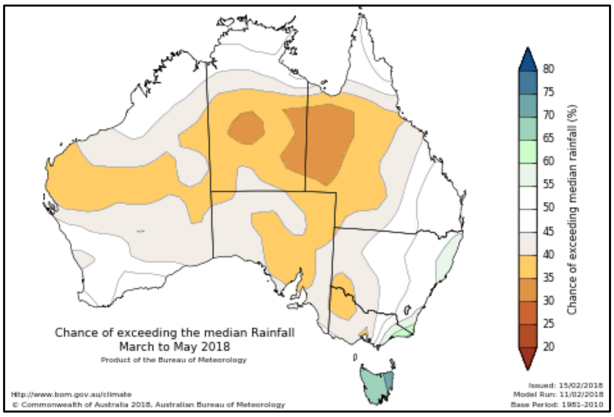
Lamb prices in Australia have been doing very well this season to date. According to data from Meat & Livestock Australia, trade lamb saleyard prices have risen by 6% this season to date. While they are not quite at record levels (which were set in January), they aren't far off. Prices for mutton at saleyards are

12% lower, which probably reflects increased supply to the market. As the second **Chart of the Week** shows, the number of sheep slaughtered in calendar year 2017 was 0.57 million head higher than in 2016. Furthermore, live sheep exports were 40,000 head higher. This increased turnoff may in part be due to the tight seasonal conditions seen in some regions of Australia at various stages of 2017. As the chart shows, sheep slaughter numbers increased sharply throughout the second half of 2017.



In contrast, lamb slaughter levels fell in 2017, with over half a million head fewer slaughtered. Nevertheless, the trend in lambs slaughtered remains relatively stable.

The Bureau of Meteorology (BoM) has released its **outlook for seasonal conditions** for the next three months. It expects a drier than average March to May for large parts of central Australia, including the southern NT, western Queensland, northwest Victoria and some parts of WA and eastern SA. For the other major sheep growing regions on the mainland, it expects normal rainfall over the next three months. Tasmania is likely to have a wetter than average March to May (see the map for details). The BoM also says that the La Niña in the tropical Pacific Ocean continues to decline. This weak event has had little effect on Australian climate.



Stuart McCullough, the AWI CEO, has written to AWI shareholders/growers with the latest developments on **WoolQ** (previously known as the Wool Exchange Portal) and inviting growers to register with WoolQ. Stuart says that various functions of WoolQ will be delivered over the next 12 months, starting with an Electronic Speci (eSpeci) tool. This is an alternative to the paper-based classer's speci. Stuart's letter says that once the eSpeci is completed in the shearing shed, the data can be uploaded to the broker. The data will also be stored within the grower's own 'dashboard' on WoolQ. AWI are currently trialling the eSpeci. I understand that AWEX are also finalising their own electronic speci, and it will be available very soon.

Registrations for the International Wool Textile Organisation's 2018 Congress in Hong Kong are now open. Click here for details and to register. You will need to log in with your IWTO member log-in. If you have not yet created an account with the IWTO, there are instructions on how to do that. The Early Bird fee for IWTO Members is €1300 (valid until 28th March).

INDUSTRY EVENTS

The **World Merino Congress** will be held in Montevideo, Uruguay on 12th to 14th April 2018. Click here for details.

The **IWTO 2018 Congress** will be held in Hong Kong on 14th to 16th May 2018. Click here for the draft program.

The **IWTO 2018 Round Table** will be held in Buenos Aires on 3rd to 4th December 2018.

The **IWTO 2019 Congress** will be held in Venice on 9th to 11th April 2019.

WOOL SALES WEEK BEGINNING 26th FEB 2018 – week 35 (roster as at 22/2/2018)

Sydney
Wed, 28th Feb; Thurs, 1st Mar — 13,114 bales

Melbourne
Tues, 27th Feb; Wed, 28th Feb; Thurs, 1st Mar — 21,534 bales

Fremantle
Wed, 28th Feb; Thurs, 1st Mar — 9,858 bales

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