The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

Unit 9
42-46 Vella Drive
Sunshine West Vic 3020

Phone: 03 9311 0152
Fax: 03 9311 0138
E-mail: ncwsba@woolindustries.org

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From the desk of Chris Wilcox, Executive Director

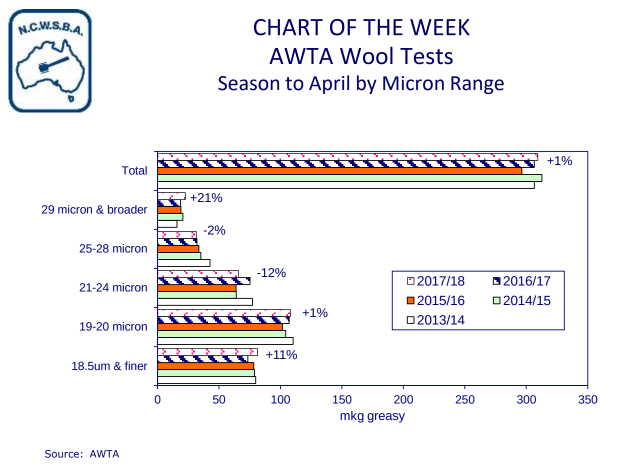
- Wool prices pull back from heights
- Wool test volumes of superfine wool to April highest ever
- Mulesing data
- Dry spell continues as low rainfall across Australia in April
- Upcoming events

The **Australian wool market** pulled back from the heights reached last week. While prices for Merino wool and Crossbred wool mostly slipped in Sydney, it was more mixed in Melbourne and Fremantle enjoyed a very good sale on Thursday which more than recovered the losses of Wednesday. Overall, the **Eastern Market Indicator** (EMI) fell by 10 Acents to close at 1836 Ac/kg. The Northern Market Indicator fell by 16 cents to 1892 Ac/kg, while the Southern Market Indicator eased 7 cents to 1800 c/kg. After the strong gains on Thursday, the Western Market Indicator lifted by 3 cents to 1952 c/kg. The declines on the east coast came despite the A$ falling further against the US$ and the Renminbi, although the A$ was stronger against the Euro. As a result of these currencies moves, the EMI fell by 17 UScents to 1381 USc/kg, by 50 Renminbi to 8792 RMB/kg but lifted by 5 €cents to 1153 €cents/kg.

AWTA released the **wool test statistics** for April earlier this week. After falling in February and March, wool test volumes increased by 12% in April compared with April 2017. Part of this increase was due to an extra working day in April given that Easter fell at the end of March/early April this year. It brings the year-to-date wool test volumes to a 0.9% increase for the 2017/18 season to April.

While nationally wool test volumes increased in April, some states actually saw a decline in wool tests for the month. Western Australia continued to see a fall (down by 5% in April) after the excellent seasonal conditions in 2016/17 have given way to drier conditions this season. Tasmania recorded a 2.5% drop and Queensland saw a marginal 0.2% fall. More than offsetting these declines, there was a 29% increase in Victoria, a lift of 15% in New South Wales and a 12% increase in South Australia.

For the year to date, Victoria leads the way with a 9% increase. South Australia has test volumes up by 3.1%, there was a 2.2% increase for Tasmania and NSW was up by a bare 0.4%. Wool tests for Queensland were down by 2.7% and for WA were 7.4% lower. All the state data is based on Wool Statistical Area.



The season to date changes by micron range are particularly interesting, I think. As the first **Chart of the Week** shows, there has been a significant increase in the volume of wool tested at either end of the micron range. Volumes tested of superfine wool of 18.5 micron and finer were 11% higher in the first ten months of the 2017/18 season. As a result, the total volume of this wool tested this season is the highest volume of superfine wool ever recorded for the ten months.

The volume of broad wool (29 micron and broader) was up by 21% and was also at the highest ever level for the ten months. The volume of fine Merino wool between 19 and 20 micron was up 1% for the July to April period. The volume of Merino wool between 21 and 24 micron declined by 12% for the ten months, almost wiping out the gain seen in the 2016/17 season. For 25 and 28 micron wool, volumes were down by 2%.

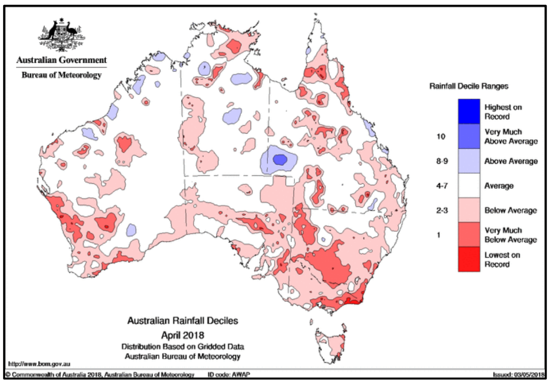
AWEX has released the statistics on **mulesing status** of first-hand wool offered for this season to April, taken from the National Wool Declaration (NWD). The table below provides details on the number of bales with each declaration and the shares for the 2016/17 and 2017/18 seasons to April.

Table: NWD Statistics – Season to end April (bales)

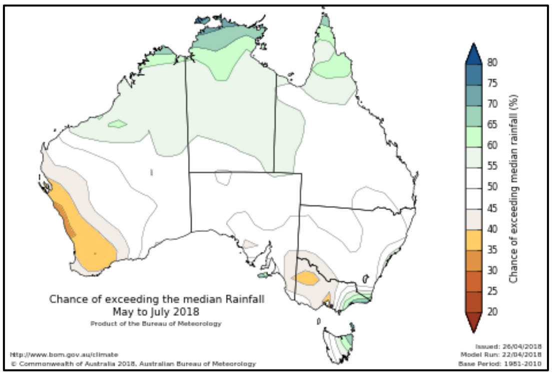
	CM	NM	PR	CM+NM+PR	Blank	All NWDs	ND	Total
2016/17	38,418	128,584	353,147	520,149	272,572	792,721	521,681	1,314,402
2017/18	36,007	151,390	419,873	607,270	276,999	884,269	471,371	1,355,640
% change	*-6%*	*+18%*	*+19%*	*+17%*	*+2%*	*+12%*	*-10%*	*+3%*
2016/17 share (%)	2.9%	9.8%	26.9%	39.6%	20.7%	60.3%	39.7%	100%
2017/18 share (%)	2.7%	11.2%	31.0%	44.8%	20.4%	65.2%	34.8%	100%

As can be seen, the number of bales declared as either Non-Mulesed (NM) or Pain Relief increased substantially in the first ten months of this season. This takes the share of NM wool to 11.2% and of PR wool to 31%. The number of bales with a Blank NWD increased by 2%. There was a 6% decline in wool declared as Ceased Mulesed (CM). As a result, the volume of first hand offered wool with an NWD was up by 12% for the ten months to April. The volume of wool without an NWD fell by 10%. The share of wool with an NWD lifted to 65.2% for the 2017/18 season to date.

The dry conditions seen across much of Australia since the start of 2018 or even longer continued in April, with the majority of the major sheep growing regions experiencing **rainfall which was below or very much below normal levels** (see the first map from the Bureau of Meteorology). For some regions, including many parts of New south Wales, the situation is becoming critical. The rain that was hoped for by now to have a good Autumn break has not arrived. This will be putting pressure on growers who have been hand-feeding their sheep.



The Bureau's **latest outlook for the next three months** indicates that below average rainfall is likely for parts of southwest Australia and western Victoria. For many of the sheep growing regions in Australia, rainfall will be normal. The exception is parts of Tasmania and the far east of Victoria where above normal rainfall is expected. The second map shows the Bureau's latest outlook for rainfall. The Bureau has also maintained its neutral forecast for the ENSO, suggesting neither El Niño nor La Niña.



INDUSTRY EVENTS

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

The **2018 AWIS Wool Week** will be held in Melbourne on 23rd & 24th August. The NCWSBA AGM will be held on Thursday, 23rd August 2018.

The **Nanjing Wool Market Conference** will be held on 11th to 13th September 2018 in Nanjing.

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

WOOL SALES WEEK BEGINNING 7th MAY 2018 – WEEK 45 (roster as at 3/5/2018)

Sydney
Wed, 9th May; Thurs, 10th May — 9,247 bales

Melbourne
Wed, 9th May; Thurs, 10th May — 22,736 bales

Fremantle
Wed, 9th May; Thurs, 10th May — 6,309 bales

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