The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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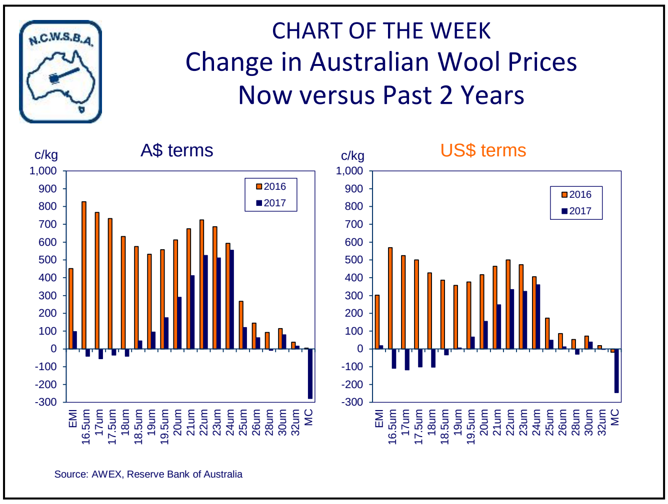
From the desk of Chris Wilcox, Executive Director

- Australian wool prices stabilise
- Forecast 10.8% drop in Australian shorn wool production in 2018/19
- Australian wool exports for September – volume down, value up
- Updated instructions and scale of points for fleece judging from NCWSBA
- IWTO Congress 2019 in Venice – accommodation bookings now open
- Upcoming industry events

After the precipitous falls of recent weeks, prices in the **Australian wool market** steadied and lifted a little this week. The **Eastern Market Indicator** (EMI) rose by 5 cents to close at 1781c/kg. Merino cardings rebounded this week and there were gains for Crossbred wool and some microns of Merino wool. All three regional market indicators lifted for the week. While prices have fallen in the past few weeks and some people will be disappointed, perspective is important. The current level of the EMI is:

- around the same as in April this year (before the price bump in May-August);
- 98 cents higher than the same week last year; and
- 451 cents higher than the same week in 2016.

The first **Chart of the Week** shows the EMI and each Micron Price Guide at the end of this week compared with a year and 2 years ago The comparison is shown in both A$ and US$. Over the past year, there have been some relatively small year-on-year falls for 18 micron and finer wool in both A$ and in US$, as well as a small decline for 28 micron wool. For other microns, prices have lifted, particularly for the medium Merino wool of 20 to 24 micron. Merino cardings are much lower than a year ago. Compared with prices two years ago, current levels for all the Merino price guides are much, much higher, as can be seen.



The **Australian Wool Production Forecasting Committee** met on Wednesday this week to review its forecast for the 2018/19 season. As I said in the *Weekly Newsletter* of 12th October, the Committee decided to bring forward its meeting from December to November, partly in response to concern around the world about the wool supply available from Australia this season. The new forecast from the Committee is that shorn wool production will be 305 mkg in 2018/19, down by 10.8% on 341 mkg in 2017/18. This compares with the Committee's forecast in August of 322 mkg. The Committee reduced the production level after considering the industry data for the first four months of the season. AWTA tests to the end of October were down by 9.7% for Australia and AWEX data on first hand offerings for the season to date were 13.3% lower. Some of this decline will be due to wool that was sold out of stock last season which is not available this year. Allowing for this and the tough seasonal conditions in New South Wales, Queensland, parts of South Australia, Victoria and Western Australia, the Committee decided to reduce its forecast. The lower production is due to both a decline in the number of sheep shorn and in the annual average weight of wool cut per sheep.

The Committee predicts that shorn wool production will fall in all states this season, led by a 20.4% fall in **New South Wales,** the largest wool producing state, to 100 mkg (the lowest for NSW since 1902). Shorn wool production in **Queensland** is predicted to fall by 14% to 7.1 mkg and in **South Australia** it is predicted to fall by 8% to 54.7 mkg. Production in **Victoria** is expected to be down by 3.7% to 70.7 mkg, **Western Australia** will fall by 3.6% this season to 62.7 mkg and shown wool production in **Tasmania** will be down a slight 0.3% to 9.3 mkg. I have attached the media release on the latest wool production forecast with the *Newsletter* email for your information.

The latest data on **Australia's wool exports** shows that while the volume of exports declined by 2% in September compared with a year earlier, the value of the exports lifted by 34% reflecting the much higher average wool prices in September. The same pattern was repeated for the first quarter of the 2018/19 season, with the volume of exports down by 12% but the value of exports up by 22%. The table below shows the changes in the value and volume of wool exports in total and by major destination for September and for the season to date. The volume of exports for the first quarter show a very mixed picture, with many of the major export destinations recording declines so far this season, but a few recording significant increases (South Korea, Thailand and Egypt). In value terms, exports to most of the major destinations were higher in the July to September period than in the same 3 months in 2017. The two exceptions were the Czech Republic and Malaysia.

Table: Australian wool exports by major destination country

% change on year earlier	September 2018		Season to September 2018		Total for 2018/19 season to September	
	Volume	Value	Volume	Value	mkg greasy	$million
Total	**-2%**	**+34%**	**-12%**	**+22%**	**63.4**	**891.1**
China	-5%	+34%	-13%	+22%	46.8	633.3
India	+5%	+39%	-11%	+10%	4.2	56.0
Italy	-10%	+11%	-9%	+16%	3.9	78.6
Czech Republic	-40%	-4%	-45%	-12%	2.2	31.2
South Korea	+128%	+208%	+52%	+182%	2.1	32.5
Thailand	+442%	+410%	+196%	+260%	0.9	15.7
Egypt	+58%	+95%	+4%	+29%	0.6	10.9
Malaysia	-35%	-12%	-45%	-34%	0.5	5.7
Taiwan	-50%	-16%	-19%	+32%	0.6	7.5
Others	+3%	+90%	+13%	+32%	1.8	19.7

NCWSBA has released an updated edition of its ***Instructions to Judges and Stewards and Scale of Points for Visual (Subjective) Fleece Judging***. It has been some years since the instructions and scale of points were updated. The most significant change in the new edition is to the fleece weights, bringing the fleece weights up to more contemporary levels. A Working Group of NCWSBA members has prepared this new edition, which are for use for subjective judging rather than where test statistics are available. Contact me on chris.wilcox@woolindustries.org for a copy. They will also be available on the NCWSBA website soon.

Accommodation for the **2019 IWTO Congress in Venice** is now open. The Congress will be held on 9th to 11th April. Accommodation at Hotel Monaco & Grand Canal, one of the premier hotels in Venice, is only open until 10th December, so you will need to get in quick. There are other options available for later booking. Go to https://www.iwto.org/events/2019-congress for details.

OTHER INDUSTRY EVENTS

The **AWI Annual General Meeting** will be held in Sydney on 23rd November 2018.

The **AWEX Annual General Meeting** will be held in Sydney on 30th November 2018.

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

WOOL SALES WEEK BEGINNING 19th NOV 2018 – week 21 (roster as at 15/11/2018)

Sydney
Wed, 21st Nov, Thurs, 22nd Nov 8,320 bales

Melbourne
Wed, 21st Nov, Thurs, 22nd Nov 17,761 bales

Fremantle
Wed, 21st Nov, Thurs, 22nd Nov 9,253 bales

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