



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

Gate 4
29 Frederick Rd
Tottenham Vic 3012

Phone: +61(0)419344259
E-mail: info@ncwsba.org
Twitter: @woolbrokersaus

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2020/11

From the desk of Chris Wilcox, Executive Director

- Australian wool prices drop as Covid-19 closures hit hard
- Launch of the 2020 NCWSBA Wool Broker Award
- Weight of wool tested by AWTA down 5.5% for season to March
- Almost 73% of wool offered to March has an NWD
- National Wool Declaration review completed
- Upcoming industry events



The **Australian wool market** had an awful week as demand dried up in response to the closure of both the European and Indian markets due to Covid-19. The **Eastern Market Indicator (EMI)** slumped by 155 cents to 1287 c/kg, the lowest since June 2016. This is a fall of 10.7% over the previous week, which is the largest percentage weekly decline since May 2003 when the outbreak of SARS in China hit the Australian wool market. Drops of 109 cents to 172 cents were seen across all microns and pass-in rates soared, with 44.9% of the offering passed in. There were also high withdrawal rates, particularly in Fremantle where 25.8% of the rostered offering was withdrawn. Even so, there were 20,782 bales sold. While it is an extremely tough and uncertain situation, wool is still being sold by woolgrowers keen to sell to secure cash-flow and bought by willing buyers at these lower levels. Meanwhile, other woolgrowers are choosing to withdraw or pass-in wool. That's the free market.

All regions saw prices fall by a similar percentage. The Southern Market Indicator fell by 150 cents (-10.6%) to 1266 c/kg, the Northern Market Indicator dropped by 162 cents (-10.9%) to 1320 c/kg and the Western Market Indicator fell by 159 cents (-10.5%) to 1352 c/kg. The A\$ again lifted by 2 UScents against the US\$ and was also stronger against the Renminbi and the Euro. As a result, the EMI fell by a little under 9% against each currency – down by 65UScents to 789 USc/kg, by 520 RMB to 5559 RMB/kg and by 69 €cents to 715 €cents/kg.

CALLING FOR NOMINATIONS – NCWSBA WOOL BROKER AWARD 2020

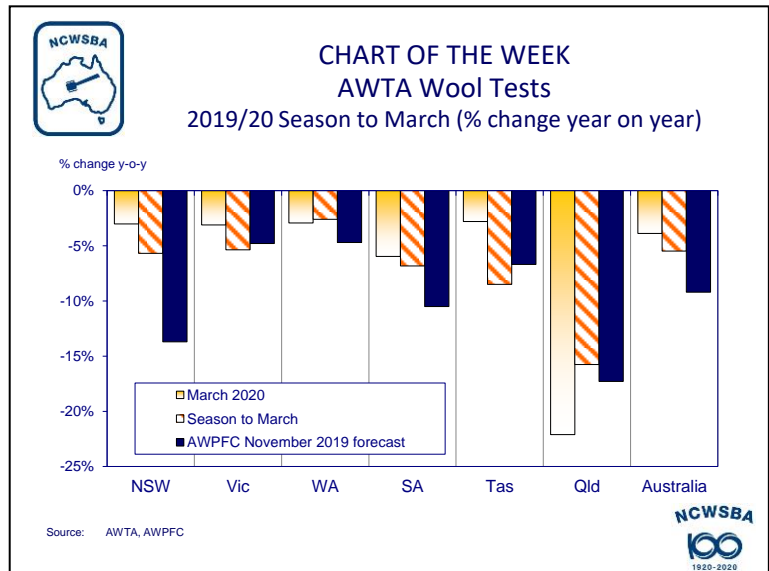
The **NCWSBA Wool Broker Award for 2020 has been launched!** This is the ninth year the Award has been offered. This year's Award is again sponsored by AWTA (as the industry sponsor) and Sheep Central (as the media sponsor). The Award recognises excellence in wool broking by a younger member of our industry – be it client servicing, auctioneering, innovation or other aspects of wool broking. This year's Award winner will be granted an **all-expenses paid trip to Kyoto, Japan to attend the 2021 IWTO Congress in May 2021**. Arrangements will also be made for the Award winner to visit the wool textile and retail industry in Japan.

The Finalists for the 2020 Award will be profiled in Sheep Central online news website in the lead up to Wool Week and the NCWSBA Annual General Meeting on 27th August. Finalists will give a presentation in support of their applications at the NCWSBA AGM on 27th August 2020. This year's Award winner will be announced at the Wool Week dinner scheduled to be held in the RACV Club Dining Room in Melbourne.

Nominations are open for the 2020 NCWSBA Wool Broker Award. Closing date for nominations is Friday, 26th June. Please contact me for an application form – chris.wilcox@ncwsba.org or call me on 0419344259.

AWTA earlier this week released the data on **wool tested** in March. It shows that the weight of wool tested in March fell by 3.9% compared with March 2019. As a result, the year-on-year change for the first three quarters of 2019/20 was a decline of 5.5%. This year-on-year decline continues to be smaller than the

Australian Wool Production Forecasting Committee's November 2019 forecast of a 9.2% drop in 2019/20. The **Chart of the Week** shows the % change year-on-year in wool tested in March 2020 and for the season to end March for Australia and by state, compared with the AWPFC's November forecast. As can be seen, the Committee's forecast anticipated a larger decline for New South Wales than has actually been recorded so far. The forecast declines for both Western Australia and South Australia are also larger than for the season to March. The Committee's forecasts for Victoria, Tasmania and Queensland are all in line with the year-to-date % change. The AWPFC meet on 29th April 2020 to review its forecast for 2019/20 and also consider its first forecast for 2020/21.



According to data from AWEX, the number of first-hand grower bales offered (as opposed to re-offers and bulk-classed wool) is 13% lower for the 2019/20 season to end March. Based on data collected from the **National Wool Declaration (NWD)**, the % decline in the number of bales declared as Non-Mulesed (NM) and Pain Relief (PR) is each smaller than the decline in the total number of bales (as shown in the table below). There has been a significant increase in the number of bales declared as Ceased Mulesed, although the total number of bales is relatively small. As a result, the proportion of CM-, NM- and PR-declared wool was noticeably higher this season. In total, over 55% of wool offered at auction in the first three quarters of the season were declared as CM, NM or PR. As well, almost 73% of the first-hand offering had an NWD.

Table: NWD Statistics – July-March (bales)

	CM	NM	PR	CM+NM+PR	Mulesed	All NWDs	ND	Total
2018/19	24,032	136,858	367,563	528,453	207,108	735,561	323,554	1,059,115
2019/20	32,930	131,574	347,423	511,927	163,353	675,280	250,801	926,081
% change	+37%	-4%	-5%	-3%	-21%	-8%	-22%	-13%
2018/19 share (%)	2.3%	12.9%	34.7%	49.9%	19.6%	69.5%	30.5%	100%
2019/20 share (%)	3.6%	14.2%	37.5%	55.3%	17.6%	72.9%	27.1%	100%

AWEX late last Friday announced that the **review of the NWD** is completed. The good news is that AWEX has decided to retain the existing definition of Non-Mulesed. It has also retained the existing definition of Ceased-Mulesed but the new version of the NWD has two questions to improve clarity and reduce errors with declaring wool as Ceased Mulesed. The NWD/Mulesing Status code PR has been replaced by AA (Analgesic and/or Anaesthetic) where an APVMA registered AA product is used. AWEX has also committed to conducting a further review of the NWD, focused on the identification of wool from sheep treated with liquid nitrogen. This review will be conducted in 12 months or when the results of scheduled scientific trials on the animal welfare outcomes are available.

INDUSTRY EVENTS

The **Australian Wool Production Forecasting Committee** meets on 29th April 2020.

Wool Week is scheduled for 27th and 28th August 2020. The NCWSBA Annual General Meeting is scheduled for Thursday, 27th August.

The **Nanjing Wool Market Conference** will be held in Haining, Zhejiang on 18th to 20th September 2020.

WOOL SALES WEEK BEGINNING 6th APR 2020 – week 41 (roster as at 1/4/2020)

<u>Sydney</u>	Tues, 7 th Apr; Wed 8 th Apr	10,280 bales
<u>Melbourne</u>	Tues, 7 th Apr; Wed 8 th Apr	25,288 bales
<u>Fremantle</u>	Tues, 7 th Apr; Wed 8 th Apr	8,648 bales

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