



The National Council of Wool Selling Brokers of Australia Inc

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NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Australian wool market loses ground
- More wool sold in Australia this season to date than last season
- AWTA wool tests up in September but down for 1st quarter
- Strong rise in bales offered with a National Wool Declaration
- NSW Parliamentary inquiry rejects mulesing ban
- Upcoming industry events



The **Australian wool market** looks like it got ahead of itself with the large rise last week, with prices falling back this week, particularly for Merino wool. The **Eastern Market Indicator (EMI)** fell by 40 cents, closing at 996 c/kg. Despite the fall, the EMI is still almost 60 cents above the level of a fortnight ago. Prices for Merino wool of 21 micron and finer fell by between 28 and 72 cents. Crossbred wool prices mostly fell by less (up to 19 cents), although the 26 Micron Price Guide was reported to be 9 cents higher. Merino cardings were steady. The Northern Market Indicator fell the least, down by 33 cents to 1053 c/kg, the Southern Market Indicator was 43 cents lower at 961 c/kg and the Western Market Indicator was 61 cents lower at 1024 c/kg. The A\$ was softer against the US\$, Euro and the Renminbi. Over the week, the EMI fell by 31UScents to 708 USc/kg, by 198 RMB to 4823 RMB/kg and by 29 €cents to 603 €cents/kg.

While demand (or lack of it) has been the focus for the industry in recent months, there have been significant developments on the **supply side** in Australia. According to the data from AWEX's Weekly Market report, there has been 326,126 bales **offered for sale at auctions** so far this season, with 279,981 bales sold. Over 10% of the wool offered this season to date is re-offered wool. These season-to-date figures compare with the statistics from last season to week 14: 334,705 bales offered and 270,255 bales sold. Of the bales offered, 11.4% were re-offers last season to week 14. In other words, there has been a 2.6% decline in the number of bales offered this season BUT there have been 9,726 bales (3.6%) more sold this season than last season. The pass-in rate this season-to-date is 13.9%, compared with a pass-in rate of 19.3% last season to week 14. This lower pass-in rate and higher total number of bales sold this season has been despite the average EMI this season of 986 c/kg being 37% lower than last season's average to week 14 of 1555 c/kg.

The change in auction offerings for this season to date is quite a bit smaller than the decline in the **weight of wool tested**. AWTA reports that to the end of September, the weight of wool tested was 7.8% lower than for the same period in the 2019/20 season. This decline comes even though the weight of wool tested in September was 7.8% higher than the weight tested in September 2019. AWTA tested 26.1 mkg of wool in September, compared with 24.2 mkg in September 2019. While September saw an increase, it is still a small amount of wool to be tested. In September 2018, AWTA tests 28.1 mkg of wool, while between 2011 and 2017, the weight of wool tested was between 31.9 and 36.3 mkg.

The only state to record a drop in the weight of wool tested in September was Queensland, with a sharp 29% fall compared with September 2018. In contrast, Tasmania recorded a 35% increase in wool tested in September (on a Wool Statistical Area basis). There are signs of recovery for New South Wales (NSW) following the long-drawn-out drought in that state, with a 15% lift in wool tested in September.

All states have recorded a decline in the weight of wool tested in the first quarter of the 2020/21 season, as shown the **Chart of the Week**. Tasmania has recorded the smallest decline so far this season, down by 4%, followed by NSW and South Australia (both down by 6%). The largest decline has been in Queensland,

with a drop of 18%, with Western Australia down by 14%. These season-to-date figures probably do not reflect actual production trends, with numerous anecdotal reports of wool being withheld from the market and being stored on-farm. Who knows the extent of this on-farm storage? It will make the Australian Wool Production Forecasting Committee's job harder when it comes to review its season forecasts when it meets in December.

According to the latest data from AWEX, there was a 20% lift in the number of first-hand farm bales offered at auction with a **National Wool Declaration (NWD)** in the first quarter of the 2020/21 season. As shown in the table below, the most significant % increase has been bales of wool declared as Ceased Mulesed (CM), which is up by 82%. There has also been a strong lift in the number of bales declared as Non-Mulesed (NM) and wool from sheep that have been mulesed with an analgesic or anaesthetic product (AA). As a result of these changes, the proportion of wool offered at auction declared as NM was 14.1%, above the proportion in the first quarter of last season. The proportion of wool declared as AA reached 40%. In total, the amount of wool declared as NM, AA or CM was over almost 58% of the total volume of first-hand wool offered in the first three months of 2020/21. Interestingly, there has been a 26% lift in the number of bales of wool being offered with an NWD where the mulesing status is Mulesed. Wool with an NWD lifted to 77.5% share of the total offering.

Table: NWD Statistics – July-September (bales)#

	CM	NM	AA	CM+NM+AA	Mulesed	All NWDs	ND	Total
2019/20	5,145	30,448	87,539	123,132	39,112	162,244	60,965	223,209
2020/21	9,387	35,333	100,390	145,110	49,200	194,310	56,403	250,713
% change	+82%	+16%	+15%	+18%	+26%	+20%	-7%	+12%
2019/20 share (%)	2.3%	13.6%	39.2%	55.2%	17.5%	72.7%	27.3%	100%
2020/21 share (%)	3.7%	14.1%	40.0%	57.9%	19.6%	77.5%	22.3%	100%

First-hand offered, clip lots only. Excludes Rehandle, Interlots and Bulk Class.

The report from an NSW Parliamentary Committee inquiry into legislative amendments **proposing to ban mulesing** was released late last week. The legislation proposed to ban mulesing in NSW from 1 January 2022 and also require the use of an analgesic or other form of pain relief when performing mulesing in the interim, as well as for other husbandry practices such as castration and tail docking. NCWSBA made a submission to the inquiry on 31st July opposing the ban on mulesing and fully supporting the mandatory use of an analgesic or anaesthetic for mulesing. The NSW Parliamentary Committee rejected the proposed legislation. The Committee concluded that banning mulesing from 1st January 2022 and making the use pain relief mandatory in certain stock procedures, as the bill proposes, "...is not the right way forward." You can read the report on the Committee's [website](#).

INDUSTRY EVENTS

AWTA will hold its Annual General Meeting on Friday, 16th October 2020.

The **2020 IWTO Round Table** will be held by Webex on 30th November to 2nd December.

The **2021 IWTO Congress** is scheduled to be held in Kyoto, Japan in May 2021.

WOOL SALES WEEK BEGINNING 5th OCT 2020 – week 15 (roster as at 30/9/2020)

Sydney

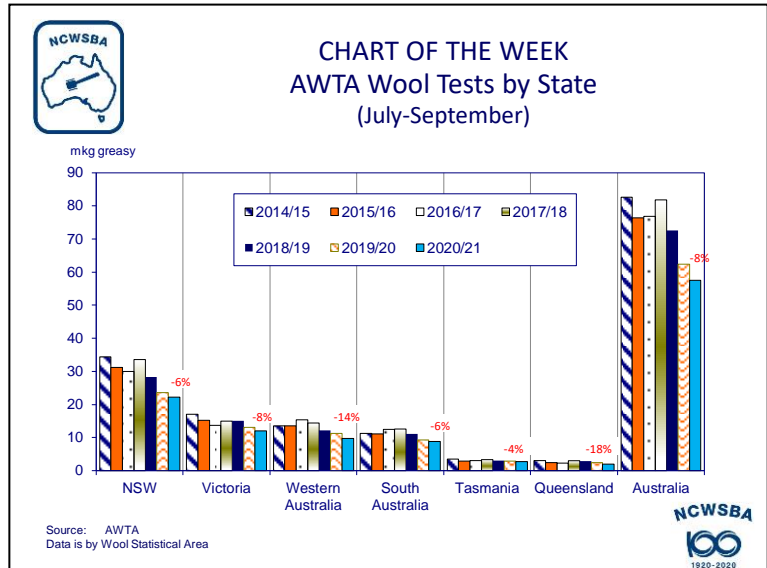
Tues, 6th Oct; Wed 7th Oct 8,584 bales

Melbourne

Tues, 6th Oct; Wed 7th Oct 19,306 bales

Fremantle

Tues, 6th Oct; Wed 7th Oct 6,560 bales



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