



# 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

- Solid increase in Australian wool prices
- Trends in wool prices in other countries
- Schneider Wool Connect Virtual Conference
- Strong lift in Australian wool exports in August
- Upcoming industry events



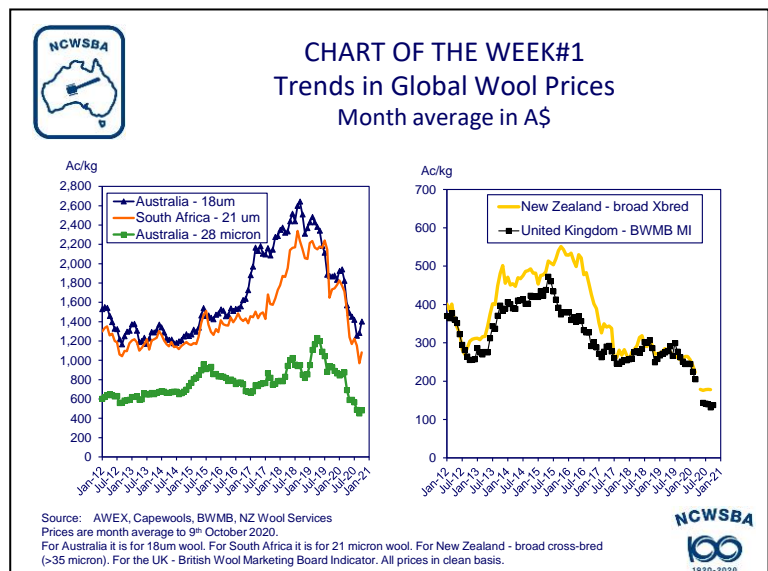
After the dip last week, the **Australian wool market** this week resumed its upward recovery from the lows at the start of September. Prices for all wool microns recorded solid increases over the week, with the largest increase of 72 cents seen for 17 micron wool. The **Eastern Market Indicator (EMI)** lifted by 26 cents and closed at 1022 c/kg. All three regions recorded similar increases to that for the EMI. The Northern Market Indicator rose by 23 cents to 1076 c/kg, the Southern Market Indicator lifted 26 cents to 987 c/kg and the Western Market Indicator was 30 cents higher at 1054 c/kg. The A\$ was steady against the US\$, Euro and the Renminbi. Over the week, the EMI rose by 20UScents to 728 USc/kg, by 121 RMB to 4944 RMB/kg and by 17 €cents to 620 €cents/kg.

As I have reported over the past few months, Australian wool prices have fallen back in the past six months, despite the increase in the past 4 weeks. Have these price declines also been seen in some of the **other major wool producing countries**? The first **Chart of the Week** shows the trends of selected prices in Australia, South Africa, New Zealand and the United Kingdom. These are all in A\$.

In **South Africa**, which produces mainly Merino wool of 21 microns and finer, prices have followed a similar trend to that seen for Australia. As can be seen in the first graph, the South African 21 micron wool indicator has fallen back in the past few months, in line with the trends in Australian 21 micron wool prices. For example, since March, the South African 21 micron wool has declined by 37%. By comparison, the Australian 21 micron price guide has fallen by 39%.

As the chart shows, prices for broad Crossbred wool (32 microns and broader) in **New Zealand** and the **United Kingdom**

had remained flat at low levels for three years before the start of 2020, while finer Merino wool and medium wool prices saw a significant lift in 2018 and 2019, particularly for Merino wool. For NZ and UK growers, they thought it couldn't get much worse. Unfortunately, the impact of the COVID-19 pandemic has seen prices tumble yet again, as the second graph in the chart shows. Of the two countries, prices in the UK have fallen back the most. Since March, the British Wool Marketing Board Market Indicator has fallen by a further 33% in A\$ terms (and is down by 26% in pound sterling). The Indicator in September was the lowest for 20 years or more, at just 132 Ac/kg or 74 pence/kg. In New Zealand, the strong wool indicator



has fallen by 20% since March, a smaller decline than seen for UK wool. It has hovered at around 176-179 Ac/kg since May.

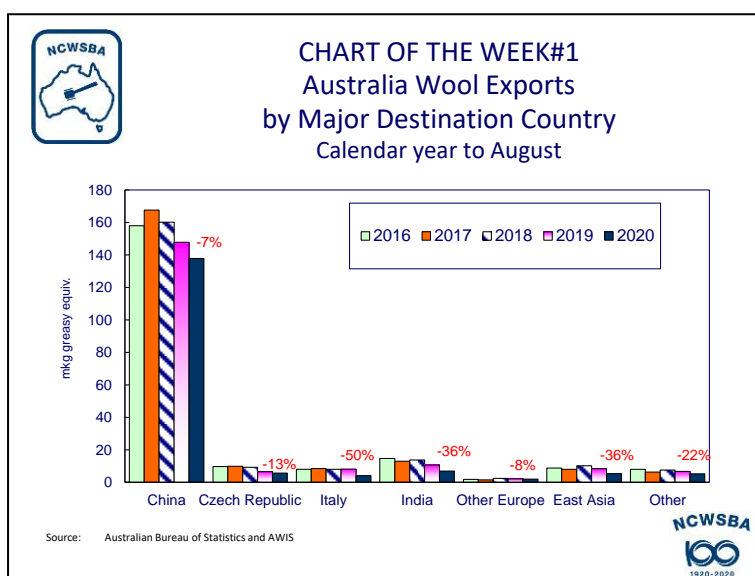
Over the past three days I have been attending the **Wool Connect Virtual Conference** which has been put together by **the Schneider Group**. There have been around 90 people each day joining the conference from around the world by Zoom. Over the three days the 29 speakers explored the issues of sustainability, animal welfare, supply chain traceability and transparency.

The issue of mulesing received a significant amount of airplay on the first two days, and in particular on the second day when a presentation for Four Paws, the Humane Society International and BG Economics which reported on a study done in Australia surveying those growers who had moved to non-mulesed production. The report concluded that there were economic benefits from moving to plain-bodied sheep that did not require mulesing, with a significant majority of growers surveyed saying that they had higher growth rates for their lambs and that they had received a premium for their non-mulesed wool. You can download the report, titled "Towards a Non-Mulesed Future" by clicking [here](#). In addition to this presentation, the presenters from clothing brands made the clear point that they had stopped using or were phasing out the use of wool from sheep that have been mulesed.

Another key message coming out of the Conference was the desire to have improved traceability for wool but, at the same time, the significant concerns about the plethora of certification standards for traceability and sustainability, and the administrative burden this places on all members of the supply chain, from growers to wool textile companies to garment manufacturers. This is a tough balance that needs to be addressed and, according to Paul Swan's presentation, is one of AWEX's aims with SustainaWOOL. You can see more at <https://woolconnect.gschneider.com/>.

The latest data on **Australian wool exports** were released by AWIS (sourced from the ABS) earlier in the week. They show that the total volume of wool exports from Australia in August 2020 was 27% higher than in August 2019. The big increase was seen for China, with export volumes up by 44%. Exports to the Czech Republic were also up very strongly (by over 100% according to the data). But, with wool prices down by around 35% in July and August, the value of wool exports to all destinations was 17% lower.

Despite the increase in volumes in August, Australian wool exports for the 2020 calendar year to August were down by 12%. The **second Chart of the Week** shows the exports in 2020 to August by the major destinations. Unsurprisingly, all destinations have recorded declines. The smallest declines were seen for China and 'other Europe' (which includes Bulgaria, Germany and the UK), with larger declines for exports to Italy, India and East Asia.



#### INDUSTRY EVENTS

**AWTA** will hold its Annual General Meeting on Friday, 16<sup>th</sup> October 2020.

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

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

#### WOOL SALES WEEK BEGINNING 12<sup>th</sup> OCT 2020 – week 16 (roster as at 7/10/2020)

<u>Sydney</u>	Tues, 13 <sup>th</sup> Oct; Wed 14 <sup>th</sup> Oct	7,971 bales
<u>Melbourne</u>	Tues, 13 <sup>th</sup> Oct; Wed 14 <sup>th</sup> Oct	16,828 bales
<u>Fremantle</u>	Wed 14 <sup>th</sup> Oct	5,669 bales

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