The National Council of Wool Selling Brokers of Australia Inc

Gate 4
29 Frederick Rd
Tottenham Vic 3012

NEWSLETTER

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

1920-2020

13th November 2020 2020/37

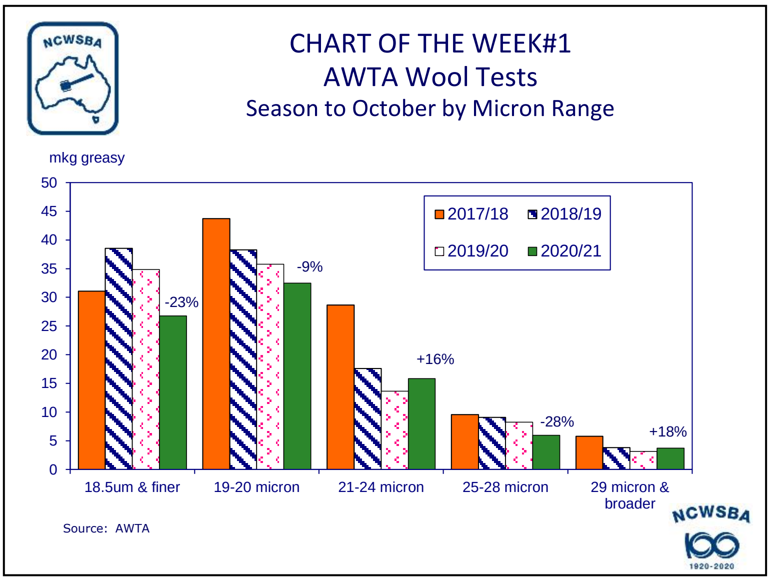
From the desk of Chris Wilcox, Executive Director

- Down and up week leaves Australian wool prices steady
- Increase test volumes of medium Merino wool (21-24 micron)
- Proportion of wool offered with an NWD hits 77%
- Australian exports of fine Merino wool lifts in 2020/21
- Other upcoming industry events

It was a volatile week on the **Australian wool market** this week, with prices falling sharply in Sydney and Melbourne on Tuesday. There were more positive signs in Fremantle with prices steady. Then prices lifted in all centres on Wednesday. In the end, the **Eastern Market Indicator** (EMI) was steady, up by 1 cent to 1189 c/kg despite the A$ rising by 1.3 UScents. On the east coast, the Micron Price Guides saw a very mixed week, with solid gains at the very fine end of the micron range, but prices were up and down for Merino wool of 18.5 micron and broader. Crossbred prices were generally lower. In the west, prices for all Merino wool lifted strongly, except for cardings which were lower. As a result, the Western Market Indicator this week saw the largest rise, up by 24 cents to 1241 c/kg. The Northern Market Indicator finished the week 7 cents higher at 1252 c/kg, while the Southern Market Indicator fell by 4 cents to 1149 c/kg. The A$ was higher against the three major user currencies, although the gain was greatest against the US$. As a result, in user currency terms the EMI rose by 16 UScents to 869 USc/kg, was 67 RMB higher at 5733 RMB/kg and lifted by 10 €cents to 735 €cents/kg.

There are several pieces of industry data that has been released in the past fortnight since the last *Weekly Newsletter*.

The first of these is the statistics from AWTA on the **volume of wool tested** in October. The weight of wool tested in October was down by 18%. This large drop continues the yo-yoing seen in the weight of wool tested so far this season, after a lift in September which was preceded by falls in July and August. The drop in October seems to be in part due to wet weather holding up shearing in some areas. As well, there are reports of a shortage of shearers and shed-hands due to restrictions on travel across state borders and from New Zealand. For the season to date, the weight of wool tested was down by 11.4%. All states bar Tasmania (up by 3%) recorded significant declines in wool tests in October, led by a 21% drop in Queensland and a 17% drop in Western Australia. Victoria and South Australia each saw wool tests fall by 13%, while New South Wales recorded a 7% decline (all on a Wool Statistical Area basis).



It is interesting to look at the change for each micron range for the season to date. The first **Chart of the Week** shows the change in wool tests by micron range for the first four months of the 2020/21 season.

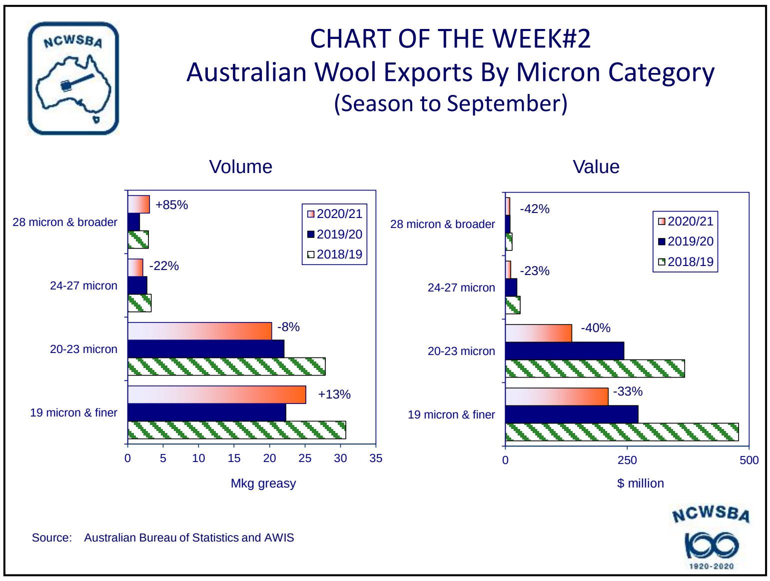
The most notable aspect of this chart is that the weight of wool tested in the 21-24 micron range increased by 16% this season compared with the same period in 2019/20, even though the total weight of wool tested across Australia was down by 11.4%. The broadest micron range (29 micron & broader) has also recorded an increase of 18% (from a low base). In contrast, the weight of wool tested of 18.5 micron & finer was down by 23%. The weight of 19-20 micron wool tested was down by 9% this season. The 25-28 micron range saw the largest drop, down by 28%.

AWEX has released the October statistics from the **National Wool Declaration.** The total number of bales of first-hand grower clip wool fell by 40% in October compared with October 2019. [The data does not include re-offered or bulk-classed wool]. The % decline in the number of bales declared as Analgesia/Anaesthetic (AA) and Non-Mulesed (NM) was each about the same as the decline in the total number of bales (down 37% and 39% respectively). The number of bales declared as Ceased Mulesed (CM) was 21% higher, continuing the rise in this wool seen throughout the 2020/21 season. For the season to date, the total number of first hand bales was 7% lower, but the number of bales declared as CM was up 59%, while the number of bales declared as Non Mulesed (NM) was 3% lower and number of bales declared as AA was 4% lower. As a result, the proportion of CM-, NM- and AA-declared wool combined was at 58% of all first-hand grower wool offered at auction in the first four months of the 2020/21 season. The adoption of the NWD increased and 77% of the first-hand offering had an NWD.

The latest data on **Australian wool exports** from the Australian Bureau of Statistics showed that the volume of wool exported from Australia in September increased compared with September 2019. The increase was only small (+4%) and the export volume in September 2019 was the lowest September monthly total at least since 1979 (as far as my databases go back). Still, any increase in the current environment is very welcome. The reason that the volume of wool exports increased in September was due to a 25% increase in exports to China and a 54% lift in exports to the Czech Republic. China accounted for 89% of Australia's exports by volume in September. Exports to all of the other major destinations recorded significant declines for the month. There were some interesting exceptions to this general decline, with exports to the UK up by 8%.

For the 2020/21 season to September, export volumes were up by 4%, to 49.7 mkg. The value of exports in the first quarter of the season was down by 29% compared with 2019/20 at $366.3 million.

As the second **Chart of the Week** shows, there are some significant differences in the exports by micron categories, at least in volume terms. Exports of 19 micron & finer wool was 13% higher in Jul-September, while exports of 28 micron & broader wool were also higher. In contrast, there were significant declines in exports of 20-23 micron and 24-27 micron wool.



INDUSTRY EVENTS

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

The **Australian Wool Production Forecasting Committee** will meet on 16th December 2020 to review its current forecast of wool production for the 2020/21 season.

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

WOOL SALES WEEK BEGINNING 16th NOV 2020 – week 21 (roster as at 28/10/2020)

Sydney	
Tues 17th Nov; Wed, 18th Nov	9,161 bales
Melbourne	
Tues 17th Nov; Wed, 18th Nov	23,446 bales
Fremantle	
Tues 17th Nov; Wed, 18th Nov	7,932 bales

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