The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

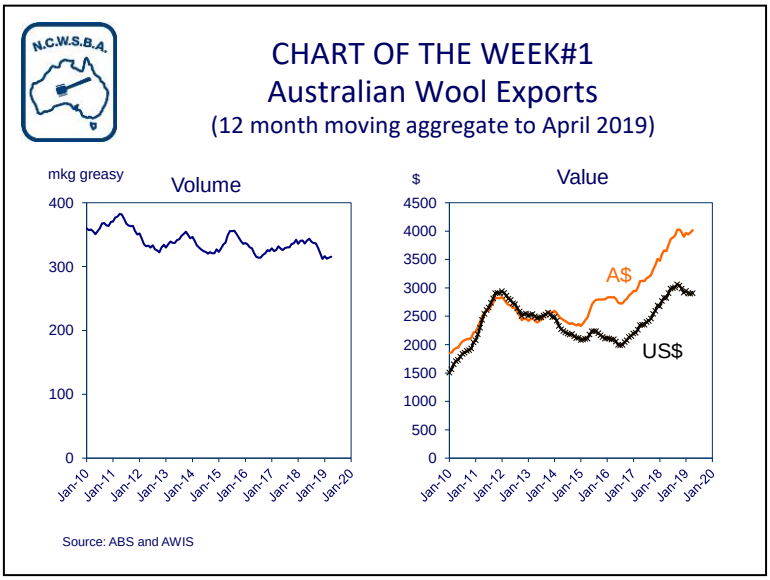


- Australian wool prices fall back further
- Australian wool export value stays high, boosted by lift in fine wool exports
- Wool with a National Wool Declaration hits 73% in May
- AWEX opens the 2019 review of the NWD
- Upcoming industry events

It was downhill again this week for the **Australian wool market**, with prices falling for all microns, although the largest falls were seen for fine Merino wool. The **Eastern Market Indicator** (EMI) fell by 41 cents, closing at 1823 c/kg. Prices for Merino wool fell by between 50 and 70 cents, while Crossbred wool prices were around 20 cents lower. The Southern Market Indicator closed 42 cents lower at 1810 c/kg and the Northern Market Indicator fell by 41 cents, closing at 1842 c/kg. The Western Market Indicator dropped by 55 cents to 1937 c/kg compared with the previous sale a fortnight ago. The A$ was lower against the three main currencies, the US$, the Chinese Renminbi and the Euro. Overall, the EMI fell by 39 UScents to 1260 USc/kg, by 42 €cents to 1115 €cents/kg and by 268 RMB to 8720 RMB/kg.

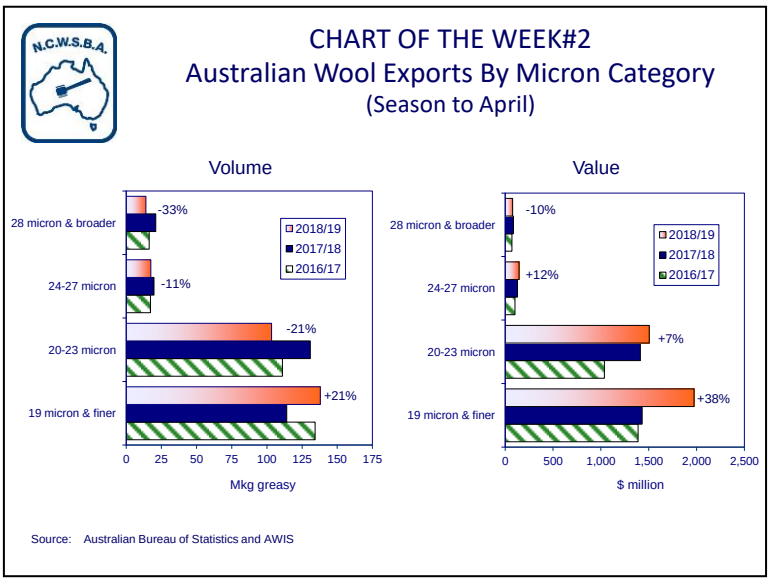
The latest data from the Australian Bureau of Statistics on **Australia's wool exports** were released last week but I held my reporting until this week. Despite the low auction and wool test volumes, the volume of Australian wool exports in greasy equivalent terms actually lifted by 5% in April. This has arrested the steady decline seen in export volumes seen over the past 12 months. As the first graph in the first **Chart of the Week** shows, the decline in export volumes seems to have been arrested, at least for the moment. Even so, the volume of exports for the ten months of the 2018/19 season is 11% lower than for the same period in 2017/18, matching the decline in wool tested.

In value terms, exports were 12% higher in April 2019 than in April 2018 and were 4% higher for the ten months to April than for the same period in 2017/18. This suggests that demand was reasonably strong up to April which is confirmed when looked at on a 12-month rolling aggregate basis, at least in A$ terms (see the second graph in the Chart). However, in US$ terms the trend to April was lower. Given the more recent easing in wool prices in both A$ and US$ terms, this does suggest that demand has started to weaken.



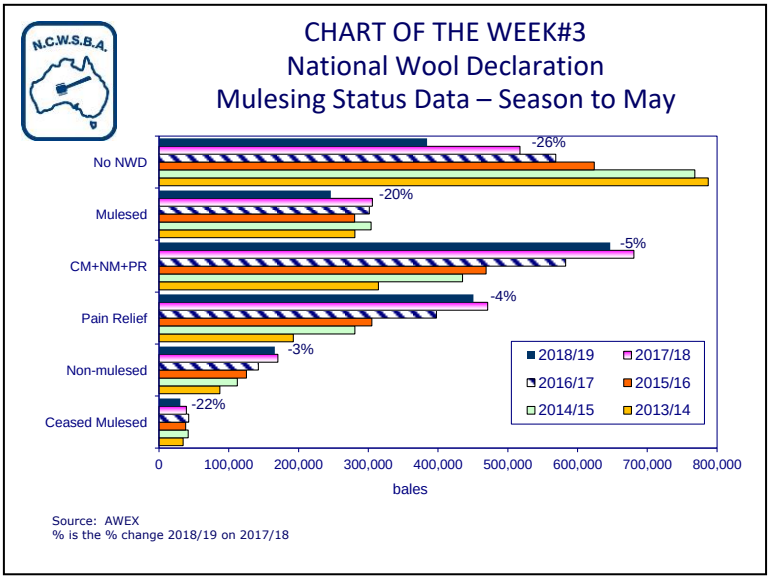
Looking at the exports by **micron category** reveals significant differences between categories. The second **Chart of the Week** shows the exports by micron category for 2018/19 to April compared with 2017/18 and 2016/17 in both volume and value terms. As can be seen, there has been a 38% increase

in the value of exports of 19 micron and finer wool. This is in part due to a 21% increase in the volume exported, which reflects the increase in production of this wool as a result of the drought. The larger lift in the value of exports of this wool than for other categories suggests demand for this wool has increased this season. Other micron ranges have seen declines in the volume of exports, with the most significant drop seen for exports of 20-23 micron wool.



The latest statistics on **mulesing status** from AWEX shows that the proportion of wool offered with a National Wool Declaration in May hit 73% for the month, the highest proportion ever. Furthermore, 55% of wool offered at auction declared as Non Mulesed (NM), Pain Relief (PR) or Ceased Mulesing (CM), also the highest ever. NM-declared wool was 13.6% of the wool offered (a monthly record), PR was 37.9% of all wool offered and CM was 3% of wool offered at auction.

For the 11 months to May, the share of wool with an NWD was 70% while 50.6% of all wool offered at auction this season was NM, PR or CM. This compares with shares of 66% and 45.3% respectively in 2017/18. These increased shares come as the total offerings of first-hand offered wool is 15% lower this season to date. As the **third Chart of the Week** shows, the offerings of NM- and PR-declared wool have fallen the least. The volume of NM-declared wool was down by just 3% and the volume of PR-declared wool was 4% lower. The volume of CM-declared wool was down by 22%. The volume of wool without a National Wool Declaration fell by 26%.



These are excellent gains in the use of the National Wool Declaration. More still needs to be done, and no doubt this will be considered closely during **the 2019 Review of the NWD** being conducted by AWEX. NCWSBA will be making a submission to the Review. I will provide further details once our submission has been prepared.

INDUSTRY EVENTS

The **NCWSBA AGM** will be held in Melbourne on 23rd August 2019 in Melbourne, as part of Wool Week.

The **Nanjing Wool Market Conference** will be held in Qufu, Shandong on 20th to 23rd September 2019.

The **2019 IWTO Round Table** will be in held in Queenstown, New Zealand on 2nd to 3rd December 2019.

The **2020 IWTO Annual Congress** will be held in Tongxiang, China on 18th to 20th May 2020.

WOOL SALES WEEK BEGINNING 17th JUNE 2019 – week 51 (roster as at 13/6/2019)

Sydney	
Wed, 19th June Thurs, 20th June	8,327 bales
Melbourne	
Wed, 19th June Thurs, 20th June	11,418 bales
Fremantle	
NO SALE	

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