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
Instagram ncwsba

12th July 2019 2019/26



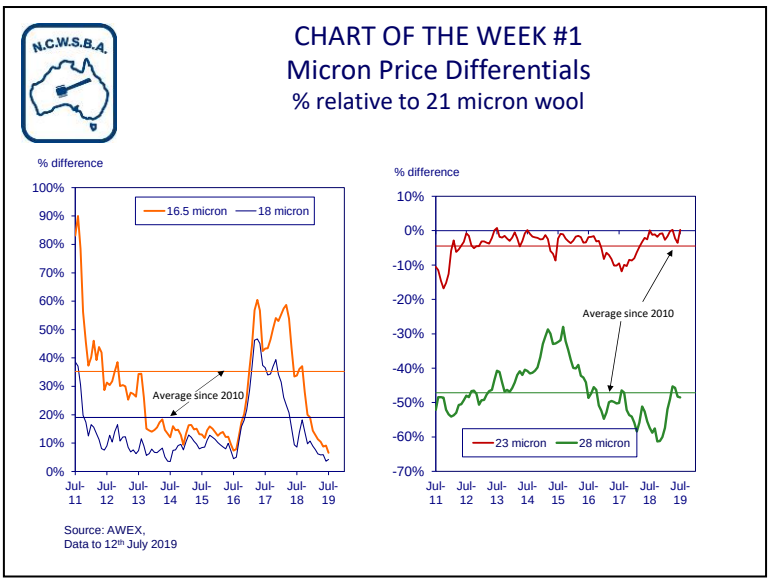
From the desk of Chris Wilcox, Executive Director

- Australian wool prices lift ahead of the mid-year recess
- Premium for superfine wool remains historically low
- Australian wool exports fall in May
- NCWSBA Wall Chart for 2018/19 – available from 16th August
- NCWSBA AGM and Forum – Thursday, 22nd August 2019
- Upcoming industry events

In the last week of wool sales before the three-week July recess, prices continued their recovery and lifted solidly in the **Australian wool market.** Virtually all Micron Price Guides recorded strong lifts over the week, with the exception being for 32 micron wool. The **Eastern Market Indicator** (EMI) rose by 31 cents to 1,754 c/kg. The Northern Market Indicator saw the largest gain of 42 cents to 1780 c/kg, while the Southern Market Indicator rose by 24 cents to 1737 c/kg and the Western Market Indicator was 27 cents higher at 1894 c/kg. The lift in wool prices was aided by a small offering of just over 34,000 bales, 6,000 bales lower than for the same week in 2018. It also helped that the A$ fell against the US$, the Chinese Renminbi and the Euro. As a result, the EMI lifted by proportionately less in these currencies – up 9 UScents to 1,222 USc/kg, by 17 €cents to 1,085 €cents/kg and by 91 RMB to 8,394 RMB/kg. Auctions resume in the week beginning 5th August 2019.

Prices have been on a bit of a roller-coaster in recent months, albeit on a general downwards trend as prices pull back from the peak in the Supercycle. While all Merino wools have seen prices fall back in the past few months, the relatively larger declines have been seen for wool of 18.5 micron and finer. Prices for this wool are down by 14% to 17% since February. In contrast, medium Merino wool of 21 to 23 micron are down by 9%-12%. Prices for Crossbred wool of 26 micron to 30 micron have fallen by 3%-10%.

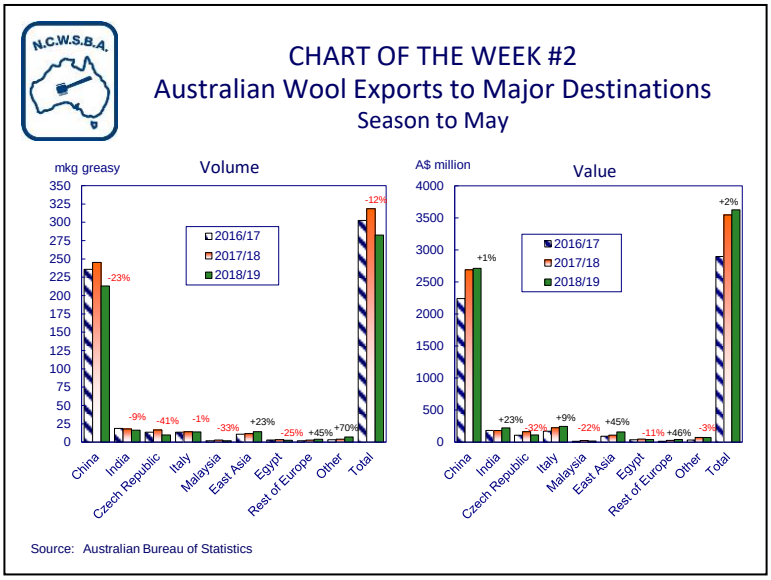
As a result of the different extent of the declines, the **price differentials between microns** have continued the trend seen since the start of the 2018/19 season. As the first **Chart of the Week** shows, the premium for superfine wool (18 micron and finer) over medium Merino wool has fallen sharply since April 2018 and is now well below the average for this decade. For 18 micron wool, the price premium over 21 micron wool is just 4%, compared with the 10 year average of 19%. The price premium for 16.5 micron wool over 21 micron wool is currently at less than 7% compared with the long term average of 35%. This sharp drop in the premium for superfine wool reflects the supply situation for superfine wool compared with medium Merino wool. For example, AWTA tests of 17.6-18.5 micron wool increased by 9% in 2018/19, while wool of 16.5 micron & finer increased by 65%. Wool tested between 20.6-21.5 micron fell by 41%, between 21.6-22.5 micron was 40% lower and between 22.6-23.5 micron was 27% lower.



For 23 micron wool, the price discount against 21 micron wool has fallen. There is virtually no difference currently between the price paid for 23 micron wool and the price for 21 micron wool, compared with the long term discount of 5%. In contrast, the price discount paid for 28 micron wool is similar to the long-term average, at 49% compared with a long-term discount of 47%. As can be seen in the second graph, this has been a significant change on the situation in October to December 2018.

The latest data on **Australia's wool exports** shows that exports fell sharply in May compared with a year earlier. By volume, exports were down by 23% and by value, Australia's wool exports were 18% down. All of the usual major export destinations recorded a decline in both volume and value for the month. Interestingly, there were exports to the United Arab Emirates in May, with the UAE the ninth biggest export destination for the month.

For the 2018/19 season to May, the volume of exports from Australia was down by 12%, in line with the decline in the volume of wool tested (as reported in last week's edition). As can be seen in the second **Chart of the Week**, export volumes to many countries were much lower than in 2017/18, although there has been increases in exports to East Asia, to other countries in Europe (mainly due to increased exports to Bulgaria) and to 'Other' countries.



The value of exports was 2% higher for the eleven months to May 2019 compared with the same period in 2017/18. By destination, there was a mix of ups and downs this season, as can be seen in the second graph.

The 2019 Wall Chart from the National Council of Wool Selling Brokers will be available from 16th August. Free to NCWSBA members, it is an A2 printed Wall Chart with graphs showing auction volumes and prices, market indicators, and Australian wool production and exports from 2018/19 and as far back as the 1979/80 season. ***Send me an email at chris.wilcox@ncwsba.org and tell me how many you would like for your office and the delivery address.*** The Wall Charts will also be available at the NCWSBA AGM on 22nd August.

The NCWSBA Annual General Meeting and Forum is on Thursday, 22nd August at the RACV Club in Melbourne. A highlight will be a presentation from Dr John Steinfort of Agvet Innovations Pty Ltd on the new Sheep Freeze Branding technique There will also be presentations by the three Finalists for the 2019 NCWSBA Wool Broker Award, as well as the presentation by Candice Cordy, the 2018 Winner on her experiences in Italy earlier this year attending the IWTO Congress.

OTHER INDUSTRY EVENTS

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.

THE AUSTRALIAN WOOL MARKET IS IN RECESS.

SALES RESUME IN THE WEEK BEGINNING 5TH AUGUST 2019.

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