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

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From the desk of Chris Wilcox, Executive Director

- Prices in the Australian wool market fall again
- Highlights from the IWTO Roundtable in Queenstown, NZ
- Volume tested by AWTA stabilises in November
- Upcoming industry events



It was a difficult week in the **Australian wool market** as weak demand pushed prices lower and pass-in rates lifted. The **Eastern Market Indicator (EMI)** dropped below 1500 c/kg for the first time since September, falling by 38 cents to 1492 c/kg. Prices for Merino wool fell the most, down by as much as 72 cents. Crossbred wool prices also fell, but by a little less. The Southern Market Indicator was down by 40 cents to 1471 c/kg, the Northern Market Indicator was 37 cents lower at 1524 c/kg while the Western Market Indicator fell by 36 cents to 1604 c/kg. The A$ was stronger against the three main currencies. As a result, the EMI fell by a little less in these currencies than in A$. It was 14 UScents lower at 1020 USc/kg, fell by 20 €cents to 921 €cents/kg and was down by 74 RMB to 7198 RMB/kg.

The **IWTO held its annual Roundtable meeting** in Queenstown, New Zealand on Monday and Tuesday this week. It was preceded by the meeting of the IWTO Executive Committee on Sunday morning and meetings of the four IWTO Working Groups on Sunday afternoon. I attended all three days, representing NCWSBA. A total of 76 people attended the Roundtable meeting, the first IWTO meeting held in New Zealand since 2000 when the IWTO Congress was held in Christchurch. Perhaps unsurprisingly, the difficulties facing the broad wool (or, as they call it in NZ, the strong wool) sector was the major topic of discussion over the two days, although there was also a number of presentations which had more relevance to the fine, Merino wool sector.

Certainly, **broad wool (32 micron and broader) is facing severe challenges**, with Colin MacKenzie of CP Wool saying that there has been a structural change in carpets, the key market for broad wool. This sector has been attacked by man-made fibre manufacturers with nylon and polypropylene taking over the market, pushing wool out of this traditional market for broad wool. This was likened by the NZ Minister for Agriculture to the challenge that butter faced 40-50 years ago from margarine. Then, margarine manufacturers promoted margarine as a healthy, easy-to-use alternative to butter, and the dairy industry took 30-40 years to respond. Similarly, broad wool hasn't responded to this challenge from the man-made fibres because there has been no funding available (at least in NZ, the largest exporter of this wool) for marketing. There was a general consensus that this marketing needs to resume. It appears that the NZ wool industry is finally working together to address this (encouraged strongly by the NZ Government) and there is talk about re-introducing a levy to fund this marketing. It seems to me that any marketing effort needs to be coordinated with the British Wool Marketing Board, under the already established Campaign for Wool. It also needs to be a long-term commitment because the benefits won't be seen overnight. I also think that these campaigns need to revolve around the health benefits of using wool in carpets, including the ability of wool to absorb Volatile Organic Compounds (such as formaldehyde, nitrogen oxide and sulphuric oxide) as well as to absorb odours.

There was a **Retail Session** on the first day, which covered the challenges and opportunities for wool clothing. A comment from one presenter, Hamish Acland for Mons Royale Merino, was that while sustainability was absolutely a major driver of business in his sector and wool provides an excellent story

to meet that demand, "…the vision for wool must be to solve the climate crisis, not just aim to sell more wool." Otherwise in his view, the Millennial consumer will see right through it and reject wool.

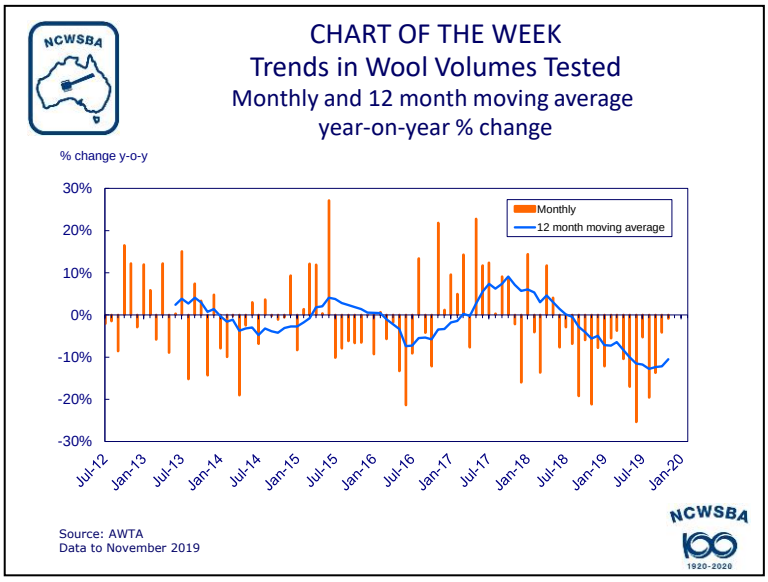
A highlight on the second day was the session on **Health and Wellbeing**. Angus Ireland of AWI updated the gathering on the work being done jointly by IWTO and AWI on the use of wool for eczema sufferers (notably children). I previously reported on this in the *Weekly Newsletter* following the IWTO Congress in Venice in April. Progress since then has seen a refinement of the wool quality required for the garments used for relief of eczema symptoms. Garments need to be 100% wool with a mean fibre diameter of 17.5 micron and finer, with a standard deviation of 4.1 micron or less. Single jersey knit fabric weighing 180 grams per square metre or less is needed. A global study is currently being undertaken to further strengthen the scientific evidence. In the meantime, there is an awareness campaign among eczema advocacy groups to promote the benefits of wool and counter negative impressions of wool among these groups.

A young New Zealander, Lucas Smith, entertained the audience with his journey to developing a wool wound bandage to replace the plastic plasters used for minor wounds, including blisters in hikers. His inspiration came when he was working as a guide for international travellers hiking the famous Milford Track. He noted the plastic plaster waste scattered along the Track left by hikers and combined that with the old NZ trick of using a wad of wool on blisters to provide relief. He has since developed the Wool+Aid product (see the photo) as a natural fibre replacement to these plastic plasters. It is early days, but I think it is a great idea. You can see further details at www.woolaid.com.



The last presentation in the session was by Rachel Friend who talked about a program run by The Neonatal Trust in New Zealand which provides knitted wool clothes, booties and other garments for significantly premature babies. The program also provides knitting tool kits for parents of these babies, which helps to relieve stress and worries.

On Monday, AWTA released data on the **volume of wool tested** in November. After the significant year-on-year declines in previous months, November saw a better result with a decline of just 0.9% year-on-year. While it is better than recent months, the smaller decline is compared with November 2018 when wool test volumes were down by 21%. Nevertheless, there is some hope that the intense decline in wool volumes tested will start to moderate. The **Chart of the Week** shows the month-by-month and 12 month moving average trends in wool test volumes.



INDUSTRY EVENTS

The **NCWBA Centenary Auction and Cocktail Reception** will be held in Melbourne on Thursday, 20th February 2020.

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

WOOL SALES WEEK BEGINNING 9th DEC 2019 – week 24 (roster as at 5/12/2019)

Sydney	
Wed, 11th Dec; Thurs, 12th Dec	10,792 bales
Melbourne	
Tues, 10th; Wed, 11th Dec; Thurs, 12th Dec	27,734 bales
Fremantle	
Wed, 11th Dec; Thurs, 12th Dec	9,925 bales

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