The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

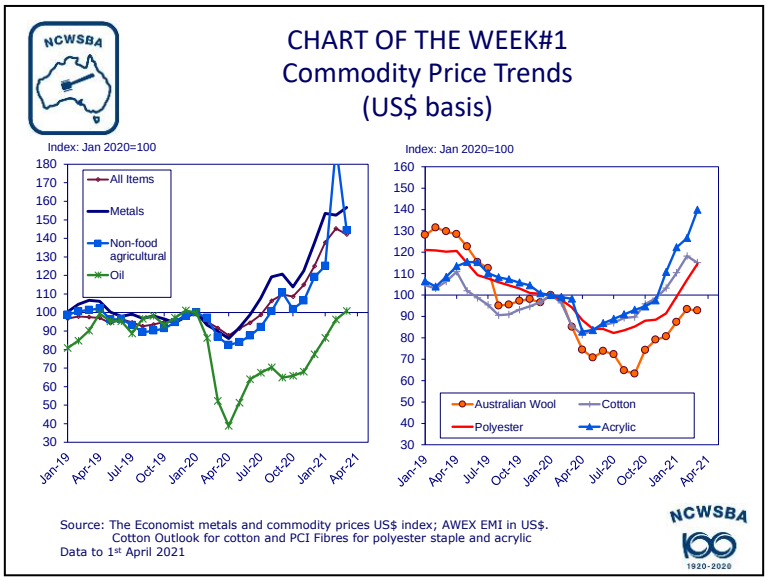


- Australian wool prices rise before Easter recess
- Commodity prices continue to lift, wool lags
- AWTA wool test data leaps 25% in March
- AWEX rejects NCWSBA request for an extension for the NWD Review
- Upcoming industry events

Wool prices rose in the **Australian wool market** this week in the lead-in to the one-week Easter recess**.** The **Eastern Market Indicator** (EMI) lifted by 15 cents to 1300 Ac/kg with prices for both Merino and Crossbred wool increasing on last week's levels in the eastern selling centres. The market was more subdued in the west, with prices for Merino wool finer than 18.5 microns falling over the week. The Southern Market Indicator recorded the greatest rise, up by 15 cents to 1256 c/kg, while the Northern Market Indicator lifted by 13 cents to 1369 c/kg. The Western Market Indicator was unchanged at 1346 c/kg. The A$ was relatively steady against the three major currencies, so the EMI rose in the three currencies to a similar extent as it did in A$: up 12 UScents to 989 USc/kg; up by 106 RMB to 6486 RMB/kg; and 18 €cents higher at 844 €cents/kg.

In the *Weekly Newsletter* edition of 22nd January 2021, I reported that an article in *The Economist* magazine asked if a new commodity **supercycle** is beginning. I thought it would be good to see how that claim is stacking up two months later.

The first **Chart of the Week** shows the trends in selected commodity and fibre prices since the start of 2019, indexed with January 2020 as the base. As can seen in the left hand chart, the case for a commodity supercycle remains, with yhr sharp rise in the prices for the major commodities continuing over the past three months, although the most recent data suggests a bit of a slow-down. [There seems to be an anomalous result in February 2021 for 'Non-food agricultural' products, possibly caused by a short-term squeeze].

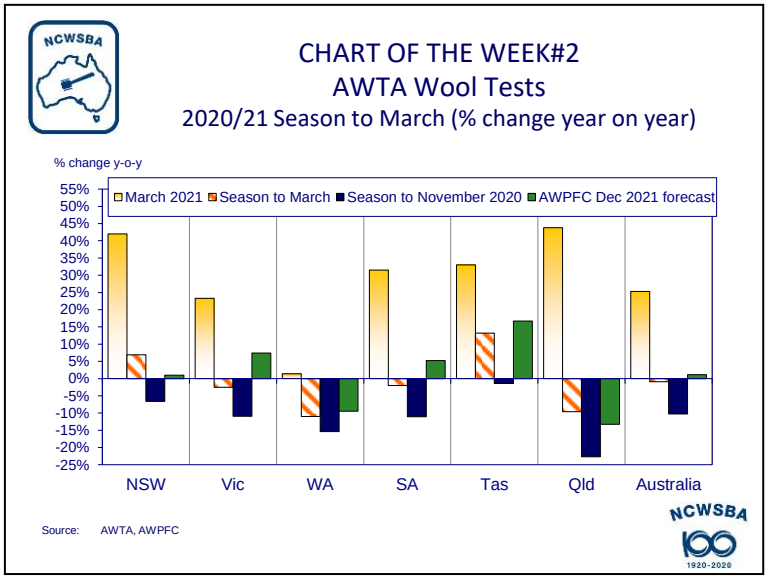


As the right-hand chart shows, prices for acrylic and polyester staple fibre have seen a very strong rising trend since the start of 2021. The rise in cotton prices has paused in recent weeks. The trend for wool prices continues to lag the rise for commodities and other fibres. Wool prices overall remain below the March 2020 levels.

AWTA earlier this week released the data on **wool tested** in March. It shows that the weight of wool tested in March surged by 25.1% compared with March 2020. This remarkable year-on-year increases

comes after a 16% jump in February. As a result, the year-on-year change for the first three quarters of 2020/21 was a small decline of 0.9%. This small year-on-year decline compares with the Australian Wool Production Forecasting Committee's December 2020 forecast of a 1.1% increase for the full 2020/21 season. The Committee thought that the volume of wool tested in the second half of the season would be much higher than for the January to June 2020 period due to a combination of much better seasonal conditions throughout the eastern half of Australia and a reversal of the build-up in on-farm stocks seen in 2020. The Committee's prediction is being realised. When the Committee met in December, the volume of wool tested in the July to November period was 9.1% below the same period in 2019/20.

The second **Chart of the Week** shows the % change year-on-year in wool tested in March 2021 and for the season to end March for Australia and by state, compared with the AWPFC's December 2020 forecast and the % change in wool tested for the season to November. As can be seen, the Committee's December forecast anticipated a smaller increase for New South Wales than has actually been recorded so far. The forecast increases for Victoria, South Australia and Tasmania are larger than for the year to date, while the year-to-date % changes are coming in to line with forecast declines for Western Australia and Queensland. The AWPFC meets on 28th April 2021 to review its forecast for 2020/21 and also consider its first forecast for 2021/22.



AWEX announced a **review of the National Wool Declaration** on 12th March, calling for submissions by 24th March. The major issue for consideration in this review is the question of wool sourced from sheep that have been freeze-branded. After unofficial and very preliminary results from the University of Melbourne animal welfare study of the use of freeze branding were reported by Sheep Central on 15th March and a follow-up article on 24th March, AWEX announced an extension of the deadline for submissions to 6th April after NCWSBA approached AWEX. The NCWSBA Board discussed the issue on 24th March and requested that AWEX further extend the deadline until after the final, peer-reviewed results from the animal welfare study were available, which we understand will be at the end of May. The NCWSBA Board thinks that stakeholders cannot make an informed submission without those results. AWEX responded to NCWSBA last night, rejecting the request and maintaining a deadline of 6th April 2021. I do not understand AWEX's intransigence on such an important issue, nor do I understand the haste to make a decision.

REMINDER: Early bird registrations for the International Wool Textile Organisation's 2021 Congress which will be held as on-line digital event between 17th and 21st May close on 12th April. Click here to register.

INDUSTRY EVENTS

Launch of the **Sheep Sustainability Framework** from WoolProducers Australia and SheepProducers Australia in April 2021. More information here.

The state and national committees of the **Australian Wool Production Forecasting Committee** will meet in mid-April 2021.

THE AUSTRALIAN WOOL MARKET IS IN RECESS FOR ONE WEEK FOR EASTER.

SALES RESUME IN THE WEEK BEGINNING 12th APRIL 2021.

HAPPY EASTER!

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