



# The National Council of Wool Selling Brokers of Australia Inc

## NEWSLETTER

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### From the desk of Chris Wilcox, Executive Director

- Prices continue to rise in the Australian wool market
- AWTA test results
- AWEX Mulesing status data
- Rainfall in April and seasonal outlook
- NCWSBA Wool Broker Award 2016
- Upcoming events

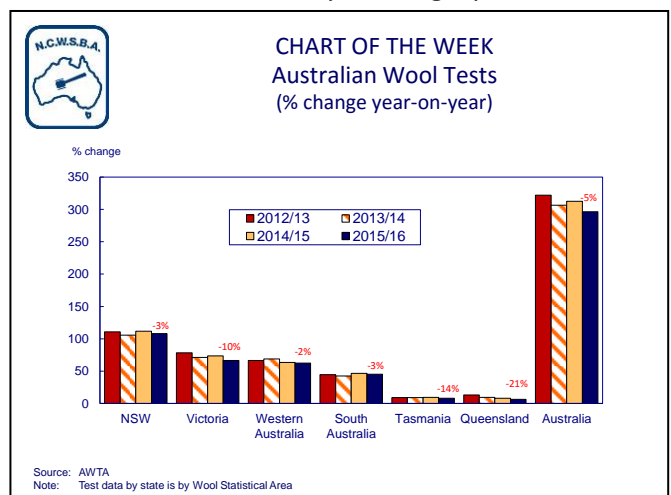


Prices in the **Australian wool market** continued to lift this week, helped by a combination of another dip in the A\$ and a lower-than-expected level of offerings. The **Eastern Market Indicator** (EMI) increased by 27 cents and finished at 1268 Ac/kg. The most significant increases were seen for Merino wool, with increases of between 28 and 41 cents. Crossbred prices also rose for the week, by up to 18 cents, while the Merino Cardings indicator lifted by 18 cents. By region, the Northern Market Indicator finished the week at 1297 Ac/kg (up by 35 cents), the Southern Market Indicator at 1250 Ac/kg (up 22 cents) and the Western Market Indicator at 1361 Ac/kg (up 36 cents).

The surprise decision by the Reserve Bank of Australia to cut official interest rates by 0.25% to a record low of 1.75% saw the A\$ fall against the currencies of all the major wool export destinations. The **A\$ fell** by 1.15 UScents to 75 UScents and by 1.91 €cents to 65.27 €cents, as well as by 0.72 Rupee and 0.07 Renminbi. This helped demand at auction this week, which boosted prices. As well, the actual auction offerings of 35,914 bales for the week was a bit over 2,000 bales less than the roster at the start of the week. The low auction offerings continue next week, with 35,742 bales, well below the 43,700 bales offered in the same week last season.

AWTA released the **wool test statistics** for April earlier in the week. The data showed that the total weight of wool tested was just 1.8% below the levels of April last year. This is a smaller year-on-year decline than I (and others) anticipated. Last year, the weight of wool tested in April was 12% higher than in April 2014. There was some thought that volumes this April would pull back, so the small decline in April this year is a little surprising. At this time of year, Easter can play havoc with a year-on-year comparisons, but the data for the March-April period this year was only 4% below last year which were in turn 12% higher than a year earlier. This suggests that volumes are certainly holding up better than expected.

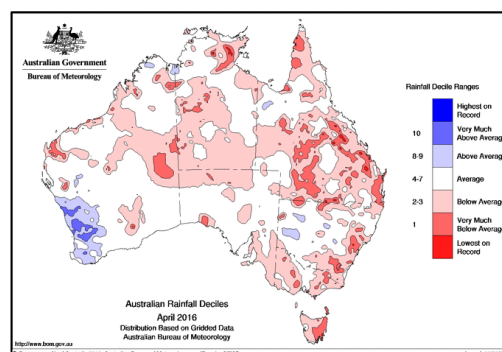
As a result of the April results, the weight of wool tested by AWTA for the ten months July to April was only 5% lower than for the same period in 2014/15. This compares with the forecast of a 7% decline in production for the full 2015/16 season from the Australian Wool Production Forecasting Committee (AWPFC). The **Chart of the Week** shows the weight of wool tested for Australia and for each state, based on Wool Statistical Area. Wool tested volumes in New South Wales (NSW) have held up better than anticipated and are only 3% below year-earlier levels. As the chart shows, the total weight of



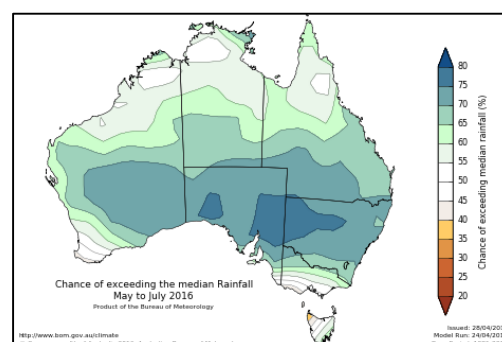
wool tested from NSW this season to April is above the levels for the same period in 2013/14. South Australia is another state that has seen good volumes of wool being tested in the first 10 months of the season. While 3% below year earlier levels, volumes are above seasons prior to 2014/15. In contrast, the weight of wool tested from Victoria is 10% below year earlier levels, in line with the full season forecast from the AWPFC and well below previous seasons. Queensland and Tasmania have also recorded multi-season lows in the weight of wool tested in the first 10 months.

AWEX released the latest data on **mulesing status** from the **National Wool Declaration (NWD)** for the season to April. The data shows a continued increase in the proportion of wool with an NWD, with 54.1% of all wool offered having an NWD. This is the highest on record. As well, 33.8% of all wool offered for the ten months to April was declared as Pain Relief, Non-Mulesed or Ceased Mulesed, which is also the highest ever recorded.

As you would know, **autumn** is a critical time of the year for the southern half of Australia, as it brings the season break after the summer dry. Unfortunately, it has been a dry start to autumn across the south-east of Australia, as the first map shows. Major sheep growing and wool producing regions (such as the Western District of Victoria, the south-east of South Australia and Tasmania) which have been dry for the past year, continued to see **below average rainfall in April**. So, too, did significant parts of southern New South Wales, notably around Yass-Goulburn, which is one of the biggest wool producing regions in Australia. The better news is that the first week of May has seen quite good rainfall throughout these dry regions, particularly in Tasmania where some locations recorded well over 100mm for the week. In contrast to the dry April in eastern Australia, the main sheep-producing regions in Western Australia have seen excellent rainfall in April, which apparently has really set the season up very well.



The **outlook for rainfall for the next three months** (May to June) is rather mixed, according to the Bureau of Meteorology. As the second map shows, the Bureau gives a 65% to 80% chance of rainfall exceeding median levels in the next three months throughout New South Wales, most of South Australia, the southern half of Queensland and significant parts of Western Australia. However, for the south-east corner of South Australia, much of Victoria and all of Tasmania, the Bureau rates it only a 50:50 proposition.



**REMINDER:** Applications for the **NCWSBA Broker Award for 2016 are being sought!** Sponsored by Fairfax Agricultural Media and AWTA, the Award recognises excellence in wool broking by a younger member of our industry – be it client servicing, auctioneering, innovation or other aspects of wool broking. This is the fifth year that the Award has been offered. The Award winner this year will be granted an **all-expenses trip to Istanbul, Turkey, to attend 2017 IWTO Congress in May 2017.** Arrangements will also be made for the Award winner to visit the wool textile industry in Turkey.

#### OTHER INDUSTRY EVENTS

The **2016 AWIS Wool Week** will be held at the Crowne Plaza in Melbourne on 25<sup>th</sup> & 26<sup>th</sup> August. The NCWSBA AGM will be held on Thursday, 25<sup>th</sup> August 2016.

The **Nanjing Wool Market Conference** will be held in Wuxi on 23<sup>rd</sup>-27<sup>th</sup> September. Click [here](#) for details.

The **IWTO Wool Roundtable** will be held in Biella, Italy on 28<sup>th</sup>-29<sup>th</sup> November.

#### WOOL SALES WEEK BEGINNING 9<sup>th</sup> MAY 2016 – week 46 (roster as at 5/5/2016)

<u>Sydney</u>	Wed, 11 <sup>th</sup> May; Thurs, 12 <sup>th</sup> May	9,558 bales
<u>Melbourne</u>	Wed, 11 <sup>th</sup> May; Thurs, 12 <sup>th</sup> May	20,320 bales
<u>Fremantle</u>	Wed, 11 <sup>th</sup> May; Thurs, 12 <sup>th</sup> May	5,864 bales

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