



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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7th October 2016

2016/38

From the desk of Chris Wilcox, Executive Director

- Holding pattern for wool market continues
- AWTA test volumes fall in September
- Number of bales with Pain Relief and Non Mulesing increases
- China-Australia Joint Working Group meeting and mill technician training
- Upcoming events



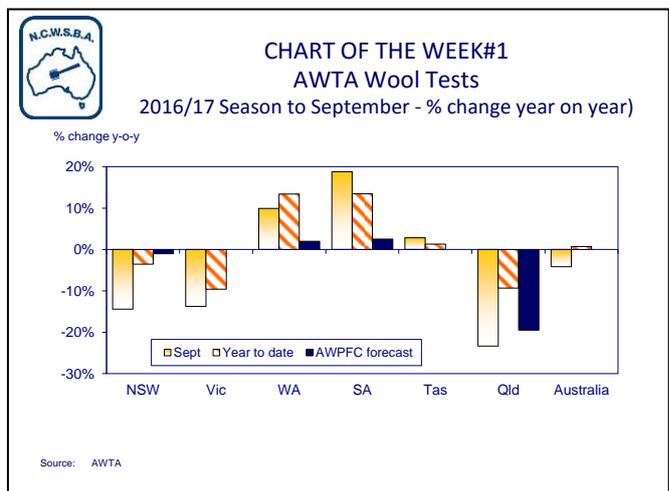
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The **Australian wool market** recorded a moderate rise this week, mainly for fine and superfine Merino wool. The **Eastern Market Indicator** lifted by 10 cents to 1300 c/kg clean, but this continued the sideways pattern seen for some months. The increase in the EMI was helped by prices in Melbourne catching up to the higher prices recorded in other centres on the previous Thursday when there were no sales held in Melbourne. As well, demand for finer Merino wool (19.5 microns and finer) remained solid, while buyer interest in medium and broader Merino wool was lacklustre. As a result, the Southern Market Indicator lifted the most, up 11 cents to 1274 c/kg clean. The Northern Market Indicator also rose, by 8 cents, to 1341 c/kg. With a large offering of medium Merino wool in Fremantle, the Western Market Indicator fell by 15 cents to 1348 c/kg.

There were 36,849 bales offered across the three selling centres, with both Sydney and Melbourne seeing smaller offerings than the indicative roster from four weeks ago. In contrast, the Fremantle sale had higher offerings than initially rostered, particularly of medium Merino wool. One factor in favour of sellers this week was a fall in the A\$ against the US\$ and the Euro. The A\$ was 1 UScent lower and 0.6 €cents lower. The EMI fell by 5 UScents to 988 USc/kg and by 1 €cent to 882 €cents/kg.

Given the smaller offerings this week in Sydney and Melbourne it is interesting to see that the number of bales **tested by AWTA** in September was down by 5.1%. In terms of the weight of wool tested, this was 4.2% lower than in September 2015. AWTA reports that there were large declines in New South Wales (-14.4%), Victoria (-13.8%) and Queensland (-23.3%) during the month. This was partly offset by year-on-year increases in September for South Australia (+18.8%), Western Australia (+9.9%) and Tasmania (+2.8%). The first **Chart of the Week** shows the change in the volumes tested in September and for the first three months for each state and compares those with the forecast change for the full season by the Australian Wool Production Forecasting Committee (AWPFC).

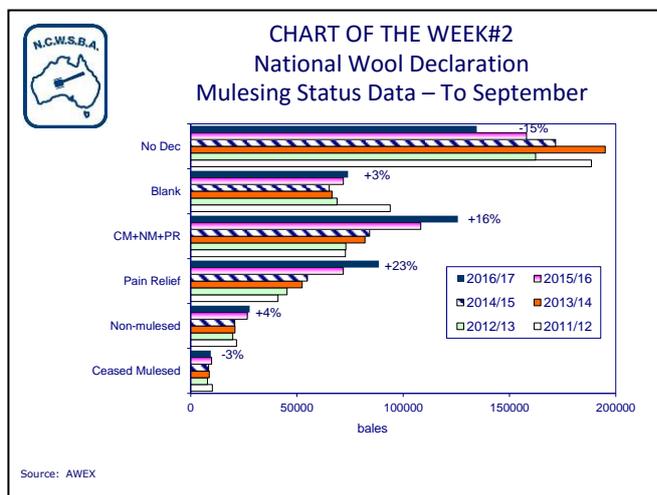
For the first three months of the 2016/17 season, the total weight of wool tested by AWTA was 0.7% higher than for the same period in 2015/16. For the first quarter, the weight of wool tested in New South Wales, Victoria and Queensland were below the levels for the same quarter in 2015/16,



by 3.6%, 9.6% and 9.3% respectively. This was offset by higher volumes tested in Western Australia (+13.4%), South Australia (+13.4%) and Tasmania (+1.3%). At this early stage of the season the AWPFC's forecast is tracking reasonably, although the next few months will be key to understanding the likely result for the full season. The AWPFC meets in December to review its forecast for 2016/17.

The wool test statistics also suggest that there is a shift away from superfine wool (18.5 microns and finer) towards medium Merino wool (20-23 microns). In the first quarter, the weight of superfine wool tested was down by 3.8% while the weight of medium Merino wool tested was up by 7.8%. This reverses the trends seen in recent years and could continue given the improved seasonal conditions.

AWEX earlier this week released the statistics from the **National Wool Declaration (NWD) on the mulesing status** of wool offered in September. The data for the first three months of the 2016/17 season shows a significant 23% increase in the number of bales wool declared as Pain Relief (PR), as well as a 4% increase in the number of bales declared as Non-Mulesed. At the same time there was a 15% drop in the number of bales without an NWD compared with the same period in the 2015/16 season. The second **Chart of the Week** shows the number of bales of each status in the July-September period for the past six seasons.



In the first quarter of this season, 37.6% of all the wool offered at auction had a PR, NM or Ceased Mulesing (CM) declaration. This is the highest ever proportion. Furthermore, the proportion of wool offered that had a declaration (including a blank or M declaration) was at a record 59.7%.

There was a meeting of the **China-Australia Joint Working Group on Wool** held in Wuxi on 23rd September, the day before the Nanjing Wool Market Conference. The main topic for discussion was a redrafting of the standard Terms and Conditions for trading in wool between the two countries. Much of the rewording dealt with revised systems of arbitration. During the meeting, there was also some discussion about the allocations of the duty free wool quota within China under the China-Australia Free Trade Agreement, as well as progress on the registration of Australian wool exporting companies by AQSIQ (the Chinese Government's inspection and quarantine bureau).

An Australian delegation participated in a **training course for Chinese mill technicians** on 27th September in Wuxi. The course was conducted under the auspices of the China-Australia Joint Working Group. I presented on the role of the wool broker in Australia. Matthew Thomas, the winner of the 2015 NCWSBA Wool Broker Award, conducted a mock wool auction to demonstrate how wool auctions operate in Australia. It was followed enthusiastically by the 40 or technicians.

INDUSTRY EVENTS

The **AWTA Annual General Meeting** will be held in Melbourne on Friday, 14th October.

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

The **IWTO 2017 Congress** will be held in May 2017. I will keep you posted about the location once it has been advised by the IWTO Head Office.

WOOL SALES WEEK BEGINNING 10th OCT 2016 – week 15 (roster as at 6/10/2016)

<u>Sydney</u>	Wed, 12 th Oct; Thurs, 13 th Oct	7,958 bales
<u>Melbourne</u>	Tues, 11 th Oct; Wed, 12 th Oct, Wed, 13 th Oct	16,567 bales
<u>Fremantle</u>	Wed, 12 th Oct; Thurs, 13 th Oct	8,566 bales

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