



8<sup>th</sup> January 2016

2016/01

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

- 2016 starts with a drop in the A\$ against the US\$
- Rain comes to Queensland - finally
- AWTA Wool test statistics for December
- National Wool Declaration data for first half of 2015/16
- IWTO Market Information 2015 report – now available
- Upcoming events

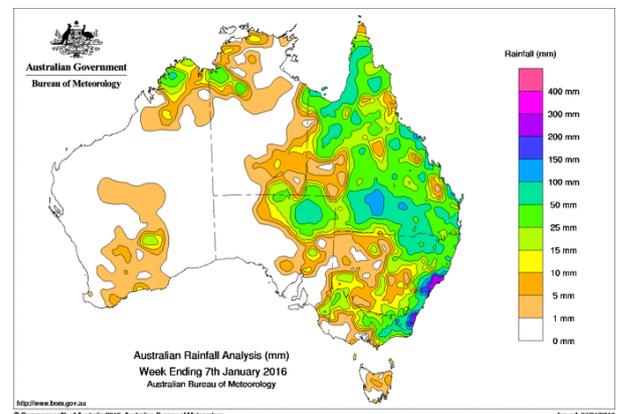
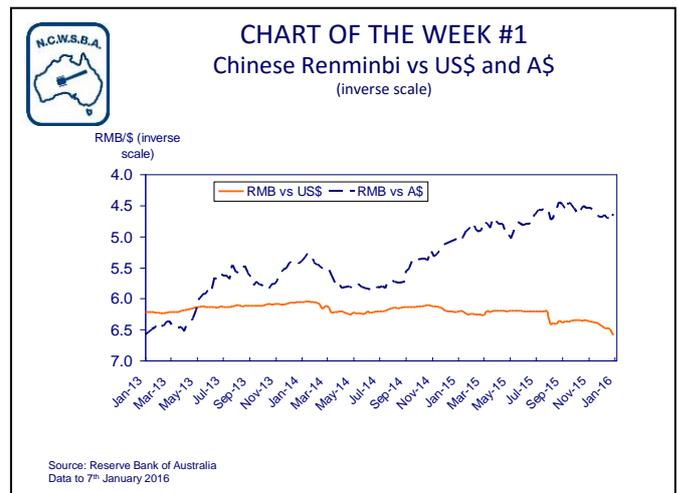


2016 has started with a decline in share markets around the world (notably in Asia) triggered by negative news out of China, a devaluation of the Chinese currency against the US\$ and a subsequent drop in the **A\$ against the US\$**. Wool auctions will resume next week after a three week recess with the A\$ now trading at 70.4 UScents, according to the Reserve Bank of Australia (this is the mid-point between buying and selling). This is almost 1 UScent (or 1.3%) below the level prior to the Christmas recess and is the lowest since the start of October. At the same time, the Renminbi has fallen by 1.5% against the US\$ this week and is now trading at 6.593 RMB/US\$. This is the weakest level for the Renminbi since January 2011.

The first **Chart of the Week** shows the trends in the Renminbi against the US\$ and the A\$ over the past three years. The decline in the Renminbi against the US\$ can be seen. But, given the fall in the A\$ against the US\$ over the same period, the Chinese currency has lifted against the A\$. The recent devaluations of both currencies has meant that the Renminbi has actually strengthened a little against the A\$ in recent weeks (note that the higher the number the weaker the Chinese currency against the US\$ or the A\$).

The very end of 2015 and the first week of 2016 has also brought tremendous **relieving rain to the parched woolgrowing areas of Queensland**. As the map shows, there were major monsoon rainfalls across most of Queensland and northern New South Wales in the first week of January. This followed a good dose of rain between Christmas and the New Year. For many areas in Queensland, this is the best rains they have seen in at least 3 or even 4 years. The east coast of New South Wales also copped a drenching, with some of that rain extending to the south-east of NSW and the north-east of Victoria. Elsewhere remains dry to very dry, notably in Tasmania, the Western District of Victoria and the south-east of South Australia.

AWTA released the **wool test statistics** for December earlier in the week. The weight of wool tested in December was virtually unchanged from the level in December 2014. This better result comes after

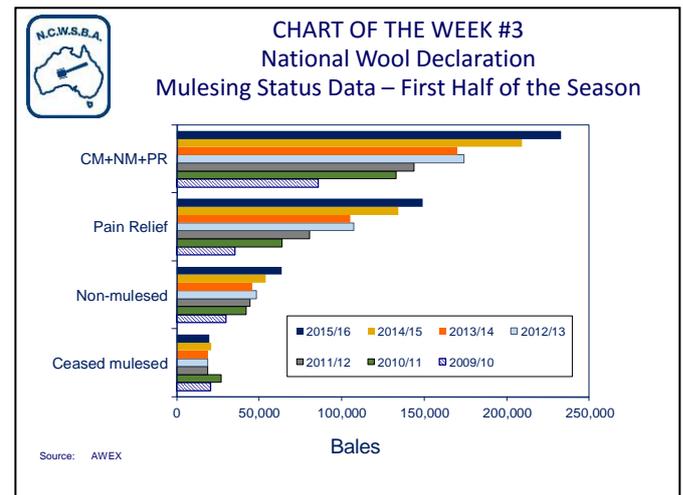
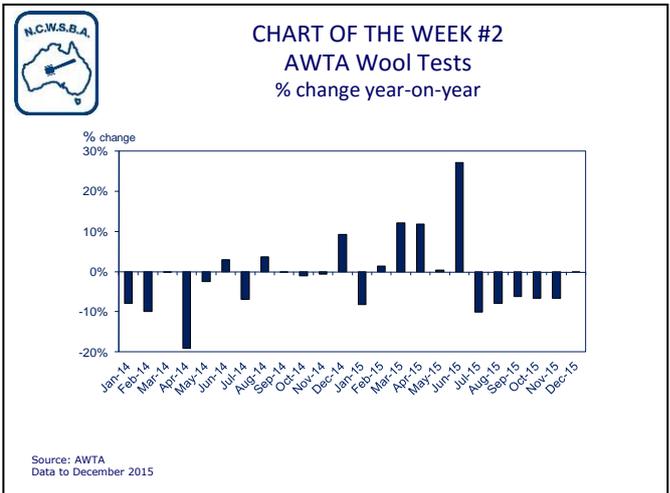


monthly declines in each of the first five months of the 2015/16. The second **Chart of the Week** shows the year-on-year % change for the past two calendar years. The flat year-on-year result in December for Australia was due to an 11.3% jump in wool tested in New South Wales (the largest producing state), helped by a 1.3% increase for Western Australia and a 12.3% increase in Tasmania. Partly offsetting these was a 9.6% drop for Victoria, a decline of 13% for South Australia and a more modest fall of 5.1% for Queensland.

As a result of the unchanged level year on year in December, the weight of wool tested across Australia was down by 6.1% in the first half of 2015/16. The changes in the first half of the season by state were: NSW (-5.1%); Victoria (-10.3%); WA (-1.6%); SA (-4.5%); Tasmania (-11.5%); and Queensland (-19.8%). [Note: this is the change in weight of wool tested by Wool Statistical Area]. By micron category, the largest year-on-year decline in the first six months of 2015/16 was in the 21 to 24 micron category, which was down by 15.5%. The 19 to 20 micron category was down by the least at -2.6% while the weight of superfine wool (18.5 microns and finer) tested was down by 3.1%. Broad wool (29 micron and greater) recorded a 6.2% fall and crossbred wool saw a decline of 4.2%.

AWEX this week also released the December data from the National Wool Declaration on the volumes of wool offered at auction by **mulesing status declaration**. The data shows that the strong increase in wool declared with Ceased Mulesed (CM), Non-Mulesed (NM) or Pain Relief (PR) this season continued in December. In total, wool declared with CM, NM or PR increased by 59% in December, mainly due to a 66% increase in NM wool. The third **Chart of the Week** shows the changes in volumes declared with the different status in the first half of the season over the past eight years.

The 2015 edition of the **International Wool Textile Organisation's Market Information** report was released just before Christmas. The 139 page report has 52 tables of detailed statistics on the world wool industry covering everything from sheep numbers and wool production to prices for wool in a number of countries (including Australia, New Zealand, South Africa, South America and China) to prices for competing fibres to trade in raw wool, semi-processed wool and finished wool products and to retail sales. It also includes an overview of the wool market in 2015 and an outlook for 2016, as well as around 30 charts. It is the definitive source of statistics on the global wool industry. **Please contact me about how you can obtain a copy.**



#### INDUSTRY EVENTS

The **2016 IWTO Congress** will be held in Sydney on 4<sup>th</sup> to 6<sup>th</sup> April 2016. Register at <http://www.iwto.org/events/upcoming-events/45/>

#### WOOL SALES WEEK BEGINNING 11<sup>th</sup> JANUARY 2016 – week 29 (roster as at 4/1/2016)

<u>Sydney</u>	Wed, 13 <sup>th</sup> Jan; Thurs, 14 <sup>th</sup> Jan	11,358 bales
<u>Melbourne</u>	Tues, 12 <sup>th</sup> Jan; Wed, 13 <sup>th</sup> Jan; Thurs, 14 <sup>th</sup> Jan	30,101 bales
<u>Fremantle</u>	Wed, 13 <sup>th</sup> Jan; Thurs, 14 <sup>th</sup> Jan	11,801 bales

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