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 market finishes 2016 on a solid note
- Australian wool prices in the first half of the 2016/17 season
- New forecast of Australian wool production for 2016/17
- Upcoming events

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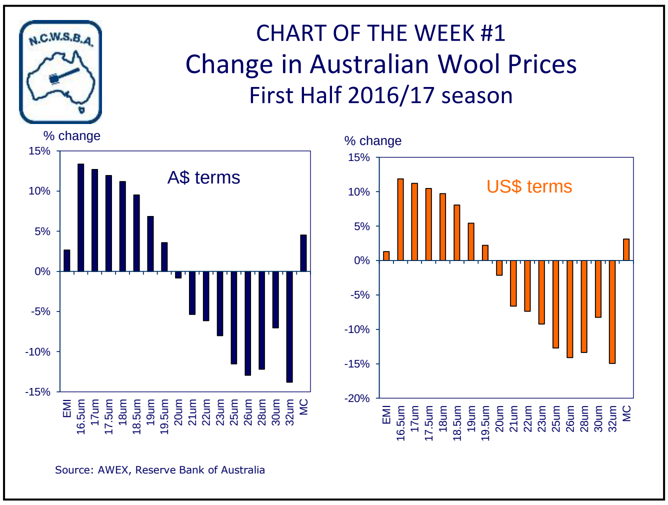
The **Australian wool market** finished 2016 on a strong note with the **Eastern Market Indicator** lifting to 1355 Ac/kg. According to AWEX, it is the highest ever calendar year closing price, exceeding by 100 cents the previous high set last year. All Merino wools (23 micron and finer) recorded solid lifts in prices this week, with gains of between 5 cents and 15 cents. This is a very good result given that it was a large offering. In contrast, the largest offering of Crossbred wools in two years saw prices come under pressure. 26 to 28 micron Crossbred wool prices fell by 15-20 cents, but broad Crossbred prices were firm. By region, the Northern Market Indicator lifted by 9 cents to 1412 c/kg, the Southern Market Indicator rose 4 cents to 1318 c/kg and the Western Market Indicator finished at 1421 c/kg, up by 10 cents.

The A$ fell by 0.8UScents to 74.22 USc, but lifted by 1€cent to 70.62€cents. As a result, the EMI fell by 6 UScents to 1006 USc/kg but increased by 18 €cents to 957 €cents/kg.

Looking back over the **first half of the 2016/17 season**, the EMI has risen by 35 Ac/kg compared with the opening level of 1320 Ac/kg. Prices for Merino wools of 19.5 microns and finer increased in the first half of the season, with the best increase seen for the 16.5 micron price guide which was up by 211 cents, and the 17 micron price guide which was up by 200 cents. Other prices were between 100 and 190 cents higher. Medium and broad Merino wool prices declined by as much as 117 cents (for 23 micron wool), while fine Crossbred wool prices also fell by over 100 cents.

It is a very similar story when prices are looked at in US$ terms (the right hand graph). With the A$ falling by 1 UScent against the US$, the % increases are a little smaller and the % declines are greater than for the A$ prices.

The first **Chart of the Week** shows % change in the prices for the EMI and each micron category in the first half of the season in both A$ and US$.

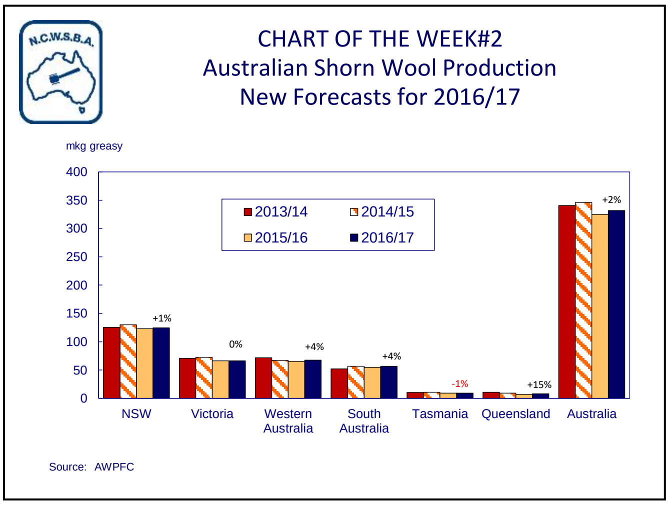


The **Australian Wool Production Forecasting Committee** met on Wednesday this week and reviewed its forecast for **Australian shorn wool production** in 2016/17, as well as confirming its final estimate for 2015/16. This followed state committee meetings which were held in the first week of December. The updated forecast was released earlier today.

The Committee's new forecast for 2016/17 is for Australian shorn wool production to increase by 2% this season to 332 mkg greasy. This compares with the Committee's forecast in August of 325 mkg in 2016/17. The predicted increase this season is from the Committee's final estimate for 2015/16 of 325 mkg greasy.

The Committee increased production from the forecast it made in August because of excellent seasonal conditions in all states. This is reflected in the AWTA tests to the end of November for most states, although Victoria and Tasmania is yet to see the increase. Most of the state committees commented that there is an abundance of feed and plenty of stock water, which suggests that the average wool cuts per head in autumn will be higher than last season.

The second **Chart of the Week** shows the new forecast of shorn wool production for each state and for Australia, and compares this with previous seasons.



As can be seen, the Committee expects wool production to increase in most states this season, led by a 3.7% increase in **Western Australia** and **South Australia** to 67.6 mkg and 56.8 mkg respectively. Shorn wool production in South Australia has increased every year since the low point of 47 mkg in 2009/10.

After the large drop in shorn wool production in **Queensland** in the past decade (where production has fallen from 20.6 mkg in 2006/07 to 6.9 mkg in 2015/16), production is forecast to increase by 15% in 2016/17, reportedly boosted by sheep coming back into the state from being agisted in New South Wales. Even so, Queensland will remain the smallest state with just 8mkg production. Shorn wool production in **New South Wales**, the largest producing state, is predicted to increase by 1.3% to 124.5 mkg. Shor n wool production in **Victoria** is expected to be flat in 2016/17, although this is a recovery from the 6.8% decline in the weight of wool tested in the first five months of the season. **Tasmania** is the only state where wool production is predicted to decline in 2016/17, albeit by a small 0.9% to 9mkg.

I have attached the media release on the latest wool production forecast with the *Newsletter* email for your information.

THIS IS THE LAST *NCWSBA WEEKLY NEWSLETTER* FOR 2016. I WILL BE AWAY OVERSEAS UNTIL 17TH JANUARY AND THE NEWSLETTER WILL RESUME ON FRIDAY, 20TH JANUARY 2017.

On behalf of the Board of the National Council of Wool Selling Brokers of Australia, I wish you all an enjoyable and restful Christmas and a successful and prosperous 2017.

INDUSTRY EVENTS

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

THE AUSTRALIAN WOOL AUCTION MARKET IS IN RECESS FOR THREE WEEKS AND WILL RESUME IN THE WEEK BEGINNING 11TH JANUARY 2016

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