



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- **NCWSBA 2016 Broker Award – Applications Close on 1st July**
- Brexit causes currency and financial market volatility
- Australian wool prices lift
- New forecasts from ABARES
- NCWSBA Annual General Meeting and Forum – 25th August
- AWI Working Group on the proposed Wool Exchange Portal
- Upcoming events



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REMINDER: Applications for the **NCWSBA Broker Award for 2016 close on 1st July!** 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.

It was a very good week on the **Australian wool market** this week considering the sharp jump in the A\$ against the US\$ up until last night. The A\$ has been caught up in the global volatility surrounding the **UK referendum on whether the UK should stay in or leave the EU (Brexit)**. At the close of Thursday, the A\$ was sitting at 75.3 UScents (according to the Reserve Bank of Australia) an increase of more than 1 UScent for the week. The rise was driven by an expectation that the UK would remain in the European Union after Thursday's referendum. The A\$ increased by even more on international markets over night Thursday and this morning (Friday) was sitting at more than 76 UScents. Then, this afternoon as the "Leave" vote appeared to have won the referendum, the A\$ slumped to be at 73.5 UScents as at 3pm.

In spite of the sharp jump in the A\$ against the US\$ during the wool selling week, the **Eastern Market Indicator** lifted this week by 6 cents to 1285 cents/kg. According to AWEX, this week's auction offering was the smallest national offering in four years. No doubt, this low level of supply helped support prices. The most significant increases were seen for Merino wool between 20 and 23 micron, which rose by between 15 and 25 cents. Prices for finer Merino wool was more mixed. As for last week, prices for broader Crossbred wool and for Merino cardings fell. The Northern Market Indicator lifted by 3 cents to 1303 Ac/kg and the Southern Market Indicator rose by 6 cents to 1272 Ac/kg. There were no sales in Fremantle this week. With the strong rise in the A\$ against the US\$, the EMI leapt by 20 UScents to 966 USc/kg, according to AWEX. The A\$ also lifted by a little under 1 €cents to 66.4 €cents and the EMI rose by 15€cents to 853 €cents/kg.

ABARES, the Australian Government's agricultural commodity forecaster, released its **updated forecasts** earlier this week. It contains some surprises, notably that it expects sheep numbers at 30th June 2016 to be higher than a year ago and it still expects wool production to increase in 2016/17. ABARES June forecasts for wool and for sheep are shown in the table on the next page, and compared with the estimates for 2015/16 and ABARES March 2016 forecasts.

As the table shows, ABARES predicts that **sheep numbers** will increase from 70.9 million head at the start of the 2015/16 season to 71.3 million head at the start of the 2016/17 season. Previously ABARES had

predicted that sheep numbers would fall. The latest forecasts from Meat and Livestock Australia (in April) is that sheep numbers at the start of 2016/17 would be 70 million head.

	2015/16e	2016/17f	
		March 2016	June 2016
Sheep numbers as at 1 st July (million)	70.9	70.1	71.3
Sheep shorn (million)	72.7	73.9	73.4
Shorn wool production (mkg greasy)	322	332	327
Eastern Market Indicator (c/kg)	1250	1300	1300
Lamb saleyard price (c/kg)	525	600	550
Sheep saleyard price (c/kg)	310	385	325
Australian wool exports (mkg)	430	443	437
Australian wool exports (A\$ million)	3,390	3,582	3,581

ABARES also predicts that **shorn wool production** in Australia will increase from 322 mkg greasy in 2015/16 to 327 mkg greasy in 2016/17. This compares with the Australian Wool Production Forecasting Committee's first forecast in March for 2016/17 of 320 mkg greasy, slightly lower than in 2015/16.

In terms of prices, ABARES predicts that the **Eastern Market Indicator** will average 1300 c/kg clean in 2016/17, an increase from the average of 1250 c/kg in 2015/16. This is the same 2016/17 season average as ABARES predicted in March.

The NCWSBA's **Annual General Meeting and Forum** will be held on **Thursday, 25th August**. The program will feature a presentation by Dr Charles Mine, the Chief Veterinary Officer for Victoria, on the risks of an outbreak of an Emergency Animal Disease, such as Foot and Mouth Disease (FMD), what would happen if there was an outbreak and his own personal experiences of an FMD outbreak in the United Kingdom. As well as this presentation, the Board has asked me to give a presentation on the situation and outlook for the wool industry. The AGM and Forum will also have a focus on the NCWSBA Wool Broker Award. There will be a presentation by the winner of NCWSBA 2015 Broker Award, Matt Thomas, on his experiences at the IWTO Congress earlier this year. There will also be presentations by the short-listed candidates for the 2016 Wool Broker Award in support of their applications. The winner of the Award will be announced at the Wool Week dinner on the evening of Thursday, 25th August. Registrations are now open for the Wool Week event. I have included the registration pack with the email for this week's *Weekly Newsletter*.

ABC Rural aired an interview on Tuesday evening with Stuart McCullough, CEO of Australian Wool Innovation, about the **Working Group** that AWI has set up to look at the **Wool Exchange Portal**. According to the interview there would be up to 15 people on the Working Group, including 5 woolgrowers, 3 exporters and brokers. Stuart McCullough said that the Working Group will hold its first meeting in July and report back to the AWI Board at the end of October. You can hear the report by clicking [here](#).

INDUSTRY EVENTS

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

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

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

WOOL SALES WEEK BEGINNING 27th JUNE 2016 – week 53 (roster as at 23/6/2016)

Sydney

Wed, 29th June; Thurs, 30th June 9,623 bales

Melbourne

Wed, 29th June; Thurs, 30th June 16,290 bales

Fremantle

Wed, 29th June; Thurs, 30th June 6,103 bales

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