



27th May 2016

2016/20

From the desk of Chris Wilcox, Executive Director

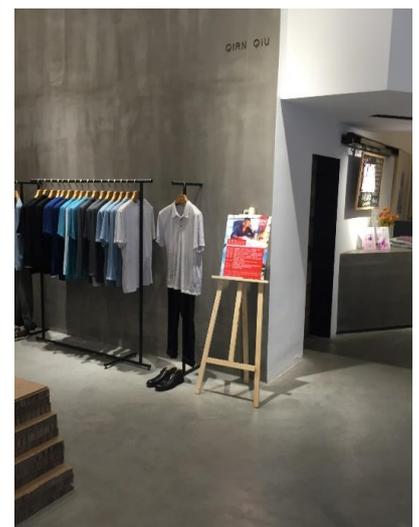
- Australian wool market steady
- The current mood in the Chinese wool textile industry
- China's wool product exports improve in March
- NCWSBA's Twitter account
- NCWSBA Wool Broker Award 2016
- Upcoming events



It was steady as she goes in the **Australian wool market** this week. A small offering of just over 29,000 bales were offered for sale. The **Eastern Market Indicator** (EMI) rose by 6 cents to 1297 Ac/kg. Prices for most wools lifted, by between 3 and 5 cents for Merino wool and by as much as 20 cents for Crossbred wool. Prices for Merino Cardings rose by 13 cents. Ultrafine wool of 16.5 micron slipped a little. The Northern Market Indicator lifted by 5 cents to 1327 Ac/kg (up by 4 cents) and the Southern Market Indicator closed at 1278 Ac/kg, 8 cents higher. There was no sale in Fremantle this week. The A\$ was very marginally higher at 72.1 UScents, and the EMI in US\$ lifted by 4 UScents to 935 USc/kg.

I have been in **China** this week, visiting a number of mills including some of the largest wool combing mills, vertically integrated worsted mills, a carbonizing mill, one of the top woollen fabric mills, the large machine-knitting yarn spinners, both circular and flat-bed knitters and knitted garment makers. The Chinese worsted industry appears to be doing reasonably well. The encouraging thing is that the worsted weaving sector appears to be on the improve. Hopefully this will bring better orders in coming months.

It is clear that the casualisation trend continues to influence the product development and product mix, even in worsted wovenwear. The circular wool knitwear sector (for next-to-skin products) continues to grow, although it is still a relatively small sector of the total wool knitwear sector, which is dominated by flat-bed knitting (this produces the more traditional types of knitwear for men and women). Nevertheless, the growth in the circular knit sector and the continued interest in next-to-skin Merino products for the active leisurewear market is positive for the future. In the worsted flat-bed knitwear sector, the trend that I observed last year to knitted women's lightweight wool coats seems to be continuing. As well, we saw some excellent, fashionable pure wool T-shirts and polos in the retail store of one flat-bed knitting company. This company is entirely focused on the domestic market in China. I have seen wool T-shirts in Melbourne but these are for active wear, rather to be worn as a casual fashion item (I wear wool T-shirts when I go running). The photo shows one of these polos and a rack of the T-shirts. It would be great to see such products in the Australian market.



The carbonizing mill that I visited is busy and will continue to be over coming months. However, the double-faced woollen fabric sector has slowed from the frantic levels that I saw in May and September

last year. If you recall, the production of this double-faced fabric in China went through the roof last year to make women's coats in the Autumn/Winter season, mainly for the Chinese domestic market. In addition to the major woollen fabric makers, there were many other smaller producers who jumped into the market, producing inferior products. A combination of retail sales which weren't as strong as expected and an over-production of the double-faced fabric seems to have resulted in a build-up of stocks of finished garments. This is weighing on current order levels for the coming Autumn/Winter at the end of this year. This has apparently affected orders to and production by some of the other carbonizing mills.

The latest data on **China's wool textile products** show strong year-on-year growth in exports of all wool products in March (see the **Chart of the Week**). This is a welcome relief after a disappointing few months for exports. Exports of wool knitwear in March were particularly strong, up by 130% in March. Wool wovenwear exports also recorded a strong 47% lift in March. There were also increases in exports of wool top, wool yarn and wool fabric. Exports of wool knitwear increased in March to all export destinations, with the strongest increases being seen for Japan and South Korea. As with knitwear, exports of wool wovenwear lifted in March to all export destinations, with the largest increase being to Korea.

The sharp rise in March for wool knitwear and wovenwear has helped push exports for the nine months of the 2015/16 financial year to 2%-3% above year earlier levels. March is only a relatively small month for exports of these products. Exports are very seasonal and start ramping up in April before reaching a peak in July-August. Nevertheless, the strong increase in exports in March is encouraging. Exports of wool top for the financial year to date were above year earlier levels, while exports of wool yarn and wool fabric remain below the levels for the July to March period of 2014/15.

For those who use Twitter, I have set up a **Twitter account for NCWSBA - @woolbrokersaus**. I have started tweeting about a key story from each week's Weekly Newsletter, and will have a summary of that article on the NCWSB website, www.woolbrokers.org, each week. I will also tweet on any topics relevant to NCWSBA members.

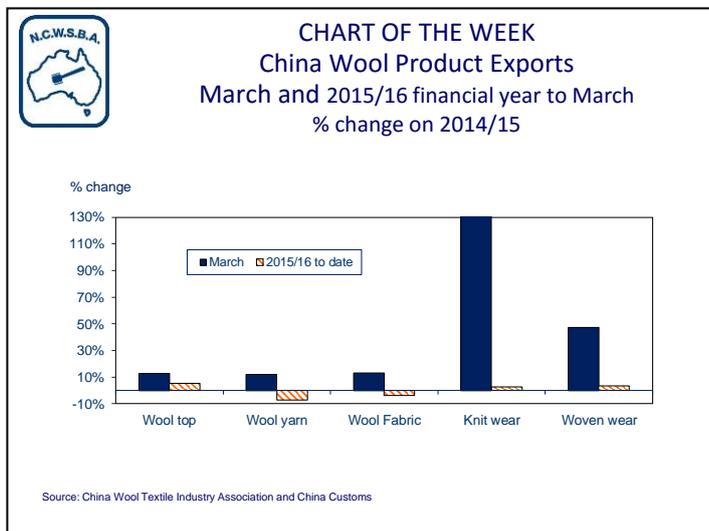
REMINDER: Applications for the **NCWSBA Broker Award for 2016 are being sought - Applications close on 4th July!** Sponsored by Fairfax Agricultural Media and AWTA, the Award recognises excellence in wool broking by a younger member of our industry. The 2016 Award winner this year will be granted an **all-expenses trip to Istanbul, Turkey, to attend the 2017 IWTO Congress in May next year.** Contact me at chris.wilcox@woolindustries.org or on 0419344259 for details and the application form.

OTHER 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 30th MAY 2016 – week 49 (roster as at 26/5/2016)

<u>Sydney</u>	Wed, 1 st June; Thurs, 2 nd June	8,101 bales
<u>Melbourne</u>	Wed, 1 st June; Thurs, 2 nd June	15,758 bales
<u>Fremantle</u>	Wed, 1 st June; Thurs, 2 nd June	9,607 bales

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