



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

Unit 9
42-46 Vella Drive
Sunshine West Vic 3020

Phone: 03 9311 0152
Fax: 03 9311 0138
E-mail: newsba@woolindustries.org
Twitter: @woolbrokersaus

10th February 2017

2017/04

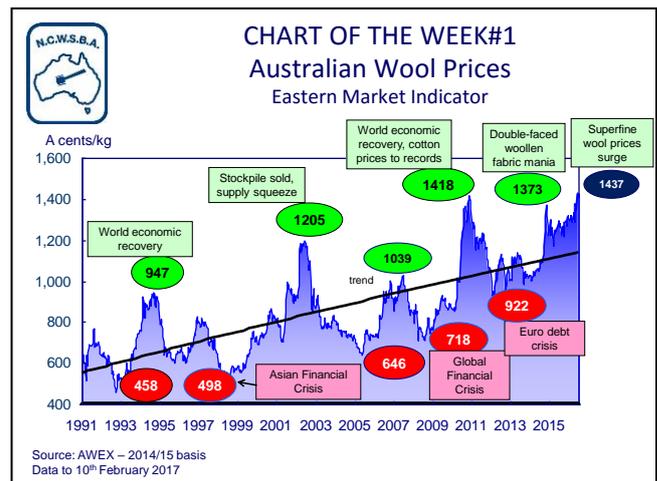
From the desk of Chris Wilcox, Executive Director

- Superfine wool prices continue to lift
- Value of Australian wool exports to China hits record
- Italian men's fashion industry grows in 2016
- Upcoming events



Follow NCWSBA on Twitter - [@woolbrokersaus](https://twitter.com/woolbrokersaus)

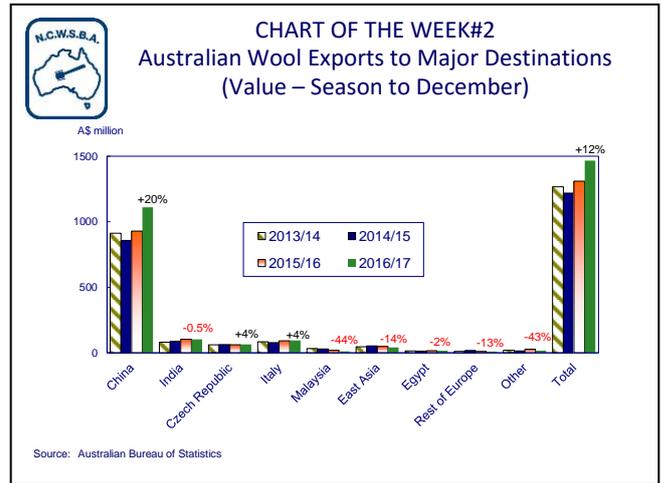
The spectacular rise in superfine wool prices continued this week, with Sydney hosting the last designated superfine wool sale for the season. Prices for superfine wool (18.5 micron and finer) rose by between 30 and 45 cents to the highest levels since September 2011. Since the start of the season, superfine wool prices have lifted by as much as 535 cents. As well, the 19 micron price guide lifted by 37 cents this week and, according to my database, is now at the highest level since June 1990. Prices for medium Merino wool also rose, albeit more modestly, while most Crossbred prices rose a little. The **Eastern Market Indicator** lifted by 15 cents to 1437 c/kg. As the first **Chart of the Week** shows, this is the highest level recorded since before the collapse of the Reserve Price Scheme in February 1991. Note that this chart shows the EMI on a consistent basis for the near 30-year period. As can be seen from the chart, there have been numerous peaks and troughs since 1991, with various drivers of these. However, overall there has been a steady rise in the long term trend for the EMI in A\$.



The latest data from the Australian Bureau of Statistics on **Australian wool exports** were released at the start of the week. It shows that both the volume and value of exports from Australia lifted in December. Wool export volumes increased by 6%, with exports to the Czech Republic up by 20% and exports to Italy 22% higher than a year earlier. Exports volumes to China slipped by 2% for the month while exports to India fell by 30% and exports to Korea was down by 4%. The value of exports lifted by 9% in December, with exports to China, Italy and the Czech Republic increasing compared with December 2015.

For the first six months of the 2016/17 season (to December), the **volume of exports** was 7% higher at 156.4 mkg greasy. This was mainly due to a 14% lift in exports to China, which has brought China back up to the same level as in 2014/15. The export volumes to most other main destinations were down in the first six months, with a significant 39% drop in exports to Malaysia. Exports to India, the second largest destination declined by 11%. The **value of wool exports** from Australia increased by 12% in the first six months, to \$1.46 billion. This is the highest total value for the first six months of the season since the 2002/03 season. However, in the first six months of the 2002/03 season, Australia exported a total volume of 273 mkg greasy, 75% more than for the current season. This difference reflects both the higher wool prices this season as well as the higher proportion of high-value superfine wool being exported.

The major driver of the increase in export value is China, with a 20% leap in export value to \$1.11 billion. This is an all-time record value of wool exports to China from Australia for the first half of a season. The second **Chart of the Week** shows the value of wool exports to the major destinations for the current season compared with the previous three seasons. The Czech Republic and Italy have both recorded solid increases, but other destinations have seen a decline in the export values this season (albeit a very small decline for India).



Earlier this week I received a report from the Federation of Italian Textile and Fashion Enterprises (Sistema Moda Italia – SMI) on the **Italian Men’s Fashion industry for 2016**. The report, which was prepared for the recent Pitti Immagine Uomo, is encouraging. It suggests that after two tough years, the Italian men’s fashion industry started to see some recovery in 2016. [The Italian men’s fashion industry includes woven fabric and knit outerwear, shorts, ties and leather clothing. It is a major user of Merino wool, notably superfine Merino wool.] Total turnover of the industry is expected to reach €8.98 billion in 2016, up by 0.9%. More importantly, the value of production for the industry (i.e. net of imports) is expected to lift by 1.2% to €4.725 billion. This is the first annual increase since 2013 after declines in both 2014 and 2015. The improvement is mainly due to improved exports from Italy. Exports are estimated to have increased by 1.9% to €5.77 billion in 2016 and accounted for 64% of total sales.

SMI estimated these increases based on the latest trade data from Italy, which is to September. In the January-September period, Italy’s exports of men’s fashion lifted by 1.6%. The table below shows the key results, including for the 5 major export destinations. The growth in exports has come entirely through increased exports to countries within Europe, with exports to extra-EU destinations declining.

Destination	Millions Euro	% change
Total	4,658	+1.6%
Intra-EU	2,521	+3.9%
Extra-EU	2,137	-0.9%
France	463	-2.0%
Germany	457	+7.1%
USA	434	-10.0%
UK	434	+7.7%
Spain	324	+13.5%

OTHER INDUSTRY EVENTS

The next meeting of the **Australian Wool Production Forecasting Committee** will be on 19th April 2017 in Melbourne.

The IWTO 2017 Congress will be held in Harrogate, UK on 3rd to 5th May 2017.

The **2017 Nanjing Wool Market Conference** will be held in Tongxiang, China on 17th to 18th September 2017.

WOOL SALES WEEK BEGINNING 13th FEB 2017 – week 33 (roster as at 9/02/2017)

Sydney

Wed, 15th Feb; Thurs, 16th Feb 11,630 bales

Melbourne

Tues, 14th Feb, Wed, 15th Feb; Thurs, 16th Feb 23,660 bales

Fremantle

Wed, 14th Feb; Thurs, 15th Feb 12,293 bales