



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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2017/28

From the desk of Chris Wilcox, Executive Director

- Australian wool market resumes with a bang
- Australian wool exports in 2016/17:
 - Value of exports highest since 2002/03
 - Record exports by value to China
 - China takes 88% of fine wool exports
 - Italy's buying of 20-23 micron wool surges
- Australian Wool Production Forecasting Committee meets
- NCWSBA Wall Chart for 2017 available from 18th August
- Upcoming events



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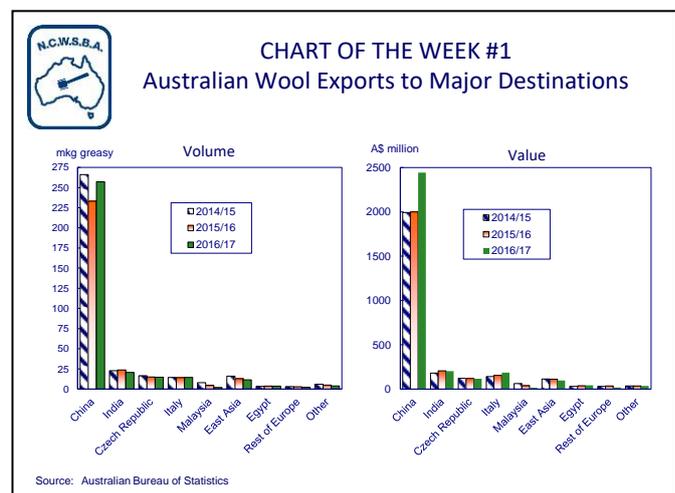
The **Australian wool market** took off this week as buyers must have been champing at the bit waiting for sales to resume after the 3 week recess. Prices lifted strongly over the week even though the A\$ was 2 UScents higher than before the recess. The Eastern Market Indicator jumped by 28 cents to 1550 c/kg (on the new 2017/18 basis), with both Merino and broader Crossbred wool benefiting from the lift. The only category that went backwards were the Oddments, with the Merino Carding Indicator dropping by 34 cents to 1115 cents/kg, the lowest since November. The general price rise was even stronger in US\$, with the EMI leaping by 48 UScents to 1221 USc/kg. This is the highest level for the EMI in US\$ since November 2012 (on the adjusted 2017/18 basis). The A\$ was slightly easier against the Euro compared with before the recess, so the EMI was up by 16 €cents to 1040 €c/kg.

The Australian Bureau of Statistics (ABS) this week released the data on **Australian wool exports** for June and the full 2016/17 financial year. The data shows that the volume of Australian wool exports increased by 4% in 2016/17 to 327 mkg greasy. This is a solid, but not spectacular rise, given the apparent strength of demand for wool from Australia in 2016/17.

The strength of demand is better illustrated by the 14% jump in the value of Australian wool exports to \$3.16 billion (the highest since the 2002/03 season). It seems that even though wool production lifted in 2016/17, it was insufficient to meet the increased demand. Of course, with demand lifting and supply constrained, prices rose as a result and the value of wool exports also rose. At \$3.16 billion, this is the highest financial year

The major driver of the increase in exports was China. As the first **Chart of the Week** shows, Australia's exports to **China** lifted by 9% in volume but an amazing 21% in value terms. The total value of Australia's wool exports to China in 2016/17 was \$2.41 billion, a record level. China accounted for 77% of the value of Australia's wool exports in 2016/17 and 79% of the volume.

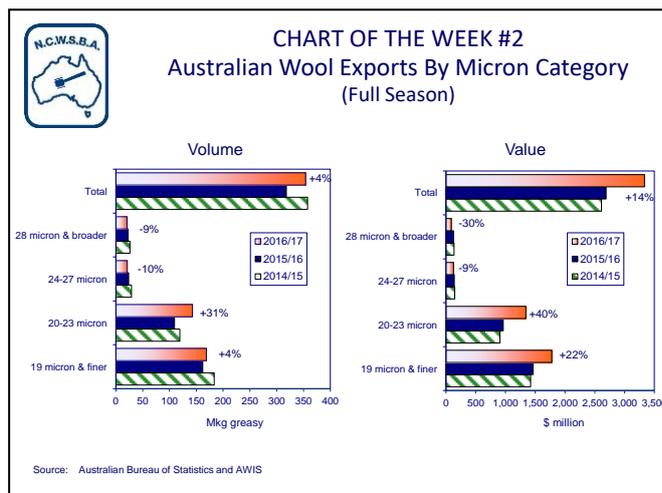
The volume of wool exports to **Italy** lifted (by 1%) while the value of exports rose by 17%. The value of exports to **Egypt** also lifted, by 12%, although the volume of exports was down a touch. There was as



slide in Australia's wool exports to other destinations, including elsewhere in **Europe, East Asia and Malaysia**.

The second **Chart of the Week** shows Australia's wool exports by micron range in both volume and value in 2016/17 compared with the previous two seasons. As can be seen from the chart, all the increase in exports was for Merino wool of 23 microns and finer.

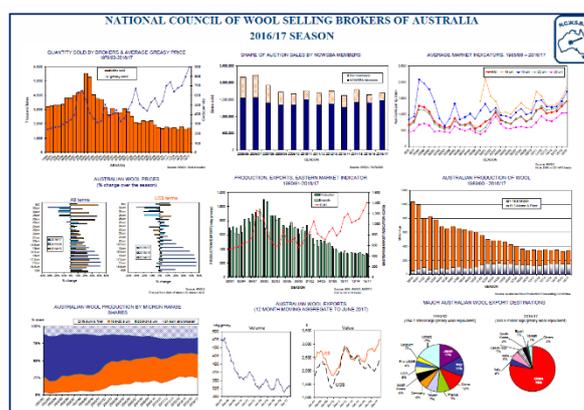
The 20-23 micron range recorded a 31% lift in the volume and 40% jump in the value of exports. For 19 micron and finer wool, the increase was a more moderate 4% in volume terms (reflecting a broadening of the Australian clip in 2016/17 due to the excellent seasonal conditions) but a sharp 22% increase in value terms.



One interesting story is that **China** accounted for 88% of the volume of Australia's exports of **19 micron and finer wool**, while Italy, India and the Czech Republic each accounted for just 3% of this Merino fine and superfine wool. Of the 20-23 micron range, China took 70% while India had a 10% share, followed by Italy with 6% and the Czech Republic with 4%. **Italy's** purchases of 20-23 micron wool has surged in the past couple of years. Before 2015/16, the volume exported to Italy was around 2 mkg, but in 2015/16 it jumped to 4.3 mkg and then in 2016/17 it leapt again to 8.3 mkg.

The **Australian Wool Production Forecasting Committee (AWPFC)** is meeting next Wednesday (16th August) to review its forecasts for 2016/17 and for 2017/18. The state round of meetings has been held this week and the results from the state committees will feed into the national Committee's deliberations. The Committee will also consider data on wool tests from AWTA, data on first hand offerings at auction from AWEX, wool receivals data from the Australian Bureau of Statistics, seasonal conditions and outlook, the results from the AWI/MLA survey of sheep and wool producers, ABARES' forecasts and the latest data from the ABS on sheep numbers. The AWPFC's updated forecasts will be released next Friday, 18th August. I will include information on the forecasts in next week's *Weekly Newsletter*.

The **2017 Wall Chart from the National Council of Wool Selling Brokers** will be available from 18th August. Free to NCWSBA members, it is an A2 printed Wall Chart with graphs showing auction volumes and prices, market indicators, and Australian wool production and exports as far back as the 1979/80 season. **Send me an email at chris.wilcox@woolindustries.org and tell me how many you would like for your office and the delivery address.** The Wall Charts will also be available at the NCWSBA AGM on 24th August.



INDUSTRY EVENTS

The **NCWSBA Annual General Meeting and Forum** will be held in Melbourne on 24th August 2017

Wool Week will be held at the Crowne Plaza Hotel, Melbourne on 24th to 25th August 2017.

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

WOOL SALES WEEK BEGINNING 14th AUGUST 2017 – week 7 (roster as at 10/08/2017)

Sydney

Wed, 16th Aug; Thurs, 17th Aug 13,838 bales

Melbourne

Wed, 16th Aug; Thurs, 17th Aug 19,067 bales

Fremantle

Wed, 16th Aug; Thurs, 17th Aug 5,629 bales

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