



# 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 powers on towards the Recess
- Global fibre prices on the rise, superfine wool's price relativity remains high
- Australian wool exports surge in October
- Non-Mulesed declared wool continues to rise
- Michael Manion Wool Industry Foundation
- Upcoming events



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After a hesitant start to sales in Melbourne and Sydney this week, the **Australian wool market** powered on to new highs by Thursday. The **Eastern Market Indicator (EMI)** finished on the edge of \$17, at 1699 c/kg. This was an increase of 23 cents for the week. There were some good gains for most Merino micron price guides, but the biggest increases for the week were seen for Crossbred wool. Prices, lifting by 30 to 50 cents for wool in the 25 to 30 micron range. The Western Market Indicator did the best, jumping by 37 cents to 1762c/kg. The Northern Market Indicator was up by 26 cents to 1782 c/kg and the Southern Market Indicator was up 20 cents to 1646 c/kg. The A\$ fell back against the US\$ and the Renminbi, but was steady against the Euro. Given these exchange rate movements, the EMI lifted 11 UScents to 1283 USc/kg, was up 15 €cents to 1087 €cents/kg and was 800 RMB higher at 8479 RMB/kg.

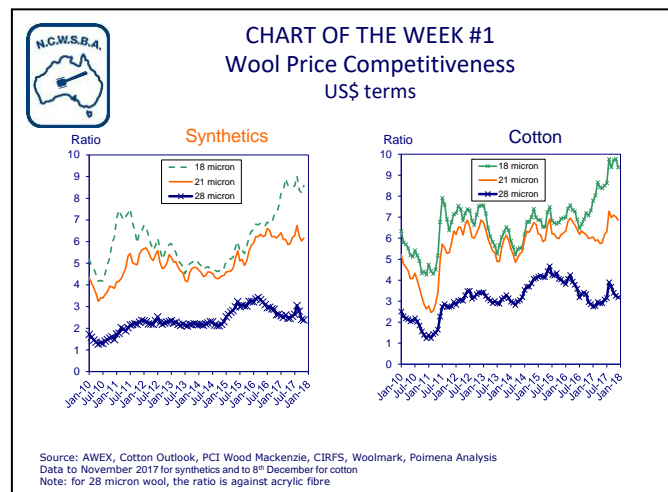
In the past four months, **global fibre prices** in US\$ have mostly lifted steadily, particularly in China. Global cotton prices have risen by 3% but the bigger changes are seen for polyester staple and acrylic. Global polyester staple fibre prices are up 7%, but prices in China are 12% higher. For acrylic fibre, global prices are 9% higher, but in China the price for acrylic fibre is 20% higher than four months ago. While prices for these competing fibres have risen, the price for viscose has declined by 5%

Over the same period, the EMI is 5% higher in US\$ terms (although it is 10% higher in A\$ terms). Superfine wool (18 micron) prices are around 2% higher, but the price for ultrafine wool (16.5 micron) is 9% higher. The price for 21 micron wool is up just 1%, while the 28 micron price is 10% lower.

As a result of these changes, the **wool's price relativity against synthetics** has slid in the past four months. Nevertheless, the price relativity for superfine against synthetics remains at very high levels, as does 21 micron wool. The price ratio for broader wool (28 micron) has fallen back to 3 year lows.

Against **cotton**, Merino wool's price relativity has also dipped from the peaks seen in in August. For the broader wool, the price relativity has fallen, but only back to the levels earlier this year.

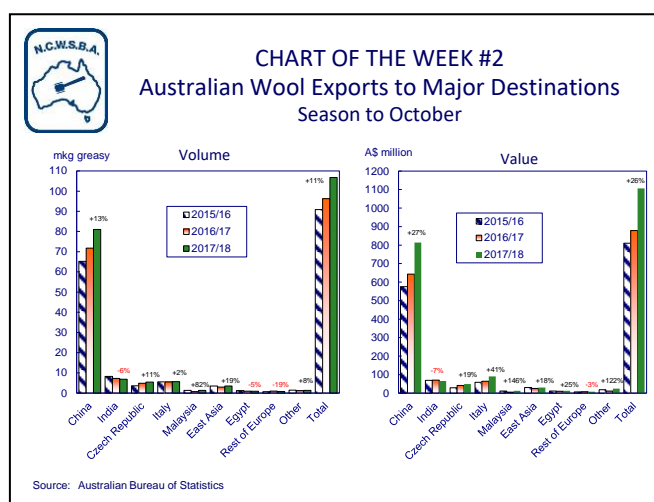
The first **Chart of the Week** shows the trends in the price relativity for 18 micron, 21 micron and 28 micron wool against synthetics and cotton starting in 2010.



The data on **Australian wool exports** for October was released yesterday and it shows a surge in exports for the month. The volume of exports jumped by 20% compared with October 2016, while the value of wool exports surged by 42%. Almost all of the major destinations recorded an increase in the value of exports for the month, led by a 174% jump in exports to Malaysia (from a low base). Export volumes to China were up by 23% and exports to the Czech Republic were 42% higher year-on-year. Export volumes to India were flat year-on-year, while exports to Italy were only 1% higher. By value, all major destinations recorded an increase, notably a 269% leap in the export value to Malaysia. Exports to China rose by 47% in value terms.

For the season to date, the volume of wool exports was up by 10% to 106.7 mkg, the largest volume for the four-month period since 2009/10. The value of exports in the July to October period totalled \$1107 million, up by 26% and the highest total for the July-October period since the 2002/03 season. Of course, in 2002/03 Australian shorn wool production was much higher at 499 mkg compared with the current forecast of 340 mkg for the 2017/18 season. As well, some of the wool shipped in 2002/03 would have been wool from the stockpile.

The second **Chart of the Week** shows Australian wool exports by volume and value by major destination for the past three seasons and the change for each destination.



AWEX released the data for November from the **National Wool Declaration** last week. According to the data, the total number of bales of first hand wool offered at auction in October was 9% down on the same month in 2016. Despite that fall, the number of bales declared as Pain Relief (PR) was up 8% year-on-year in October and the number of bales of wool declared as Non-Mulesed (NM) was 3% higher. The number of bales declared as Ceased Mulesed (CM) was 20% lower, while the number of bales with no declaration was down by 20%. For the season to date, PR declared wool was up 29% and NM declared wool was up 28%.

In terms of total shares for the 2017/18 season to November, wool declared as PR accounted for 31.9% of all first hand wool offered at auction, NM declared wool was 10.4% and CM declared wool was 2.8% of the total. All up, wool declared as PR, NM or CM accounted for 45% of wool offered and wool with a National Wool Declaration accounted for 65% of all first hand wool offered at auction.

The **Michael Manion Wool Industry Foundation** was set up in 2015 by wool industry colleagues of Michael Manion, a well-respected and well-known wool buyer based out of Melbourne. Michael was Managing Director of Segard Masurel (Australia) Pty Ltd. He died in July 2014 after a short illness. The Foundation was established to provide a reach-out service for Australian rural families or children in need. Fund raising activities include activities at the annual wool industry Carding Night. If you would like to find out more about the Foundation and how you may help, click [here](#).

## INDUSTRY EVENTS

The next meeting of the **AWPFC meeting** will be held in Melbourne on Thursday, 14<sup>th</sup> December 2017.

**IWTO 2018 Congress** in Hong Kong, 14<sup>th</sup> to 16<sup>th</sup> May 2017.

## WOOL SALES WEEK BEGINNING 11<sup>th</sup> DEC 2017 – week 24 (roster as at 7/12/2017)

### Sydney

Wed, 13<sup>th</sup> Dec; Thurs, 14<sup>th</sup> Dec 13,058 bales

### Melbourne

Tues, 12<sup>th</sup> Dec; Wed, 13<sup>th</sup> Dec; Thurs, 14<sup>th</sup> Dec 30,062 bales

### Fremantle

Wed, 13<sup>th</sup> Dec; Thurs, 14<sup>th</sup> Dec 9,172 bales

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