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 resilient
- AWTA wool tests fall in March
- Australian wool exports continue to rise
- National Wool Declaration statistics for March
- Dry start to autumn across mainland Australia
- Australian Wool Production Forecasting Committee meets next Wednesday
- Upcoming events

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After a weak start as sales resumed after the Easter recess, prices for Merino wool rebounded on the final sale day in the **Australian wool market** this week. While some Micron Price Guides for Merino wools were a little lower than before Easter in Sydney and Melbourne, largely due to discounts for high mid-point break wools. Prices were uniformly higher in Fremantle. Crossbred wools were mostly higher as they continued their recovery. The **Eastern Market Indicator** (EMI) finished the week at 1776 c/kg, up by 4 cents. The initial weakness of the market was due, at least partly, to the highest weekly offering for the season at 54,409 bales.

The Western Market Indicator was 13 cents higher at 1871 c/kg and the Northern Market Indicator lifted by 9 15 cents to 1846 c/kg. The Southern Market Indicator was steady at 1732 c/kg. The A$ was ½ US cent higher at 77.5 UScents and was also higher against the Euro and the Renminbi. The EMI rose by 12 UScents to 1376 USc/kg, by 860 Renminbi to 8640 RMB/kg and by 15 €cents to 1114 €cents/kg.

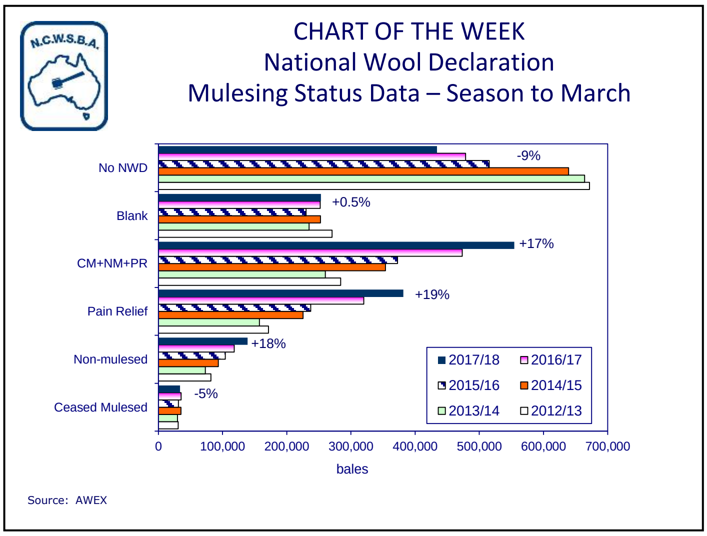
The latest data on **Australian wool tests** were released by AWTA at the start of the month. The data shows that the weight of wool tested in March fell by 13.6% compared with March 2017. This follows the 4.1% fall in February. After being up strongly earlier in the season (wool tests were 4.6% higher year on year for the July to November period), wool tests have been sliding over the past few months with some ups and downs by month. As a result, the volume of wool tested for the season to the end of March was virtually the same as the volume tested in 2017/18 to March.

State-by-state on a Wool Statistical Area basis, all states recorded falls in the volume of wool tested in March, with large declines for some states. Queensland recorded a 39% year-on-year fall in wool tests for March while Tasmania saw a 30% drop in the volume tested. The volume of wool tested in Western Australia was down by 26% and in South Australia it was down by 12%. New South Wales saw a 7% drop in wool tests in March and Victoria saw a 4% decline. There was one less day of testing in March than in March 2017 as Easter was earlier this year which probably explains the decline in Victoria. Other states, though, have really seen wool volumes decline in the past two months.

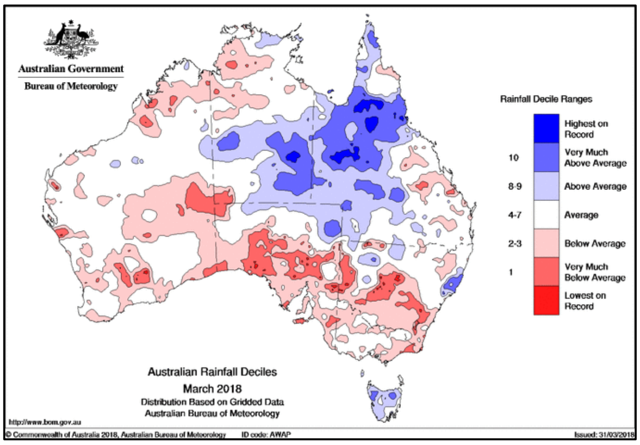
The **Australian wool export data** for February shows that that wool exports lifted by 16% in volume terms and by 40% in value terms. As a result, the volume of wool exports in the first eight months of the 2017/18 season was 7% higher than for the same period in 2016/17. The value of wool exports was 24% higher for the July 2017 to February 2018 period at $2.418 billion. The volume of exports to China was 25% higher year-on-year in February while the value was 49% higher. Other top 10 countries which saw an increase in export volumes for March were Italy (+1%), Egypt (+18%), Malaysia (+245%), Taiwan (+38%), Japan (+72%) and Thailand (+575%).

For the eight months to February, the volume of wool exports to China were up by 8%, while exports to the Czech Republic were up by 13.5%. Exports were also higher to Italy (+3%), Malaysia (+48%), Egypt (+17%), Taiwan (+20%), Japan (+63%) and Thailand (+86%). Exports to India were down by 10%, and India fell to third in the ranking of export destinations. Exports to Korea were also down by 16%.

The latest statistics from the **National Wool Declaration** provided by AWEX shows that for the 2017/18 season to March, wool with a Ceased Mulesed (CM), Non Mulesed (NM) or Pain Relief (PR) declaration accounted for 44.6% of all wool offered. This compares with 39.2% for the same period in the 2016/17 season. CM-declared wool was 2.7% of the total, NM wool was 11.2% of the total and PR wool was 30.7% of the total in the current season. Wool offered with an NWD (including blank declarations) accounted for 65% of the total, compared with 60% for the July-March period in 2016/17. The **Chart of the Week** shows the number of bales of wool offered at auction by declaration type in the July-March period over the past six seasons.



The latest **rainfall data** from the Bureau of Meteorology (BoM) shows that March was dry for many of the key wool producing regions of Australia (see the map). There was lower than average rainfall throughout much of South Australia, Victoria and New South Wales. This continues the run of dry conditions seen in the mainland eastern states in January and February. While there was some good storm rainfall in parts of Queensland, seasonal conditions have been dry over the crucial summer period. At the same time, temperatures were above average in March throughout eastern Australia, as they have been for the three months January to March. The one exception to this dry picture is Tasmania, which had very good rainfall in March. It also experienced above average temperatures in March and for the three months January-March. This should set the state up for a good Autumn before it gets cold in Winter.



The latest **seasonal outlook** from the BoM shows that most of mainland Australia can expect to see average rainfall over the April to June period. The exception is Tasmania which the BoM expects will see higher than median rainfall. Temperatures on mainland Australia is expected to be generally average to a little cooler for the April-June period, with the exception of the southern edge of Victoria. The Bureau expects that Tasmania will see above average temperatures.

The **Australian Wool Production Forecasting Committee** meets next Wednesday (20th April) to review its forecast for 2017/18 and decide on its first forecast for 2018/19. It will take into account the AWTA test data for the season to March, the seasonal conditions and outlook, AWEX first hand offered data and input from the six state committees which have been held over the past 2 weeks. The Committee's current forecast (made in December) was for shorn wool production in Australia to increase by 1.4% this season to 345 mkg. The Committee will release its forecasts in a Media Release to be sent out next Friday. I will cover the details of the Committee's forecasts in next week's edition of the *Weekly Newsletter* and I will include the Media Release.

INDUSTRY EVENTS

The **IWTO 2018 Congress** will be held in Hong Kong on 14th to 16th May 2018. Click here to register.

The **Nanjing Wool Market Conference** will be held on 11th to 13th September 2018 in Nanjing.

The **IWTO 2018 Round Table** will be held in Buenos Aires on 3rd to 4th December 2018.

The **IWTO 2019 Congress** will be held in Venice on 9th to 11th April 2019.

WOOL SALES WEEK BEGINNING 16th APRIL 2018 – week 42 (roster as at 12/04/2018)

Sydney
Wed, 18th April; Thurs, 19th April — 40,596 bales

Melbourne
Wed, 18th April; Thurs, 19th April — 20,923 bales

Fremantle
Wed, 18th April; Thurs, 19th April — 9,073 bales

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