



# 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 prices jump as lower A\$ and lower supplies fire the market
- Official forecast shows Australian shorn wool production to fall sharply
- Percentiles
- NCWSBA Wall Chart for 2018 now available
- Upcoming events



The **Australian wool market** careered higher this week, triggered by a sharp fall in the A\$ and a reduction in the number of bales expected to be offered in the next few weeks which caused buyers to scramble to secure supplies. The price surge began on Wednesday, with increases of 70-100 cents and continued on Thursday with further increases of up to 90 cents. Over the week, the Eastern Market Indicator leapt by 126 cents to 2116c/kg, a new record. Prices for Merino wool (23 micron and finer) lifted for the week by between 113 and 192 cents. Prices for Crossbred wool lifted by 60-100 cents. One possible reason for the sudden jump was the release of the four-week roster on Monday, which showed forecast auction offerings significantly lower than previously forecast. As well, offerings are well below the levels for the same weeks in 2017 and in 2016. There are 23,500 bales fewer expected to be offered this year compared with the same four weeks in 2017 and 12,300 bales fewer compared with 2016. This simply reflects the very tight supply situation now, given that there are virtually no stocks held of Merino wool and the tough seasonal conditions are causing lower new wool production. Buyers scrambled to secure supplies.

The other factor will have been a sharp 1.8 UScent drop in the A\$ this week caused by a new trade spat for the US, this time with Turkey. The A\$ was weaker against the Euro and the Renminbi. The EMI was 56 UScents higher at 1537 USc/kg (not quite a record). The EMI did hit new records in Euro and Renminbi, at 1351 €cents/kg (up 76 €cents) and 10,597 RMB/kg (up 498 RMB).

The **Australian Wool Production Forecasting Committee (AWPFC)** met on Wednesday and reviewed its forecasts for 2017/18 and for 2018/19. Its new forecast for 2018/19 was released today, along with its estimate for 2017/18. After considering the industry data, seasonal conditions, and input from the state forecasting committees, the Committee now forecasts shorn wool production at 322 mkg greasy in 2018/19, a 5.7% drop in production. This is lower than its first forecast released in April.

The sharp drop in shorn wool production is due to the very dry and drought conditions throughout New South Wales, Queensland, significant parts of South Australia and parts of Victoria. This has caused an increase in sheep and lamb turn-off. Adult sheep slaughterings were up by 28% in 2017/18 and total turn-off of sheep and lambs was 10% higher than in 2016/17. The Committee expects that sheep shorn numbers will fall by 3.2% to 74.3 million head. The Committee noted that Tasmania, western Victoria, the south-east of South Australia and parts of Western Australia were all experiencing good conditions. Even so, the Committee predicts that the average weight of wool shorn per sheep across Australia will fall by 2.6%.

The AWPFC made its final estimate of shorn wool production in 2017/18 at 341 mkg greasy. This is slightly higher than the forecast it made in April and 1 mkg above the production level in 2016/17. This

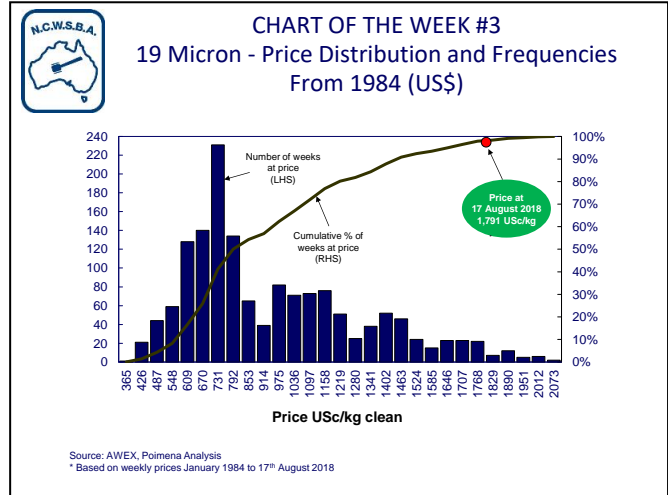
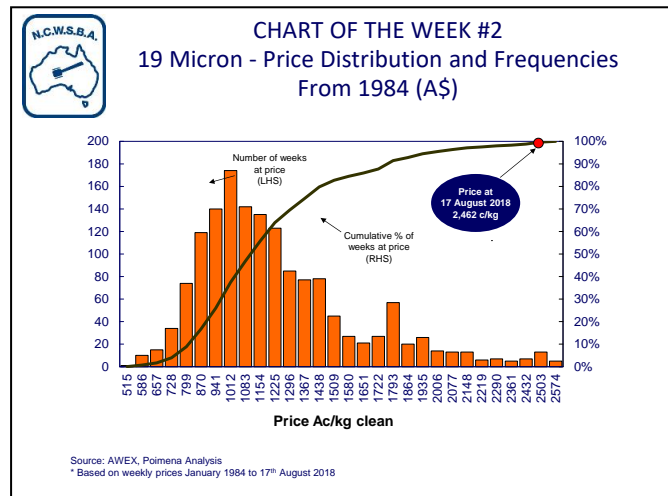
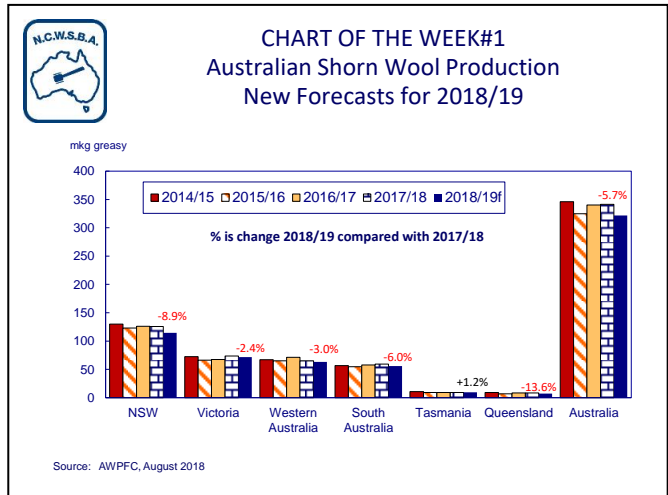
slight increase is in line with the percentage increases seen for 2017/18 in wool test volumes by AWTA, first hand offerings reported by AWEX and the ABS' wool receipts.

The first **Chart of the Week** shows new forecasts for 2018/19 state-by-state and compared with the past five seasons, with the % change between 2018/19 and 2017/18 shown. As can be seen, the Committee predicts that shorn wool production will be lower in all states except for Tasmania. The AWPFC's Media Release provides more detail and it is attached to the email with the *Weekly Newsletter*.

It has been a while since I looked at the **wool price distributions in A\$ and US\$**. Given this week's price surge from an already high level, it is opportune to have another look at these. As noted earlier, the EMI in both US\$ and A\$ are at the highest ever recorded. Even so, only a few of the individual micron price guides are at record levels in either A\$ or US\$.

As the second and third Charts of the Week show, the 19 micron price guide is a little below record levels in both currencies. The Appendix has the price distribution and frequency charts for the EMI, the 18 micron, 21 micron, 23 micron and 28 micron price guides and the Merino Carding Indicator in both A\$ and US\$

**The 2018 Wall Chart from the National Council of Wool Selling Brokers IS NOW AVAILABLE!!** 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 from 2017/18 and as far back as the 1979/80 season. **Send me an email at [chris.wilcox@ncwsba.org](mailto:chris.wilcox@ncwsba.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 23<sup>rd</sup> August.



**INDUSTRY EVENTS**

The **NCWSBA AGM and Forum** will be held on Thursday, 23<sup>rd</sup> August 2018 in Melbourne as part of the **2018 AWIS Wool Week**.

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

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

**WOOL SALES WEEK BEGINNING 20<sup>th</sup> AUGUST 2018 – week 8 (roster as at 16/08/2018)**

Sydney  
 Tues, 21<sup>st</sup> Aug; Wed, 22<sup>nd</sup> Aug 10,447 bales

Melbourne  
 Tues, 21<sup>st</sup> Aug; Wed, 22<sup>nd</sup> Aug 19,366 bales

Fremantle  
 No sale

