



The National Council of Wool Selling Brokers of Australia Inc

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NEWSLETTER

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12th July 2019

2019/26

From the desk of Chris Wilcox, Executive Director

- Australian wool prices lift ahead of the mid-year recess
- Premium for superfine wool remains historically low
- Australian wool exports fall in May
- NCWSBA Wall Chart for 2018/19 – available from 16th August
- NCWSBA AGM and Forum – Thursday, 22nd August 2019
- Upcoming industry events



Price differential between medium and superfine wool closes

Prices have been on a bit of a roller-coaster in recent months, albeit on a general downwards trend as prices pull back from the peak in the Supercycle. While all Merino wools have seen prices fall back in the past few months, the relatively larger declines have been seen for wool of 18.5 micron and finer. Prices for this wool are down by 14%-17% since February. In contrast, medium Merino wool of 21 to 23 micron are down by 9%-12%. Prices for Crossbred wool of 26 micron to 30 micron have fallen by 3%-10%.

As a result of the different extent of the declines, the price differentials between microns have continued the trend seen since the start of the 2018/19 season. The premium for superfine wool (18 micron and finer) over medium Merino wool has fallen sharply since April 2018 and is now well below the average for this decade. For 18 micron wool, the price premium over 21 micron wool is just 4%, compared with the 10 year average of 19%. The price premium for 16.5 micron wool over 21 micron wool is currently at less than 7% compared with the long term average of 35%. This sharp drop in the premium for superfine wool reflects the supply situation for superfine wool compared with medium Merino wool. For example, AWTA tests of 17.6-18.5 micron wool increased by 9% in 2018/19, while wool of 16.5 micron & finer increased by 65%. Wool tested between 20.6-21.5 micron fell by 41%, between 21.6-22.5 micron was 40% lower and between 22.6-23.5 micron was 27% lower. For 23 micron wool, the price discount against 21 micron wool has fallen. There is virtually no difference currently between the price paid for 23 micron wool and the price for 21 micron wool, compared with the long term discount of 5%. In contrast, the price discount paid for 28 micron wool is similar to the long-term average, at 49% compared with a long-term discount of 47%. As can be seen in the second graph, this has been a significant change on the situation in October to December 2018.

Full details, including a chart showing the trends in price differentials between selected micron price guides compared with the 21 Micron Price Guide, are provided in this week's edition of the *Weekly Newsletter*. Available to NCWSBA members.

OTHER INDUSTRY EVENTS

The **Nanjing Wool Market Conference** will be held in Qufu, Shandong on 20th to 23rd September 2019.

The **2019 IWTO Round Table** will be held in Queenstown, New Zealand on 2nd to 3rd December 2019.

The **2020 IWTO Annual Congress** will be held in Tongxiang, China on 18th to 20th May 2020.

THE AUSTRALIAN WOOL MARKET IS IN RECESSION.

SALES RESUME IN THE WEEK BEGINNING 5TH AUGUST 2019.