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NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Wool prices rise strongly in the Australian wool market
- Price premiums for superfine wool jump to multi-year highs
- Sheep and lamb prices rise as producers retain stock to rebuild the flock
- Upcoming industry events



Price premiums for superfine wool at multi-year highs

Since the start of 2021, the prices for superfine wool (18.5 micron and finer) have risen more quickly than prices for medium Merino wool (21-24 micron), continuing the trend seen in the second half of 2020. This has changed the price differentials between a selection of microns compared with 21 micron wool. The premiums paid for superfine wool over medium Merino wool have lifted since mid-2019, with a very strong rise in the premiums for both 16.5 micron wool and 18 micron wool in 2020 and in the first two months of 2021. The premium for 16.5 micron is the highest in a decade, while the premium for 18 micron wool is at the highest since early 2017. This sharp lift has pushed the current price premium for 16.5 micron wool to 82%, while the premium for 18 micron wool over 21 micron wool has risen at a slightly slower pace and is now at 44%. One reason for the sharp lift in price premiums for superfine wool over 21 micron wool is the relative changes in supply. According to the latest AWTA test data, the volume of superfine wool (18.5 microns & finer) was 21% lower in the first seven months of the 2020/21 season compared with the same period in 2019/20. For 16.5 micron and finer wool, the decline was 33%, while the decline in the volume of 17.6 to 18.5 micron wool this season was 15%. At the same time, the volume of wool tested of 20.6 to 24.5 micron was 17% higher for the July 2020 to January 2021 period. The volume of 21 micron wool tested was up by 28%.

For fine Crossbred wool (26 micron), the price discount against 21 micron wool has fluctuated around the long-term average of -32% over the past 12 months, although it has fallen since the start of 2021 to the current level of -39%. The price discount paid for broader Crossbred wool (28 micron) has fallen sharply in recent months to the current level of -58%, below the long-term average discount of -48%.

More details including a chart showing the trends in the price differentials between various wool micron indicators and the 21 micron price guide, are provided in this week's edition of the NCWSBA Weekly Newsletter. Available to NCWSBA members.

INDUSTRY EVENTS

The state and national committees of the **Australian Wool Production Forecasting Committee** will meet in mid-April 2021.

The **2021 IWTO Congress** will be held as a virtual event on 17th to 21st May 2021 by WebEx.

WOOL SALES WEEK BEGINNING 22nd FEB 2021 – week 35 (roster as at 18/2/2021)

<u>Sydney</u>	Tues 23 rd Feb, Wed 24 th Feb	13,710 bales
<u>Melbourne</u>	Tues 23 rd Feb, Wed 24 th Feb, Thurs 25 th Feb	28,336 bales
<u>Fremantle</u>	Tues 23 rd Feb, Wed 24 th Feb	10,568 bales

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