



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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2018/20

From the desk of Chris Wilcox, Executive Director

- Medium Merino wool prices jump while fine Merino prices slip back
- Little improvement in prices for broad wool in the UK and NZ
- Exports NZ and Uruguay lift sharply after slump in 2016/17
- Increased buying by most major wool processing countries
- Upcoming events

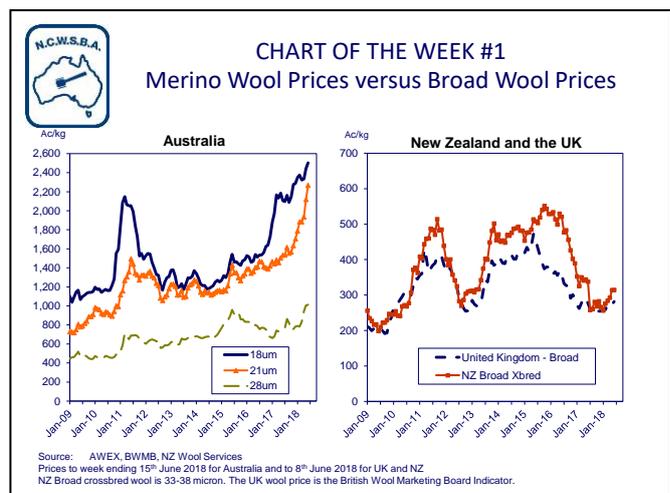


Applications for the NCWSBA Wool Broker Award for 2018 close NEXT FRIDAY, 22nd June. Sponsored by Fairfax Agricultural Media and AWTA, the Award recognises excellence in wool broking by a younger member of our industry. This year's Award winner will be granted an **all-expenses paid trip Venice, Italy to attend the 2019 IWTO Congress in April 2019.** Contact me for application forms.

The past two weeks has seen the **Australian wool market** in aggregate move around due to currency fluctuations. The **Eastern Market Indicator** lifted this week to close at 2021 c/kg, up by 10 cents. The A\$ was weaker against all currencies, and the EMI dipped in terms of the major currencies: by 10 UScents to 1528 USc/kg; by 80 RMB to 9764 RMB/kg; and by 11 €cents to 1294 €cents/kg. While the EMI lifted moderately in A\$ terms, it masks the strong lift in prices for Merino wool between 19 and 23 microns, and the easing in prices for 18.5 microns and finer. For example, the 21 Micron Price Guide was up by 25 cents while the 22 MPG was 28 cents higher. By comparison, the 17.5 MPG was 19 cents lower and the 18 MPG was down by 18 cents. As a result of the recent price movements, AWEX is reporting the 21 MPG as being higher than both the 20 MPG and the 19.5 MPG, and equal to the 19 MPG.

As I have commented at various times in the past 12 months or more, while Merino wool prices have been on a massive upward surge, broader wools have been struggling. For Australian crossbred wool producers, this situation has improved, with prices for 26 to 30 micron wools lifting sharply in recent months and hitting record levels. The same cannot be said for the **broad wools typically produced in New Zealand and the United Kingdom.**

The first **Chart of the Week** shows the trends prices for wool from Australia compared with prices for broad wool from NZ and the UK, all in A\$ terms. As can be seen, there has been some improvement in wool prices in the UK in past few months, but prices remain very low. In A\$ terms, UK prices are 2% higher than a year ago but 21% below the levels in June 2016. NZ broad wool prices have improved very modestly. They are 7% below the levels in June 2017 and 40% down on the prices in June 2016.

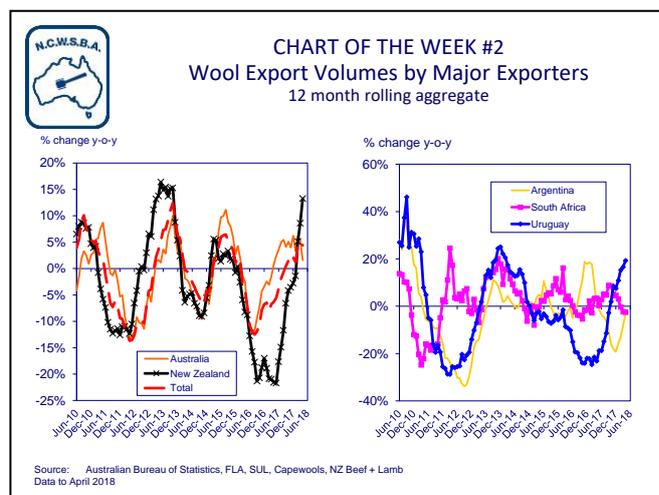


For a variety of reasons, export data from some of the other **major wool producing and exporting countries** have not been available for a few months. In the past week, data from Argentina and South Africa was published, so it is an opportunity to see how exports have been tracking. As I reported in last week's edition of the *Weekly Newsletter*, **Australia's** wool exports fell back in April but remain above year

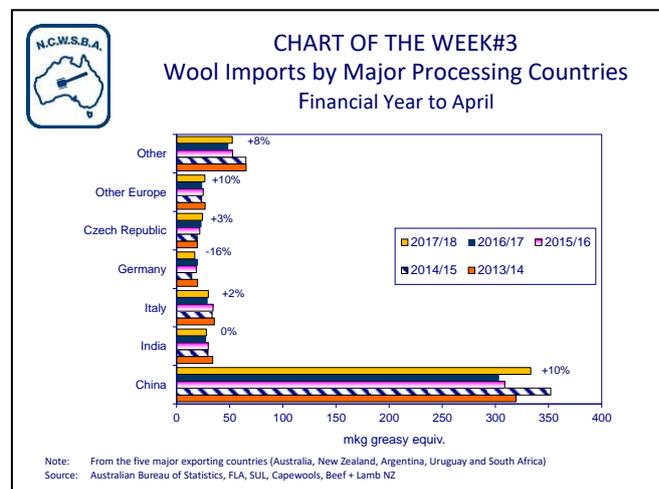
earlier levels for the 2017/18 season to date. For **South Africa**, exports have fallen back this season, down by 1% for the season to date.

But for the other three **major wool exporting countries**, exports have lifted sharply, recovering from the poor 2016/17 season. **New Zealand's** wool exports in 2017/18 to April are 18% higher than for the same period in 2016/17. This lift has meant that NZ's exports have recovered some, but not all, of the losses seen in 2016/17. Its exports for the ten months of this season stand at 115 mkg greasy, below the level for the same ten months in 2015/16 (which was 122 mkg) and below the levels of the previous six seasons. This lift in exports from NZ comes despite little improvement in wool prices (as noted previously). The increased exports will, however, be eating into the excess stocks carried over from the 2016/17 season and hopefully mean that prices will begin to recover later in 2018 as stocks are reduced.

As with NZ, **Uruguay** saw a sharp drop in wool exports in 2016/17 and have seen an equally strong recovery in exports so far in 2017/18. Uruguay's wool exports in 2017/18 to April were up by 24% on the low levels of 2016/17, clawing back much of the losses. Even so, at 36 mkg exports this season are still a little below the levels for the same period in 2015/16 before the slump of 2016/17. Rounding out the five major producing and exporting countries, **Argentina's** wool exports have lifted in the past few months and are back on par with 2016/17. At 34.1 mkg, Argentina's exports are much the same as they have in the past five seasons to April. Overall, wool exports from the five major wool exporting countries is up by 11% in the July 2017 to April 2018 period. The second **Chart of the Week** shows the change in wool exports from the five major exporters on a 12-month rolling aggregate basis. The sharp recovery in NZ's and Uruguay's exports from the slump in 2017 is shown very clearly



The 11% increase in exports by the five major wool exporting countries is due to increased demand from a number of major wool processing countries. China, the largest processor, has lifted its demand for raw wool by 10% so far in 2017/18 and this has been a major, but not the only, driver. As the third **Chart of the Week** shows, imports by the Czech Republic and Italy are also higher, up by 3% and 2% respectively. Imports by other countries in Europe (mainly the UK) are up by 10%, while imports by 'other' countries have also lifted. While India's purchases are on par with 2016/17, it has been increasing its buying steadily in recent months.



INDUSTRY EVENTS

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

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

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

WOOL SALES WEEK BEGINNING 18th JUNE 2018 – week 51 (roster as at 14/06/2018)

<u>Sydney</u>	Wed, 20 th June; Thurs, 21 st June	9,781 bales
<u>Melbourne</u>	Wed, 20 th June; Thurs, 21 st June	11,545 bales
<u>Fremantle</u>	NO SALES.	

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