# The National Council of Wool Selling Brokers of Australia Inc

# NEWSLETTER


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**From the desk of Chris Wilcox, Executive Director**

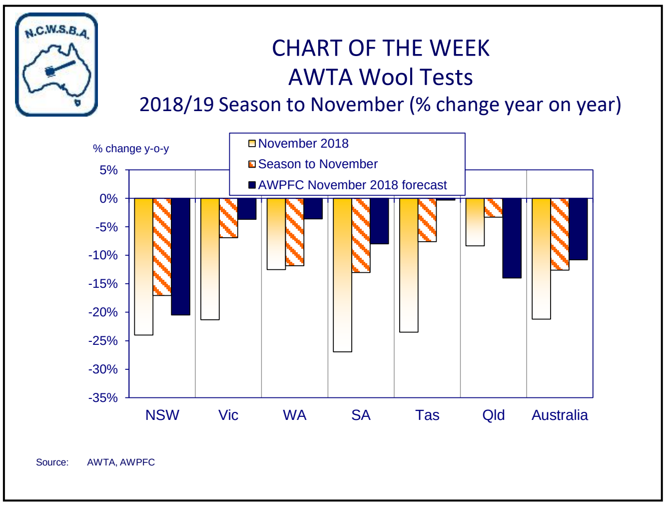

- Merino wool prices up, Crossbred wool prices down
- Prices for synthetics fall sharply in November on the back of lower oil
- Large drop in wool test volumes in November – superfine wool at 36% share
- Non-Mulesed and Pain Relief wool maintain share as auction volumes fall
- Better rainfall in November but more needed
- Upcoming industry events

In the penultimate auction sale of 2018 for the **Australian wool market**, prices for Merino and Crossbred wool again headed in opposite directions. It was the turn of Merino wool prices to lift while Crossbred wool prices fell sharply. The prices for Merino wool generally rose by 5 to 30 cents in Sydney and Melbourne, while prices were as much as 60 cents higher in Fremantle. In contrast, Crossbred wool prices fell by 70 to 130 cents. The **Eastern Market Indicator** (EMI) fell by 11 cents to 1849 c/kg. The Northern Market Indicator was 8 cents lower at 1897 c/kg, the Southern Market Indicator fell by 13 cents to 1818 c/kg and the Western Market Indicator was unchanged at 2009 c/kg. The A$ eased against the US$, the Euro and the Chinese Renminbi. The EMI was 25 USc lower at 1336 USc/kg, down by 17 €cents to 1177 €cents/kg, and 252 RMB lower at 9190 RMB/kg.

In last week's edition I looked at the slide in prices for other commodities, including cotton. During the week I received the latest **prices for synthetic fibre**. There was a significant fall in prices in November. Average world prices for polyester staple dropped by 5%, the average price for acrylic fibre fell by 7% and viscose fibre prices were down by 10%. Prices in China saw the largest falls for all three fibres, with a slump of 14-15%. All prices are in US$. These falls compare with the 5% fall in the Australian EMI in US$ for November, while cotton prices rose by a slight 1% in November. The large fall in polyester staple and acrylic fibre prices can be put down to the sharp drop in oil prices, which were down by 21% for the month.

On Monday AWTA released the **statistics on wool tests** for November. It showed a surprisingly large 21% drop in the weight of wool tested in November. At just 32.2 mkg, the weight tested was the lowest tested in the month of November for many, many years. My databases only go back to 2011/12 and the total tested is well below the next lowest, which was 34.3 mkg in 2015/16.

The **Chart of the Week** shows the change in the weight of wool tested for November 2018 and the 2018/19 season to November for Australia and for each state. It also shows the % change in shorn wool production for the full 2018/19 season from the Australian Wool Production Forecasting Committee (AWPFC). The contrast in the fall in wool tests in November with the forecast for the full season can be seen in the chart. Being a member of the AWPFC, I know that the Committee was not expecting such a collapse in wool tests in November for Australia or for most states. We will need to keep a close eye on the weight of wool tested in the next few months to see if the result

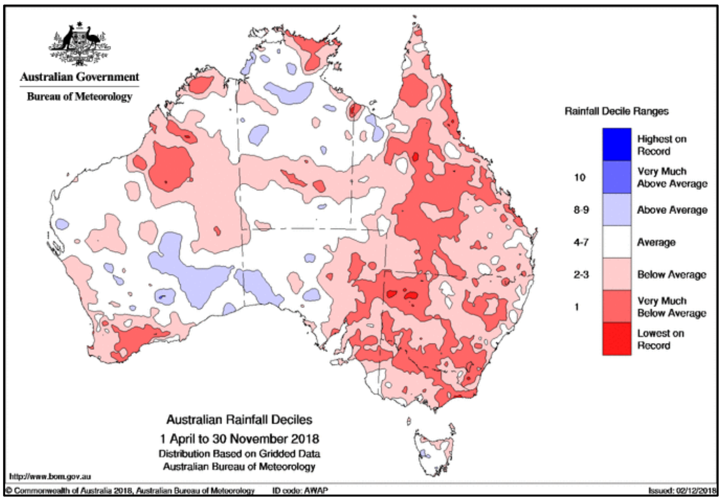


for November is a 'one off', or if it heralds another step down in wool production in Australia as a result of the drought.

The **wool test statistics by micron range** is also very interesting. It continues the trend seen from the start of the 2018/19 season with a large drop in the weight of wool tested in the 19 to 23 micron category, but an equally large lift in the weight of wool tested in the 18.5 micron and finer (superfine) category. The superfine category has seen a 20% jump in the weight of wool tested for the five months between July and November 2018 compared with a year earlier. Of this, there was a 74% increase in the weight of 16.5 micron & finer wool for the first five months. At 50.5 mkg, it is the largest weight tested in the superfine category on record for the first five months. Superfine wool accounted for a massive 36.2% of the wool tested in the July to November 2018 period, compared with 26.2% for July to November 2017. The weight of wool tested in the 19 to 24 micron category slumped by 26% and accounted for half of the wool tested (compared with 59% for the same period last year). The 29 micron & broader category was down by 39% and the 25-28 micron category was down by 7%.

AWEX this week released the statistics on **mulesing status** of first-hand wool offered for the first five months of the season, taken from the National Wool Declaration (NWD). There has been a significant drop in the supply of wool at auction in the first five months. According to this data, there was a 21% fall in the total number of first hand farm bales offered. The number of bales declared as either Non-Mulesed (NM) or Pain Relief (PR) have not been immune to this decline, although the falls have been much lower than the total fall. The number of bales declared as NM were down by 9% in the first five months of the season, while the number of bales declared as PR was down by 12%. This took the share of NM wool to 11.9% and the share of PR wool to 35.5%. The number of bales with a Blank NWD (recorded as Mulesed) fell by 24% and there was a 45% drop in wool declared as Ceased Mulesed (CM). As a result, the volume of first hand offered wool with an NWD was down by 16%. The volume of wool without an NWD fell by 29%. The share of wool with an NWD was at 67.9% for the 2018/19 season to date.

Despite some recent rain in regions that desperately need it, **seasonal conditions** remain poor and dry in many parts of Australia. Rainfall in November was above average across South Australia, the southern half of Western Australia, western Queensland, north-eastern Tasmania, and large areas of New South Wales. This has eased short-term rainfall deficiencies across many areas, but as the first map shows, rainfall is well below normal for the southern wet season (April to November) in swathes of the country.




The Bureau expects that large parts of Western Australia and Queensland are likely to be drier than average **over the three months between December 2018 and February 2019.** The outlook suggests that other parts of the country will be neither drier or wetter than usual, although that's not saying much given that these regions are typically dry over summer anyway.

**INDUSTRY EVENTS**

The **IWTO 2019 Congress** will be held in Venice on 9th to 11th April 2019. For further details, click here.

The Australian wool market will be in recess from 17th December 2018 to 4th January 2019. Auction sales recommence in the week beginning 7th January 2019.

**WOOL SALES WEEK BEGINNING 10th DEC 2018 – week 24 (roster as at 6/7/2018)**

Sydney
Wed, 12th Dec, Thurs, 13th Dec 13,072 bales

Melbourne
Wed, 12th Dec, Thurs, 13th Dec 27,146 bales

Fremantle
Wed, 12th Dec, Thurs, 13th Dec 8,559 bales

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