The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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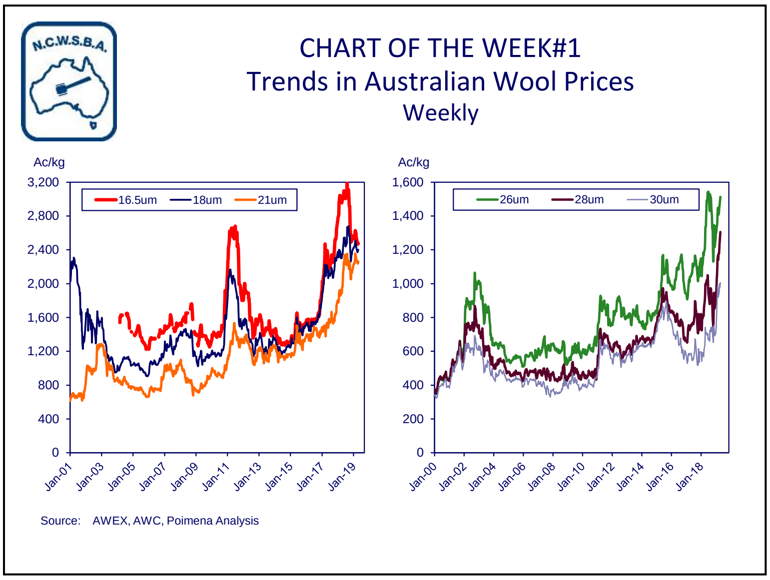
From the desk of Chris Wilcox, Executive Director

- Australian wool prices up - Crossbred prices continue their surge
- Sharp drop in wool tests for New South Wales in April
- Over half auction offered wool is Non-Mulesed, Pain Relief or Ceased Mulesed
- South-east Australia sees continued dry conditions in April
- Upcoming industry events

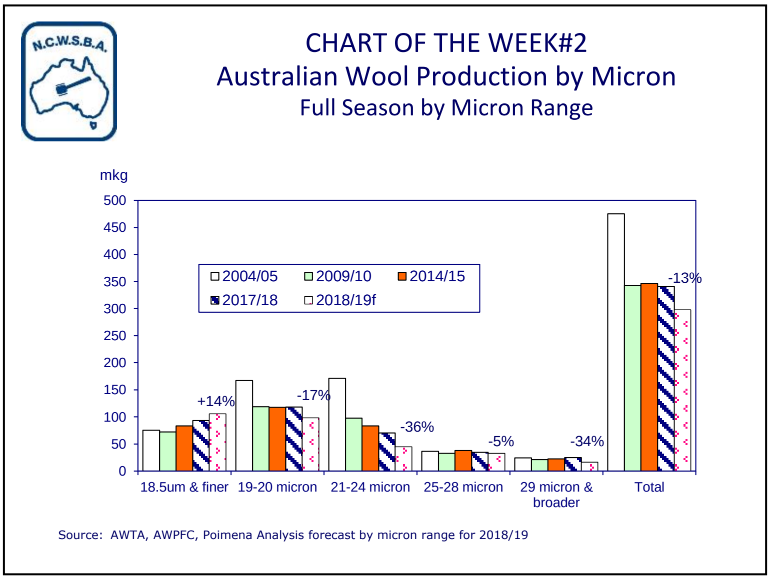
After a one-week recess for Easter, the **Australian wool market** resumed with just over 43,000 bales on offer. There were solid price gains on both days. Over the week, the **Eastern Market Indicator** (EMI) lifted by 17 cents compared with the close before the recess, closing at 1960 c/kg. The lift in prices in A$ terms this week was helped by a significant fall of 1.7 UScents in the A$ compared with the level prior to Easter. While the Micron Price Guides (MPGs) for Merino wool lifted solidly over the week, the largest gains were seen for Crossbred wool of between 26 and 30 microns, which increased by between 29 and 51 cents/kg (by 2.5% to 4%). The 28 MPG and 30 MPG are now the highest on record (for the 28 MPG records began in July 1983 and for the 30 MPG the price series starts when official market reporting for the wool industry began in August 1976). The 26 MPG is close to the all-time peaks reached in mid-2018. The first **Chart of the Week** shows the trends for selected Micron Price Guides since the start of the millennium.



The Western Market Indicator rose the most, up by 28 cents to 2093 c/kg, while the Southern Market Indicator and Northern Market Indicator both rose by 18 cents to 1939 c/kg and 1997 c/kg respectively. As well as the sharp drop against the US$, the A$ also fell against the Euro and the Renminbi. As a result, the EMI actually fell in these currencies: down by 21UScents to 1376 USc/kg, by 7 €cents to 1228 €cents/kg and by 75 RMB to 9267 RMB/kg.

Being the start of a month, a lot of new industry data has been released, including the latest wool test statistics from AWTA Ltd and the mulesing status data for April from AWEX, as well as rainfall data and the seasonal outlook. The latest data from AWTA shows a sharp fall in the **volume of wool tested** in April compared with April 2018 for some states, but year-on-year increases for other states. Overall, the weight of wool tested in Australia fell by 10.4% in April. For the 10 months of this season to April, the weight of wool tested was 10.3% lower than for the same period in 2017/18. There were some very large declines by state in April, led by a 25% drop in wool tested in New South Wales (the largest wool producing state). Victoria, the second largest state, recorded a 13% drop in the weight of wool tested, while Queensland (the smallest wool producing state) recorded a 39% fall. In contrast to these declines, Western Australia (the third largest state) recorded a 7% increase, with a 1% increase in South Australia and a 39% jump in Tasmania.

While there has been a 10% drop in the weight of wool tested so far in 2018/19, there are some big differences between micron ranges. There has been a significant 14% increase in production superfine wool (18.5 micron & finer) but a sharp 35% drop in the weight of medium and broad Merino wool (20 to 24 micron) and a 34% fall for broad Crossbred wool (29 micron & broader). I have projected out the total volume of wool produced by micron range based on the new forecast from the Australian Wool Production Forecasting Committee (second **Chart of the Week)**. One thing to note is that the volume of superfine wool produced this season will be a record.

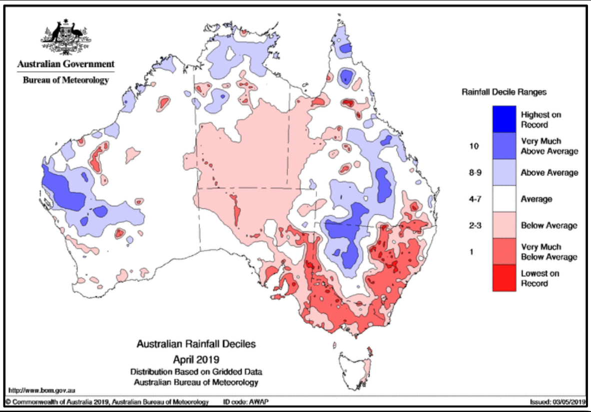


Earlier this week AWEX released the latest statistics on **mulesing status**. The table below provides detail by the different categories of mulesing status for the ten months to April. The drought has caused declines in the volume of wool in all mulesing status categories, although the decline in the volume of Non-Mulesed (NM) and Pain Relief (PR) wool is only small in contrast to the 26% drop in wool offered at auction without a National Wool Declaration (NWD). As a result, the proportion of wool offered as Non-Mulesed has increased to 12.9% and the proportion of wool offered as Pain Relief was at 35%. For the first time ever, over half the wool offered at auction this season to April was NM, PR or Ceased Mulesed (CM). Almost 70% was offered with an NWD. This is a great result.

Table: NWD Statistics – Season to end April (bales)#

	CM	NM	PR	CM+NM+PR	Mulesed	All NWDs	ND	Total
2017/18	36,007	151,390	419,873	607,270	276,999	884,269	471,371	1,355,640
2018/19	26,679	148,865	403,335	578,879	222,633	801,512	351,110	1,152,622
% change	*-26%*	*-2%*	*-4%*	*-5%*	*-20%*	*-9%*	*-26%*	*-15%*
2017/18 share (%)	2.7%	11.2%	31.0%	44.8%	20.4%	65.2%	34.8%	100%
2018/19 share (%)	2.3%	12.9%	35.0%	50.2%	19.3%	69.5%	30.5%	100%

South-eastern Australia continues to be very dry, with **below average rainfall in April** (see the map). These dry conditions follow an exceedingly dry March, in some cases the driest on record. A positive is that the parched north-west of New South Wales and much of Queensland received some very good falls. There have been some good falls of rain this week, but the **outlook** from the Bureau of Meteorology is for May being dry throughout eastern Australia. Let's hope that the Bureau's outlook is off the mark.



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 in 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.

WOOL SALES WEEK BEGINNING 6th MAY 2019 – week 45 (roster as at 2/5/2019)

Sydney
Wed, 8th May, Thurs 9th May — 8,159 bales

Melbourne
Wed, 8th May, Thurs 9th May — 19,248 bales

Fremantle
Wed, 8th May, Thurs 9th May — 6,057 bales

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