The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

Gate 4
29 Frederick Rd
Tottenham Vic 3012

Phone: +61(0)419344259
E-mail: info@ncwsba.org
Twitter: @woolbrokersaus
Instagram ncwsba

5th July 2019 2019/25

From the desk of Chris Wilcox, Executive Director

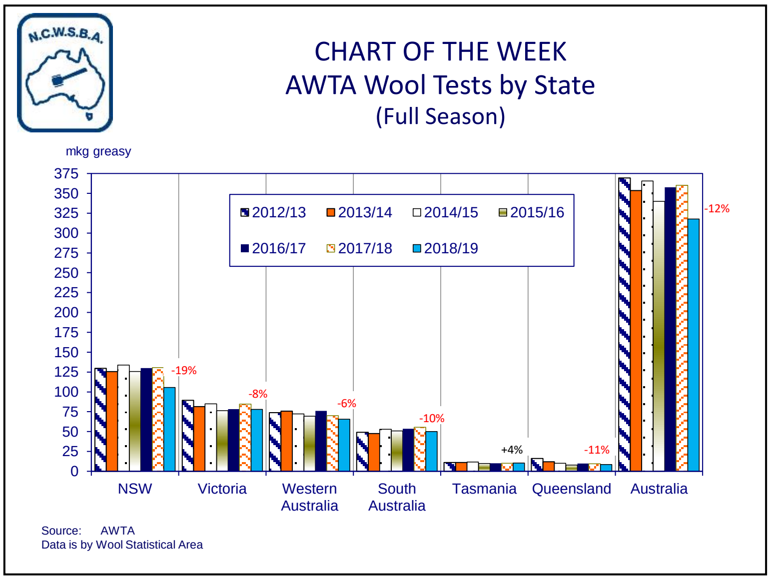
- Australian wool prices rebound after recent declines
- 2018/19 in review: Volume of wool tested; auction statistics and data from the National Wool Declaration
- NCWSBA AGM and Forum – Thursday, 22nd August 2019
- Upcoming industry events

The first week of sale of the new 2019/20 season provided some welcome relief from the steady declines seen in the past month in the **Australian wool market.** While prices were lower on the first sale day in the eastern states, prices were higher in Fremantle later on Wednesday. This heralded a rise in prices all selling centres on Thursday. The **Eastern Market Indicator** (EMI) rose by 8 cents for the week to 1,723 c/kg, with all of the gains seen for Merino wool. Prices for the limited supplies of Crossbred wool were flat to lower. The Western Market Indicator lifted the most, up by 35 cents for the week to 1867 c/kg. The Southern Market Indicator rose 8 cents to 1713 c/kg and the Northern Market Indicator was 7 cents higher at 1738 c/kg. Despite the Reserve Bank of Australia cutting official interest rates to an historic low on Tuesday, the A$ rose against the main currencies, the US$, the Chinese Renminbi and the Euro. As a result, the EMI lifted by proportionately more in these currencies, rising by 13 UScents to 1212 USc/kg, by 12 €cents to 1068 €cents/kg and by 55 RMB to 8,303 RMB/kg.

In last week's edition I reported on the change in price over the 2018/19 season. This week I report on the full season results for volumes of wool tested, offered and sold at auction over the 2018/19 season, as well as the data from the National Wool Declaration.

The volume of **wool tested** by AWTA in June slumped by 25.6% compared with June 2018. There were large falls in all states, with the exception of Tasmania. As a result, the total weight of wool tested for the full 2018/19 season fell by 11.7%. This is fairly close to the 12.6% decline for wool production forecast by the Australian Wool Production Forecasting Committee in April.

The **Chart of the Week** shows the aggregate weight of wool tested by AWTA for each state and for Australia in 2018/19 compared with the previous six seasons. This data is on a Wool Statistical Area basis so is as close as can be to state of origin.



The impact of the drought can be seen clearly in the results, notably in New South Wales (NSW) where the drought has hit the hardest. NSW saw wool test volumes fall by over 19% in 2018/19 to the lowest for many, many years. Most other states recorded significant drops. Victoria, the second largest state, recorded a fall of 8.1% but only back to levels seen in

2015/16. The amount of wool tested in Western Australia was at a long-term low, but South Australia and Queensland both saw wool volumes only fall back to the levels seen 3-5 years ago. One state, Tasmania, recorded an increase in the weight of wool tested. This was helped by more normal seasonal conditions in that state over 2018/19 than much of the mainland.

The fall in the amount of wool tested carried over to **the volume of wool offered and sold at auction** in 2018/19, of course. According to data from AWEX, there were just 1.658 million bales offered for sale across Australia in 2018/19, which was 12.1% lower than in 2017/18. The number of bales sold fell by even more, down by 16.6%. This proportionately higher fall in wool sold compared with wool offered was the result of a sharp jump in the passed-in %, which lifted from 5.6% in 2017/18 to 10.5% in 2018/19. This jump in the passed-in % came even though the average price paid in 2018/19 was 14% higher at 1909 c/kg clean and the price per bale was 11% higher at $2,139 per bale. The total value of wool sold at auction in 2018/19 slid by 7% as a result of the sharply lower volume of wool sold at auction, with the higher price insufficient to offset the large drop in the volume of wool sold. For the record, the total value of wool sold at auction in 2018/19 was $3.174 billion, down from $3.424 billion in 2017/18.

The **Australian Wool Production Forecasting Committee** meets on 14th August to review the results on wool volumes for the full 2018/19 season and decide on its estimate of production for 2018/19. It will also review its first forecast for the 2019/20 season in light of the rainfall since April, as well as likely sheep numbers and so on.

The decline in the volume of wool offered at auction in 2018/19 meant, of course, that **the number of bales with a National Wool Declaration (NWD)** and the amount of wool declared as Non-Mulesed (NM) and Pain Relief (PR) fell. However, as the table below shows, the amount of wool declared as NM or PR fell by only 4% each, a much smaller decline than the amount of wool without a declaration (called ND in the table) or wool declared as Mulesed. As a result, the proportion of wool offered at auction declared as NM hit 13% in 2018/19 and the proportion of wool declared as PR reached 35.6%. In total, the amount of wool declared as NM, PR or Ceased Mulesed (CM) was over 50% of the total volume of first-hand wool offered at auction in 2018/19. Furthermore, over 70% of wool had an NWD. All of these are a seasonal record.

Table: NWD Statistics – Full Season (bales)#

	CM	NM	PR	CM+NM+PR	Mulesed	All NWDs	ND	Total
2017/18	41,002	182,465	502,925	726,392	323,456	1,049,848	542,862	1,592,710
2018/19	33,034	175,905	480,381	689,320	258,305	947,625	401,985	1,349,610
% change	*-19%*	*-4%*	*-4%*	*-5%*	*-20%*	*-10%*	*-26%*	*-15%*
2017/18 share (%)	2.6%	11.5%	31.6%	45.6%	20.3%	65.9%	34.1%	100%
2018/19 share (%)	2.4%	13.0%	35.6%	51.1%	19.1%	70.2%	29.8%	100%

First-hand offered, clip lots only. Excludes Rehandle, Interlots and Bulk Class.

SAVE THE DATE: The NCWSBA Annual General Meeting and Forum is on Thursday, 22nd August at the RACV Club in Melbourne. A highlight will be presentations by the three Finalists for the 2019 NCWSBA Wool Broker Award, as well as the presentation by Candice Cordy, the 2018 Winner on her experiences in Italy earlier this year attending the IWTO Congress. I will send more details in the next week or so.

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 8TH JULY 2019 – week 2 (roster as at 27/6/2019)

Sydney
Wed, 10th July; Thurs, 11th July — 11,944 bales

Melbourne
Wed, 10th July; Thurs, 11th July — 17,681 bales

Fremantle
Wed, 10th July — 5,206 bales

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