

# Monthly Wool Market Overview

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Wool news for September 2015

## SA Merino indicator for Sept '15

First sale in Sept: 12680/kg  
Last sale in Sept: 12480/kg  
**Movement:** -1,6%  
Rand/US\$ at last sale: R13,84

## SA Merino indicator for 2014/15

First sale Sept '14: 11332/kg  
Last sale Sept '14: 11468/kg  
**Movement:** +1,2%  
Rand/US\$ at last sale: R11,10

## Australian Indicator for Sept '15

First sale: 1249/kg  
Last sale: 1218/kg  
**Movement:** -2,5%

## Indicator for season to end Sept 2015/'16

Movement since opening: -3,6%  
Seasonal low: 12449c/kg  
Seasonal high: 12989c/kg  
Average for season: 12685c/kg  
Average in 2014/'15: 11447c/kg

## Economic factors dampen market

Wool prices have been trending downwards over the past few weeks amid continued uncertainty in world economic markets and turmoil in the Middle East (see **graphs** below).

China's slower economic growth impacted on the wool market. But the factor that had the biggest effect on the market was the Chinese stock market crash, which adversely affected many companies and individual investors (see **p2**).

Representatives at the recent annual Nanjing Wool Market (NWM) conference held in China were also told that wool demand within China currently was not following the usual pattern.

Market analysts, however, point out that August and September are traditionally quiet months where people take holidays; they present the current

collections, stock the shelves and await the colder weather and the customers.

Wool prices, nevertheless, are still at much higher levels than a year ago.

The shortage of wool supply is going to be an increasingly important factor. Offerings in Australia over the past four weeks showed a 13 per cent decline compared to the same period last year.

In South Africa, offerings since the opening of the season up to 26 September were also significantly down (-23,4 per cent) on the corresponding period last season.

Total broker receipts for the same period are down 12,9 per cent.

In Australia, wool brokers, exporters and processors have been defending the auction system, saying that it remains the quickest way to transfer ownership.

## Wool shipments to top 10 export destinations for July – Aug '15 season

Country	Greasy		Scoured		Top & Noils		Total <sup>1)</sup> R	% of total FOB <sup>2)</sup> value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	127 135 451	1 630 076	18 553 201	132 110	0	0	145 688 652	62,4
Czech Republic	33 885 430	382 835	0	0	0	0	0 33 885 430	14,5
Italy	9 359 497	111 174	2 445 963	27 409	8 951 695	70 427	20 757 155	8,9
Egypt	10 947 611	69 075	0	0	0	0	10 947 611	4,7
Germany	0	0	5 072 823	69 715	3 845 884	34 096	8 918 707	3,8
India	3 589 312	42 913	0	0	0	0	3 589 312	1,5
Portugal	0	0	0	0	3 496 041	21 377	3 496 041	1,5
USA	0	0	1 176 898	9 431	2 179 364	17 358	3 356 262	1,4
UK	0	0	0	0	1 369 750	21 116	21 116	0,6
Mauritius	0	0	0	0	1 283 326	8 892	1 283 326	0,6

<sup>1)</sup> Total Rand value includes value of waste exported.

<sup>2)</sup> FOB = free on board

Full export report (Shipments) available at [www.capewools.co.za](http://www.capewools.co.za)

## Accumulative results up to 26 Sept 2015

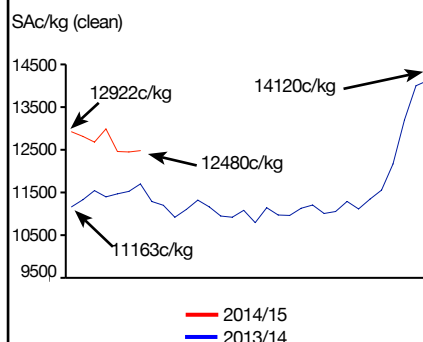
### Wool receipts (kg greasy):

2015/16: 8 044 134,5  
2014/15: 9 239 162,2  
Change: -12,9

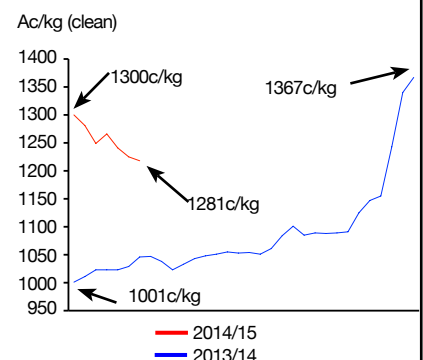
### Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2015/16:	33 149	4 985	38 134	5 831 391,8
2014/15:	42 466	7 661	50 127	7 609 217,6
Change:	-21,9	-34,9	-23,9	-23,4

Graph 1: Cape Wools' Merino indicator on 30 September 2015



Graph 2: Australian Eastern Market Indicator on 30 September 2015





# Chinese stock market crash had largest impact on wool

Of the many uncertainties impacting the wool trade over the past few months, the primary factor has been the negative stock market situation in China, which has left many participants adversely affected, the recent annual Nanjing Wool Market (NWM) conference at Qingdao in China was told.

And although this has affected business confidence negatively, many believe that the situation is positive in the long term, as industrial entrepreneurs divert their capital back into their factories for real goods production generating safer returns on investments.

According to Madam Yang, head of the host company SDIC/NWM, current wool demand in China is very uneven and not following the usual pattern.

The types suitable for the woollen and carbonizing sector are experiencing very high demand, whilst Merino fleece demand is presently very flat. Underpinning the woollen sector is the massive demand for double facing fabrics being used for mainly women's coats.

In the Merino fleece sector, the volatility in prices is just as confusing for the Chinese as they are for wool producers.

The weaving sector has more blend developments being undertaken, not only to satisfy retail demand, but also by hitting price points that the retailers are prepared to pay.

The conference was told that the first stage manufacturing enterprises (scourers) had made significant investments in pollution control methods, as legislated by the Chinese government.

This has taken much capital away from normal business activity, but a slow progression back to normal should be achieved in

the next year or so.

The treatment of the sludge produced is the major issue, with cleansing of the released wastewater a relatively easy and cost efficient process.

Low COD (Chemical Oxygen Demand) and biodegradable detergents are being developed, but it will be some time before they are commercially available. (Source: AWI)

## Wool brokers defend open cry system

Wool brokers, processors and exporters have reacted strongly to criticism about the open cry auction system by Australian Wool Innovation (AWI) chief Stuart McCullough.

McCullough repeatedly said there had been no modernisation in the auction system in 100 years. He also said it made no sense that 95% of Australian's wool was marketed through open cry.

The brokers, processors and exporters described the statement as "false and misleading," saying that basically every sector of the wool industry was electronically far beyond any other agricultural business.

"Open cry is such a quick way to transfer ownership – 250 lots an hour – we can't even get close to that electronically."

Inland Wool Brokers Association Wayne Beecher said brokers welcomed innovation and competition in wool selling, but were not interested in systems that did not include pre-sale wool inspection.

ACWEP executive director Peter Morgan said McCullough had not explained why it was not a good thing that most wool was sold open cry.

## Mulesing must be reduced, says processor

One of the world's largest wool processors has urged the Australian wool industry to reduce the practice of mulesing and to make pain-relief for sheep that are being mulesed mandatory.

Laurence Modiano, the London-based director of Modiano, told the Australian radio station ABC that there was significant demand for non-mulesed wool.

"The demand we in Europe have been receiving for Merino wool from non-mulesed sheep has increased by 50 per cent in the past six months," he said.

"Much of it is destined for the USA, home to many of the world's largest brands, and for Europe.

"Mulesing is an issue that isn't going away. In fact it's becoming more and more important."

Mr Modiano said that he understood why farmers were mulesing but that there was no excuse for not using pain relief.

## Australia gets its first female auctioneer

Australia's first female wool auctioneer has just been appointed. Cassie Baile, a 25-year-old has been appointed as an auctioneer for the Australian Wool Network at the Yennora Wool Selling Centre.

The only female auctioneer currently at the Yennora Wool Selling Centre, Cassie admits to getting a buzz out of wielding the gavel. She has been auctioneering for the past two years.

Cassie hails from a superfine wool property. Her childhood memories of helping with sheep work and in the shearing shed fuelled her passion for agriculture and the wool industry.

Below: Cassie Baile who has become Australia's first female auctioneer.



## Wool sneakers you can wash in the washing machine

Wool sneakers that are comfortable, breathable, water-repellent, anti-bacterial and which can be worn without socks, is the latest project launched by the Swiss start-up company Baabuk.

The colourful sneakers, called Urban Woolers, are available in contrasting colour options and can be washed in the washing machine without risk of damage.

The project is being funded through Kickstarter and is a follow-up on previ-

ous projects which saw the launch of other wool shoes for indoor and outdoor use, including beautifully crafted wool slippers.

Baabuk started as a husband and wife team which came up with the idea to create woolly shoes inspired by her grandpa's Russian Valenki felt boots. Traditional Valenki shoes are made of sheep's wool and have been known to protect people from weather conditions as severe as the Siberian cold.

Baabuk has spent years perfecting their stitchless, seamless one-piece felted construction shoes, and the end result is the Urban Wooler Sneaker.

The sneakers also boast water repellent properties in addition to its natural anti-bacterial abilities, doing away with the need to wear socks

