

# Monthly Wool Market Overview

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Wool news for March 2016

## SA Merino indicator for March 2016

First sale: 15429c/kg  
Last sale: 15570c/kg  
**Movement for the month:** -0,9%  
Rand/US\$ at last sale: R14,99

## SA Merino indicator for March 2015

First sale: 11054c/kg  
Last sale: 11114c/kg  
**Movement for the month:** +0,5%  
Rand/US\$ at last sale: R 11,78

## Australian Indicator for March 2016

First sale: 1263/kg  
Last sale: 1239/kg  
**Movement:** -1,9%

## Indicator for season to 26 March 2016

Movement since opening: +20,5%  
Seasonal low: 12163c/kg  
Seasonal high: 16161c/kg  
Average to date: 14013/kg  
Average in 2014/'15: 11202/kg

## Wool market remains strong

The market proved its resilience this past month and despite a slight drop at the last sale, prices remain on much higher levels than a year ago (see **graph 1**).

And although the weaker rand has supported the market to a large degree, even in US dollar terms prices show an improvement over last season.

In Australia the market is maintaining its price levels and still trades above last year's levels (see **graph 2**).

China remains the dominant player in the market and with dwindling greasy wool stocks in Chinese mills, demand is expected to remain fairly strong.

Following China's Premier Li Keqiang assurance that China's economic growth will stay on track during the recent annual meeting of the National People's Congress, world textile experts have also expressed their optimism about the country's economic growth prospects.

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The National People's Congress also adopted a new five-year plan for the economy, aiming for 6,5-7% growth a year by 2020. Measures include cutting high debt, streamlining state-owned enterprises, and reforming financial markets.

Mr Li acknowledged that there would be job losses as reforms were made to state-owned enterprises, but said there would be no mass redundancies.

The economy would "not suffer a hard landing, we have full confidence in the bright future of the Chinese economy".

An interesting analysis carried out in Australia clearly demonstrated that the re-offering of wool at auction does not necessarily guarantee a better price.

In fact, in a significant number of cases the wool was sold for less than the initial reserve price.

## Wool shipments to top 10 export destinations for July '15 to Feb '16

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	1 520 586 135	19 944 690	47 202 046	336 835	1 687 987	12 205	1 569 476 168	61,9
Czech Republic	412 449 582	4 894 747	0	0	0	0	412 449 582	16,3
Italy	102 077 514	1 073 740	49 484 822	392 315	100 207 657	618 724	251 769 993	9,9
India	126 368 756	1 398 358	2 348 440	28 478	0	0	128 717 196	5,1
Germany	0	0	20 187 660	197 393	48 282 636	312 371	68 470 296	2,7
Egypt	47 017 951	451 232	0	0	1 741 917	10 329	48 759 868	1,9
France	0	0	0	0	24 345 292	150 804	24 345 292	1,0
USA	0	0	3 639 158	27 331	10 9262 49	68 677	14 565 407	0,6
UK	1 261 542	16 723	498 413	3 234	7 865 287	78 604	9 625 242	0,4
Portugal	0	0	0	0	3 496 041	21 377	3 496 041	0,1

<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 18 March 2016

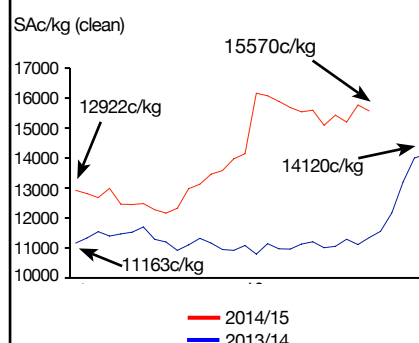
### Wool receipts (kg greasy):

2015/16: 41 354 150,7  
2014/15: 42 100 932,1  
Change: -1,8%

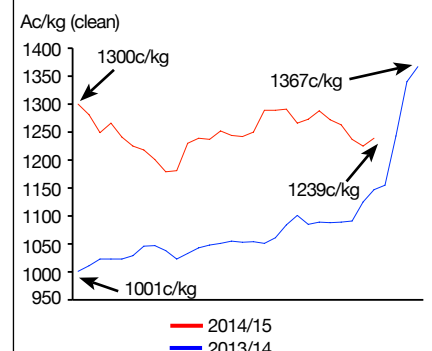
### Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2015/16:	146 020	93 106	239 126	35 952 616,8
2014/15:	162 837	90 239	253 076	38 042 027,4
Change:	-10,3	+3,2	-26,6	-5,5

Graph 1: Cape Wools' Merino indicator on 30 March 2016



Graph 2: Australian Eastern Market Indicator on 30 March 2016





# Animal rights activists launches new anti-wool campaign

The latest anti-wool advertisement by animal liberation activists is a big budget marketing campaign aimed at eliciting shock and guilt from an ignorant audience.

So says Narelle Lancaster, a lecturer in the school of media and communication at RMIT University, Victoria, Australia.

According to her People for the Ethical Treatment of Animals' (PETA) anti-wool campaign has deployed the longest-running and sexiest stunts known in the advertising industry to attract attention.

The latest campaign features US reality TV star Joanna Krupa. In the image, a naked Krupa, who appears bruised and bloodied, holds a battered fake lamb. The image includes the slogan: "Wool: The Naked Truth. There's nothing warm and cuddly about wool".

This is the same fake lamb PETA used in their campaign last year, which featured Australian musician Jona Weinhofen.

Ms Lancaster said PETA used nudity in their campaign to capture public attention, together with videos of animal cruelty aimed at shaming consumers into behavioural change.

"They are a well-oiled organisation – this organisation has strategy and technique, and a big budget for finely executed, strategic campaigns," she said.

Despite the YouTube clip reaching 3,2 million viewers, Ms Lancaster said woolgrowers should not worry about the campaign's damage. "Maybe it is time to create a response that is not knee-jerk, but reveals a better understanding of the industry and shows the implications to these campaigns," she said.

WoolProducers Australia chief executive, Jo Hall, called the ad "deceitful and misrepresentative" of the usual practice of

shearing.

PETA Australia's campaign coordinator, Claire Fryer, said shearers' yield payments encouraged careless work, leaving little consideration for the animal's welfare.

Australian photographer Jacqui Bateman used humour to counteract the campaign, with a nude photograph of shearer Daniel Telfer, which reached a Face Book audience of 700 000.

Source: [theland.com.au](http://theland.com.au)



Above: Aussie photographer Jacqui Bateman counteracted PETA's anti-wool campaign with a nude photo of shearer Daniel Telfer (photo: Jacqui Bateman Photography). Left: TV actress Joanna Krupa with the fake lamb in the PETA campaign (image via PETA).

## Mulesing and pain relief under the spotlight

New South Wales parliament unanimously passed a motion urging the state's wool producers to provide pain relief when mulesing sheep and to breed for fly-strike resistance.

The motion also encouraged further research and development into additional pain relief products.

The motion comes as woolgrowers, processors and retailers become increasingly concerned about consumer and market perceptions of mulesing and pain relief levels.

It also follows in the wake of the recent release of the US-based Textile Exchange's draft Responsible Wool Standard (RWS).

The draft requires, among others, pain relief to be used on shearing injuries and that a shearer should cease shearing immediately if a sheep suffers a severe cut or injury. It further requires that records of injuries be kept and that all shearers and contractors sign a RWS declaration.

If retailers accept the RWS, major brands like Target and H&M will be encouraged to exclusively buy non-mulesed or cease-mulesed wool.

In its January 2016 Market Intelligence Report Australian Wool Innovation said 53,6 percent of all Australian wool lots are currently declared (Non-Mulesed, Ceased Mulesing, Pain Relief or Declared Mulesed).

Modiano's Australian managing director Stuart Clayton warned that this renewed push to stamp out surgical mulesing could affect demand for Australian wool and strengthen demand for New Zealand and South African wool.

Source: [sheepcentral.com](http://sheepcentral.com)



## Import regulations for livestock from neighbouring countries becoming critical

"The implementation of import regulations for livestock from neighbouring countries has become critically important," says Dr Pieter Vervoort, Chairman of the National Animal Health Forum.

He warned that South Africa's national animal health status was not sufficiently protected in terms of the current import regulations and that the national animal health status of the country was under threat.

He said South Africa currently was exposed to controlled diseases and zoonosis (diseases that can be transferred from animals to humans).

Dr Vervoort also warned that the current regulations were out of line with South African legislation, the guidelines

of the international organisation for animal health, the OIE, and the so-called terrestrial codes.

The consultation process for import regulations for livestock from neighbouring countries commenced in December 2013.

He said the new measurements would not seriously limit the import of livestock from neighbouring countries.

It is only a matter of new procedures that have to be put in place. Furthermore, the regulations will have no influence on the importation of meat from South Africa's neighbouring countries.

The Forum represents the entire livestock and game industry as well as Onderstepoort Biological Products.