

Monthly Wool Market Overview

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Wool news for September 2016

SA Merino indicator for Sept 2016

First sale: 15408c/kg
Final sale: 14509c/kg
Movement: -5,8%
Rand/US\$ at last sale: R13,51

SA Merino indicator for Sept 2015

First sale: 12680c/kg
Last sale: 12480c/kg
Movement: -1,6%
Rand/US\$ at last sale: R 13,84

Australian Indicator for Sept 2016

First sale: 1310/kg
Final sale: 1285/kg
Movement: -1,9%

Indicator for season 2016/17

Movement since opening: -1,2%
Seasonal low: 14509c/kg
Seasonal high: 15584c/kg
Average to date: 15049/kg
Average in 2015/16: 12719/kg

Exchange rate causing market volatility

Exchange rate movements are mainly to blame for the volatility in both the South African and Australian markets in the past few weeks.

At the opening sale of the season, the average rate of the rand against the US dollar was R13,41. At the second sale it had weakened to R14,00 against the dollar and in early September dropped further to R14,32 before gaining some strength.

The market has nevertheless held firm despite this unpredictability and the Merino indicator at the final sale of September was a mere 1,2% down on the opening sale.

The monthly movement, however, was more dramatic as a result of general uncertainty and lack of direction in commodity markets due to the challenging world political situation.

Reports from the Nanjing Wool Conference held in China earlier this month

indicate a positive outlook for wool over the short to medium term.

Many of the world's largest wool buyers and processors attend this conference to discuss the state of the industry as a whole.

One of the reasons for the positive outlook is that since 2010, the price ratio of wool compared with other competing fibres (cotton, polyester and acrylic) has been averaging more than 5 to 1 and has not dropped below 4 to 1.

In the past, wool has been, on average, three times more expensive than the competing fibres and whenever the price of wool exceeded the three to one ratio it would see prices dropping fairly promptly.

The high price ratio for wool can also be attributed to a better understanding of its exceptional qualities and benefits, such as relieving eczema symptoms (see p2).

Wool shipments to top 10 export destinations for July to August 2016

Country	Greasy		Scoured		Top & Noils		Total ¹⁾ R	% of total FOB ²⁾ value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	127 839 001	1 395 180	8 002 133	51 040	0	0	135 841 134	61,3
Czech Republic	0	0	0	0	0	0	0	0,0
Italy	10 304 190	89 363	8 788 177	66 728	22 948 586	149 938	42 040 953	19,0
India	10 926 903	94 654	0	0	0	0	10 926 903	4,9
Germany	0	0	5 700 279	43 416	10 408 678	69 739	16 108 957	7,3
Egypt	3 591 959	31 447	0	0	0	0	3 591 959	1,6
France	0	0	8 843 332	49 068	0	0	8 843 332	4,0
USA	0	0	0	0	981 950	5 057	981 950	0,4
UK	0	0	0	0	0	0	0	0,0
Mauritius	0	0	0	0	3 340 383	20 020	3 340 383	1,5

¹⁾ Total Rand value includes value of waste exported.

²⁾ FOB = free on board

Full export report (Shipments) available at www.capewools.co.za

Accumulative results up to 21 September 2016

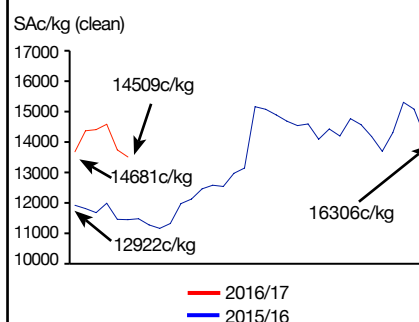
Wool receipts (kg greasy):

2016/17: 8 196 837,9
2015/16: 8 618 060,8
Change: -4,9

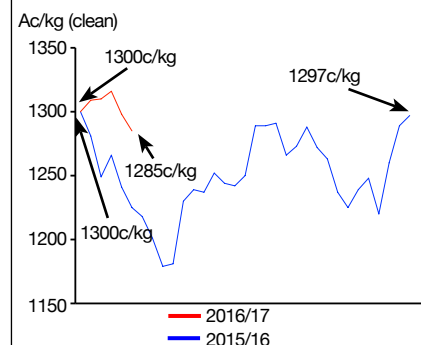
Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2015/16:	36 005	36 005	42 664	6 529 188,6
2014/15:	33 968	5 106	39 074	5 979 962,7
Change:	6,0	30,4	9,2	9,2

Graph 1: Cape Wools' Merino indicator on 28 September 2016



Graph 2: Australian Eastern Market Indicator on 28 September 2016





Wearing fine Merino wool can relieve eczema symptoms

Merino wool could help relieve eczema symptoms, clinical trials conducted in Australia have found.

Research funded by Australian Wool Innovation (AWI) has found wearing fine Merino wool can resolve problems caused by atopic dermatitis, commonly known as eczema.

"We wanted to change the mind of consumers who think wool is prickly and causes allergic reactions," said Paul Swan, AWI's general manager for research.

"We wanted to develop some positive proof that it's not the case."

Dr Swan said researchers have found if children wore fine Merino clothing over affected areas of their skin it stopped the skin drying out, resulting in their (eczema) symptoms clearing up.

He said the incidence of eczema was growing at the same rate as asthma, and was currently affecting one in 10 children.

In AWI's first case study of approximately 40 babies and young children under three years old, at the Murdoch Children's Research Institute (MCRI) in Melbourne, the results showed significant advantages of superfine Merino wool base-layers over cotton in ameliorating the symptoms of eczema.

In the study, half the children wore 100% superfine Merino wool for six weeks before changing over to cotton, with the remaining children starting in cotton before switching over to Merino wool after six weeks.

WOOL BETTER THAN COTTON

"We found that wearing superfine Merino wool led to an overall greater improvement in eczema, when compared with wearing



A beautiful wolf created by internationally reknown Japanese felt artist Terumi Ohta who is dedicated to creating the most life-like creations possible.

outfits made of cotton," said Associate Professor John Su.

"This finding challenges prevalent beliefs in the lay and medical communities, as well as findings from older, less rigorously performed studies from the mid-1950s, when coarser diameter and heavier wool garments were used.

"Skin irritation from any fibre type partly relates to the diameter of fibres. While wool can have many fibre diameters, only low diameter (superfine) Merino wool garments were used in the MCRI study.

"When comparing Merino with cotton, there are also other inherent differences in fibre properties: Merino's greater ability to transfer moisture vapour and heat than the other major apparel fibres enable it to maintain a more stable microclimate between the skin and the garment."

A parallel study of adolescent and adult sufferers of eczema in Brisbane by the Queensland Institute of Dermatology (QIDerm) has confirmed the beneficial findings of wearing superfine Merino wool.

Dr Lynda Spelman of QIDerm says all the trial participants showed substantially reduced symptoms with none of them displaying an allergic or irritant reaction.

"We have seen substantial reductions in skin dryness, redness and itchiness and in the measured area of inflammation – and for a number of the patients, this is the first time a real solution to their condition has been presented," Dr Spelman said.

She says the results appear to relate partly to the unique moisture management properties of wool.

The trials have been conducted using lightweight, 150 gram per square metre superfine Merino wool garments with a micron range finer than 18,6 microns.

Program Manager of Fibre Advocacy and Eco Credentials with AWI, Angus Ireland, says the studies demonstrate a strong role for superfine Merino in fostering healthy skin and managing eczema.

"The traditional advice to indiscriminately avoid wool against the skin, based on early commentaries that failed to distinguish between wool fibre types, can now be modified to include superfine Merino as a recommended next-to-skin clothing choice.

"It's interesting to note that, prior to the QIDerm study, most patients say they couldn't tolerate wool and many believed they were allergic to wool. However, we didn't have a single patient withdraw from the study due to any types of intolerance of these superfine wools.

The fact that the Brisbane-based study was undertaken throughout the city's hot and humid summer conditions, also shows that low-micron lightweight wool garments are suitable for all seasons.

British gymnast joins Campaign for Wool

British gymnast Max Whitlock joined the Campaign for Wool earlier this month when he performed in front of the Prince of Wales and leading figures from the fashion industry dressed in a wool suit created by Sir Paul Smith.

The 23-year-old double gold medalist walked on his hands before performing some of his famous pommel horse routines on a table to demonstrate the natural fabric's flexibility.

The performance was one of the highlights at the inaugural Dumfries House Wool Conference in Ayrshire described by the prince as the "Davos of Wool".

Delegates discussed sustainability, animal welfare and the future aims of the industry, with representatives from the four main wool producing nations - the UK, Australia, South Africa and New Zealand - signing the world's first Wool Declaration.

The document commits them to uphold the highest environmental, animal welfare and industrial standards.

The prince, as patron of the campaign, which was launched in 2010 to expand the market and promote awareness of wool's environmental benefits, called for those involved in the industry to sign the declaration.

Below: Max Whitlock performing in his wool suit. (Credit PA)



Farmer dyes sheep orange

A SHEEP farmer in Cumbria, UK, has sprayed his flock bright orange to stop people pinching them. Pip Simpson, 50, hopes this will deter rustlers or make the sheep easier to find if they are stolen. He decided to dye his 800 strong flock after 300 were taken over the past four years.

