

Monthly Wool Market Overview

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Wool news for July 2017

Wool sales until December 2017

16 Augustus
23 Augustus

06 September
13 September
20 September
27 September

04 October
11 October
18 October
25 October

01 November
08 November
15 November
22 November
29 November

06 December

Wool prices set to increase further

This past season has been the best in years. Not only did the market perform well, production also increased to over the 50 mkg-mark.

The average Merino indicator for the 2016/17 season came to R155,82/kg (clean), which is 9,2% up on the previous season.

The average price for Merino wool was R94,30/kg (greasy) and for other white wool R61,42/kg (greasy).

The overall average price for all wool delivered was R82,05/kg (greasy). Strong demand, particularly from China, and limited world supply of Merino wool contributed significantly to the higher prices.

Indications are that the prices will remain strong in the new season. The Australian market performed well at its first sale of the season with good demand for the finer as well as the medium types.

Australia's Rural Bank says in its latest report on the wool industry it expects the strong performance of the market to continue.

It says the 12-month rally in fine and medium wool prices will continue to be supported by growing export demand and limited, albeit now growing, supply from Australia.

The Australian clip is forecast to increase by 4% in 2017/18 to 353 million kg – a level last achieved in 2012/13.

The report cautions, however, that if an element of the recent price growth has been processors restocking their inventory, once they complete this the demand pressure will come out of the market, potentially causing wool prices to ease.

South Africa saw production increase to 52,5 million kg in 2016/17, its highest level in decades.

Wool shipments to top 10 export destinations for July '16 - June '17

Country	Greasy		Scoured		Tops & Noils		Total ¹⁾ R	% of total FOB ²⁾ value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	2 725 777 464	33 369 043	38 377 497	247 472	7 218 800	48 407	2 754 425 896	64,6
Czech Republic	678 878 508	7 436 239	0	0	0	0	678 878 508	15,8
Italy	191 325 726	1 567 447	56 762 509	424 784	209 779 375	1 255 859	458 620 800	10,7
India	105 638 932	1 030 165	0	0	1 036 063	11 663	106 674 995	2,5
Germany	0	0	29 642 068	260 815	64 338 878	384 088	93 980 946	2,2
Egypt	81 886 669	681 774	0	0	0	0	81 886 669	1,9
France	0	0	0	0	36 654 302	220 588	36 654 302	0,9
UK	0	0	0	0	13 707 701	119 138	13 908 561	0,3
USA	0	0	2 970 687	22 241	10 179 855	46 671	13 150 542	0,3
Mauritius	0	0	0	0	11 208 012	67 911	11 208 012	0,3

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 for 2017

Wool receipts (kg greasy):

2016/17: 52 458 410
2015/16: 49 703 968
Change: 3,6%

Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2016/17:	199 805	120 951	320 756	47 600 080,3
2015/16:	200 092	115 572	315 664	47 800 095,8
Change:	-0,1	4,7	1,6	-0,4



The communal areas of the Eastern Cape has huge potential for increasing South Africa's clip, says Cape Wools CEO Louis de Beer (see p2).



South Africa has potential to increase production to 75 mkg

Although it is unlikely that South Africa will ever produce 100 million kg again, there is potential to increase production to at least 75 million kg, says Cape Wools CEO Louis de Beer.

The past season saw production totalling 52,5 million kg. This was the second time production increased to over 50 million kg since 1998/99.

In 2013/14 the clip came to 50,5 million kg (see **bar chart**).

De Beer says the Eastern Cape in particular has enormous potential for expanding production.

"Not only are there large tracks of unused land available, farmers in the communal areas of the province are also keen to become wool producers.

"But we need Government to co-operate and assist in making more land available to new entrants to the industry."

The wool industry has already achieved huge successes in assisting communal farmers to increase production, improve the quality of their clips and earning a higher income.

This was done through training farmers to properly prepare their clips for the formal market and by providing better breeding stock through the ram-breeding programme.

There currently are 2 716 registered shearing sheds in the communal farming areas, of which 1 195 were active during the 2016/17

wool season.

Of these, 944 are in the former Ciskei/Transkei regions.

The total volume of wool produced by the active shearing sheds came to just under 6 million kg, of which 2,2 kg (producer lots) was produced by Transkei/Ciskei sheds.

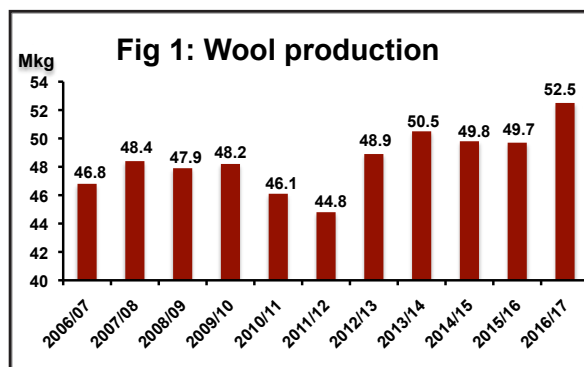
There has also been a significant increase in the number of wool-growing communities when another 150 communities entered wool production.

This brings the number of wool-growing communities to around 1 400, representing close to 40 000 individual small-scale farmers.

De Beer stressed that training of new entrants was of the utmost importance.

"We have the know-how and we will be able to assist the various agricultural training colleges to compile courses.

"But once again Government will have to assist the industry," says De Beer.



Production increases significantly

The Eastern Cape remains the top wool-producing province, delivering 18,2 million kg, or 35%, of total receipts, followed by the Free State with 9,4 mkg (18%), and the Western Cape with 8,4 mkg (16%).

Only three magisterial districts, of which two are in the Western Cape and one in the Eastern Cape, managed to produce more than a million kg. These were Bredasdorp (1 209 328 kg), Caledon (1 279 472 kg) and Barkly-East (1 076 464 kg).

The largest producers in the other provinces were Victoria West (881 024 kg), Frankfort (955 551 kg), and Ermelo (665 356 kg).

Lesotho's production increased by over a

million kg compared with the previous season. Mafeteng once again was the largest wool-producing region, delivering 2 017 896 kg.

Production per province (kg) 2016/17

Province	Mass	%
Eastern Cape	18 158 275	35
Western Cape	8 389 212	16
Free State	9 437 028	18
Northern Cape	6 165 665	12
Mpumalanga	2 200 894	4
Limpopo	8 386	0
Gauteng	303 496	1
North West	588 321	1
Kwazulu-Natal	638 896	1
Total: South Africa	45 890 173	87
Total: Namibia	2 225	
Total: Lesotho	6 566 012	13
Total: Southern Africa	52 458 410	

Uruguay to host World Merino Conference

Uruguay will host the 10th World Merino Conference to be held from 7 to 15 April 2018.

The Conference is organised by the Uruguayan Merino Breeders' Society with the support of the World Federation of Merino Breeders.

This conference takes place every four years with the objective to encourage the participation and massive networking of researchers, breeders and companies or institutions related to the breed.

The World Federation member countries are Argentina, Australia, France, Hungary, Kazakhstan, Lesotho, New Zealand, Portugal, Russia, South Africa, Spain, Uruguay and USA. Interest in the Conference has also already been received from other countries such as Turkey, Canada and Chile.

The previous Conference was held in South Africa in 2014 and over 200 international visitors attended.

The official activities for the 10th World Merino Conference will start on Saturday 7th April with a five-day technical tour visiting the best Uruguayan Merino studs, industry, plants and wool mills. The centre-north of the country will also be visited, ending the tour in Salto where the best Merino area is.

For more information visit www.merintoururuguay2018.org

'Worst' wool season for New Zealand

New Zealand has just finished its worst wool season since the global financial crisis as China, the largest buyer of the fibre, switched its preference to fine wool and away from strong wool that makes up the majority of the country's clip.

A total of 420 378 bales were offered at auction in the season that ended June 30, with 311 698 sold, giving an average clearance rate of 74 per cent.

The number of bales was up 1,1 per cent on the previous season as unsold bales were re-offered at auction, while the volume of bales sold dropped 15 per cent.

"We haven't seen a market like this since the global financial crisis," said John Dawson, chief executive at New Zealand Wool Services International, the nation's largest wool exporter. He has been in the industry for 39 years.

"We haven't seen extreme movement like this for quite some time. The speed of it took the whole industry by surprise. It's been one of those seasons that you want to forget, he said."