

# Monthly Wool Market Overview

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Wool news for November 2018

## SA Merino indicator for November 2018

First sale: 20468c/kg  
Final sale: 20771c/kg  
**Movement: 1,5%**  
Rand/US\$ at last sale: R13,94

## SA Merino indicator for November 2017

First sale: 19339c/kg  
Last sale: 18656c/kg  
**Movement: -3,5%**  
Rand/US\$ at last sale: R13,65

## Australian Indicator for November 2018

First sale: 1795/kg  
Final sale: 1860/kg  
**Movement: 3,6%**

## Indicator for season 2018/19

Movement since opening: -12,8%  
Seasonal high: 25382c/kg  
Seasonal low: 20468c/kg  
Average to date: 22431c/kg  
Average in 2017/18: 18356c/kg

## Signs of stabilisation in market

The local wool market remained under pressure for most of November but the Australian market seemed to have stabilised towards the end of the month.

Since China is the world's largest wool buyer, developments in this country will influence the wool price.

One such a development is that the Chinese Yuan has lost more than 10% of its value against the US dollar since March. In real terms this means that Chinese manufacturers had to pay 10% more on top of the already high wool prices.

Another factor is the 30% drop in share market values. Most Chinese, including large wool textile mills, like to invest in stocks and shares and would most likely have suffered losses over the past 8 to 12 months.

While the US is not such a large con-

sumer of high-end woollen garments, the trade disagreements between China and the US have created uncertainty and nervousness in the former.

The good news is that according to Australian Wool Innovation's monthly market report there is anecdotal evidence that early stage processing capacity has increased in the Zhangjiagang region (China's textile hub) by up to 35 000 tons (roughly 310 000 greasy bales of consumption if at full capacity).

This increased capacity is considered to be in the form of new machinery, not excess second hand or repurposed that is bought from other manufacturers.

As a result, a significant oversupply of capacity exists and that is not likely to change in the near future as global supply of wool continues to shrink and prices remain in the higher levels.

## Wool shipments to top 10 export destinations for July '18 - October '18

Country	Greasy		Scoured		Tops & Noils		Total <sup>1)</sup> R	% of total FOB <sup>2)</sup> value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	834 110 957	5 830 184	0	0	0	0	834 110 957	64,3
Czech Republic	261 994 537	1 602 210	0	0	0	0	261 994 537	20,2
Italy	64 221 323	411 197	40 524 490	218 504	1 228 157	23 614	105 973 970	8,2
India	-	8 170	0	0	31 189 715	2,4		
Bulgaria	28 537 647	197 856	0	0	0	0	28 537 647	2,2
Germany	0	0	12 579 243	87 181	169 315	5 252	12 748 558	1,0
Egypt	11 642 311	66 101	0	0	0	0	11 642 311	0,9
USA	3 814 914	23 819	1 622 945	9 469	0	0	5 437 859	0,4
Switzerland	2 582 432	13 817	0	0	0	0	2 582 432	0,2
Mexico	0	0	1 885 776	10 059	0	0	1 885 776	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 30 November 2018

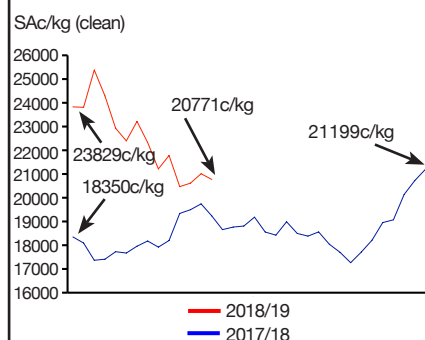
### Wool receipts (kg greasy):

2018/19: 24 018 661,1  
2017/18: 26 712 220,2  
Change: -10,1%

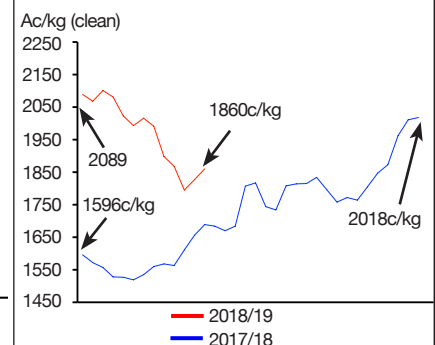
### Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2018/19:	96 253	36 251	132 504	19 819 932,2
2017/18:	94 023	51 949	145 972	21 528 145,8
Change:	2,4	-30,2	-9,2	-7,9

Graph 1: Cape Wools' Merino indicator on 28 November 2018



Graph 2: Australian Eastern Market Indicator on 28 November 2018





# Australian wool production forecast to decline by 10,8%

The Australian Wool Production Forecasting Committee has updated its forecast for the 2018/19 season to 305 mkg greasy.

This is a 10,8% decline on the Committee's shorn wool production estimate of 341 mkg greasy for the 2017/18 season.

The fall reflects an expected reduction in both the number of sheep shorn and the average annual wool cut per head as a result of the continuing difficult seasonal conditions across many of the major wool producing regions of the country.

The Committee brought forward their usual December meeting into November to provide the industry with an updated forecast for the remainder of the current season. The second forecast, made in August, at 322 mkg was contingent on how the season would progress over the Spring period.

"Tough seasonal conditions have continued in many regions and as the wool textile industry is monitoring the situation closely, it was important to provide updated information to the market," committee chairman Russell Pattinson said.

"The season continues to be very difficult through most of New South Wales and Queensland, northern Victoria and east Gippsland, northern South Australia and parts of southern Western Australia".

In these regions, both the number of sheep shorn and the annual average cut per head are expected to decline considerably.

Rain in October and early November has slightly improved the outlook for wool production in parts of the country.

The Committee noted that for the 2018/19 season to the end of October, the AWTA test data showed a large increase in the weight of wool tested in all micron

ranges up to 18,5 microns as well as a large decline in the weight of 20 to 23 micron wool and 28,6 microns and broader wool.

Volumes have generally fallen for other micron ranges. The average mean fibre diameter for the season to the end of October was 20,1 microns, down by 0,5 microns.

The average staple length across Australia has fallen by 3,2 mm to 85,8 mm, with all states recording shorter staple length for the season to date compared with the same period in 2017/18.

## Aussie woolgrowers vote for lower levy

Australian woolgrowers have voted in favour of a wool levy of 1,5 per cent on wool sales in the 2018 WoolPoll to fund research, development and marketing of the natural fibre.

This is 0,5 per cent lower than the previous levy. Of the 13 506 votes received, following the allocation of three rounds of preferences, 52,8 per cent voted in favour of a 1,5 per cent wool levy.

Australian Wool Innovation (AWI) Chief Executive Officer Stuart McCullough said that on first preferences, 88,28 per cent of woolgrowers had voted for a levy option of either 1,5 per cent or 2 per cent, demonstrating continued support for AWI's role investing in R&D and marketing on behalf of woolgrowers.

WoolPoll is the opportunity woolgrowers have every three years to vote on what percentage of wool income they would like to invest in R&D and marketing undertaken by AWI.

## When the dead had to be buried in wool

"I solemnly swear that this dead person was not wrapped in anything "made or mingled with Flax Hempe Silke Haire Gold or Silver," but rather in a shroud "made of Sheeps Wooll onely ..."

This strange and specific oath was taken by witnesses to English burials for more than a century, by order of Parliament.

This order came to effect in March 25, 1667, dictating that everyone in the country had to be buried in woollen (rather than linen) shrouds—or pay a hefty £5 fine taken from the deceased's estate or his or her associates.

Why? At the time England had lots of sheep but also lots of linen imports. In addition, there was a very high death rate as a result of bubonic plague.

Most of those corpses, by custom,

would have been buried in linen shrouds. This was of great benefit to England's cross-Channel rival, France, which provided a third of all the country's linen but this also effectively buried England's domestic wool industry.

To stymie French linen imports, encourage people to buy new wool, and preserve local linen for other uses, Parliament developed "An Act for Burying in Woollen onely."

In 1677 the act was revamped to give it more teeth. Burials required written affidavits, from two witnesses, within eight days, affirming that a wool shroud had been used. Clergy were told to document burial fiber in a registry. Anything short of strict adherence brought that crippling fine.

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

## Wool boxer briefs a big hit among outdoor sportsmen

The US outdoor brand Smartwool has a new best seller – Merino 150 Boxer briefs.

The company has been making wool socks from imported Merino wool for skiers, hikers, bikers, and anyone else who needed quality socks for their outdoor adventures for 25 years.

But its latest addition is proving to be a big hit among adventure seekers.

The Merino 150 material is made using Core Spun technology, where merino fibers are wrapped around a nylon core for increased durability while still maintaining comfort.

Weighing in at 150 grams, the Merino 150 material is designed to be a suitable base layer year-round.

The briefs can be ordered online from various sites.



## Wool proteins can improve diet of animals

Proteins from wool can be added to the diets of animals to improve their health, scientists at New Zealand's agricultural research body, AgResearch, have shown.

Researchers say the positive findings in the diets of domestic cats open up exciting possibilities for new uses of sheep wool to improve digestive health for a broader range of animals, and potentially human beings.

The findings have just been published in the Royal Society of Chemistry's Food & Function journal.

"The research is telling us that sheep wool has many useful attributes, and one of those now appears to be proteins derived from the wool that could be used as a dietary supplement to improve digestion and nutrition, and therefore overall health," said Dr Jolon Dyer, AgResearch's Science Group Leader for Food and Bio-based Products.

Source: [nzherald.co.nz](http://nzherald.co.nz)