

# Monthly Wool Market Overview

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Wool news for September 2019

## SA Merino indicator for Sept 2019

First sale Sept: 14770 c/kg  
Final sale Sept: 17231 c/kg  
**Movement: 16,6%**  
Rand/US\$ at final sale of Sept: R15,01

## SA Merino indicator for Sept 2018

First sale Sept: 25382c/kg  
Final sale Sept: 22928c/kg  
**Movement: -9,7%**  
Rand/US\$ at final sale: R14,30

## Australian Indicator for Sept 2019

First sale Sept: 1535/kg  
Final sale Sept: 1607/kg  
**Movement: 4,7%**

## Indicator to date for 2019/20

Movement since opening: 16,6%  
Seasonal high: 17231c/kg  
Seasonal low: 14770c/kg  
Average to date: 2019/20 16120c/kg  
Average to date 2018/19: 24340c/kg

## Market moves upwards in September

**Slightly improved** sentiment and the 2,7% weakening of the rand against US dollar pushed prices upward at the last sale of September, with the Cape Wools Merino indicator gaining 5,3% in that week to close at R172,31/kg (clean).

This is still considerably lower than the same time last season when the indicator was at R242,90/kg clean. The total gain since the opening sale was 16,6% (see **graph 1**).

In Australia, the market has also been on the up in September (see **graph 2**).

Unfortunately, delegates were divided on which direction the market will take over the longer term, as was evident at this year's Nanjing Wool Market conference that was held in Qufu, China (see story **p2**).

What became abundantly clear at the conference was that consumer confidence in both China and Europe had been badly

affected by trade and economic uncertainty caused by a number of factors, including Brexit, Iran and the US-China trade war.

With some import restrictions on South African wool destined for China as a result of the outbreak of foot-and-mouth disease still in place, export figures for July look dismal. No wool was shipped to China or the Czech Republic (see **table** below).

China still requires that wool be stored at certain temperatures for certain periods of time (4 months at 4° C; four weeks at 18° C, or 8 days at 37° C), calculated from the day of receipt, before exportation.

More positive news is that Scottish scientists, in an effort to curb greenhouse gases, are working on a project to breed sheep that produce less methane. They believe this will also help to address the argument about the effect of eating meat on global warming. (see **p2**).

## Wool shipments to top 10 export destinations for July '19 - July '19

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	0	0	0	0	0	0	0	0
Czech Rep	0	0	0	0	0	0	0	0
Italy	0	0	5 444 721	39 882	0	0	5 444 721	14,5
India	12 336 059	92 184	0	0	0	0	5 444 721	32,8
Bulgaria	8 401 898	135 131	0	0	0	0	8 401 898	22,4
Germany	0	0	6 188 924	48 371	0	0	6 188 924	16,5
Egypt	2 299 582	125 903	0	0	0	0	2 299 582	6,1
USA	2 894 638	20 262	3 325 204	19 126	0	0	16 351 542	7,7
UK	0	0	0	0	0	0	0	0
Switzerland	0	0	0	0	0	0	0	0

<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 12 September 2019

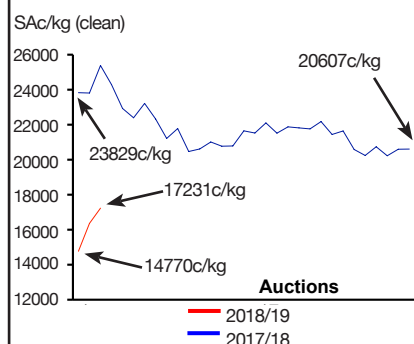
### Wool receipts (kg greasy):

2019/20: 7 803 849,4  
2018/19: 7 981 954,4  
**Change: -2,2%**

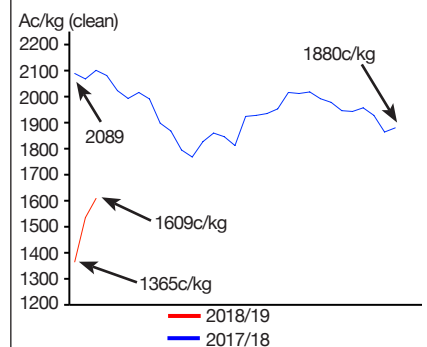
### Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2019/20:	13 459	2 044	15 503	2 358 900
2018/19:	18 606	2 171	20 777	3 208 576
<b>Change:</b>	<b>-27,7</b>	<b>-5,8</b>	<b>-25,4</b>	<b>-26,5</b>

**Graph 1: Cape Wools' Merino indicator on 27 September 2019**



**Graph 2: Australian Eastern Market Indicator on 27 September 2019**





# Nanjing Conference divided on outlook for China

**A conference of confusion.** Delegates at this year's Nanjing Wool Market conference that was held in Qufu, China, in September, described it as "confusing".

Qufu is the home of ancient Chinese philosopher and politician, Confucius. Over 400 representatives from 26 countries attended this year's conference.

The conference is an annual meeting of the global wool industry that facilitates discussion on current industry issues, future developments, and market opportunities.

According to Australian Wool Innovation's trade consultant, Scott Carmody, the conference hadn't shed much light on the longer-term outlook for the Chinese industry.

Carmody said consumer confidence in China, the world's biggest market for woolen garments, and throughout Europe, had been badly dented by trade and economic uncertainty caused by a number of problems, including Brexit, Iran and the US-China trade war.

European wool processors reported that consumer demand in their part of the world had dropped by more than 20 per

cent, he said.

The Chinese processing industry was also being hurt by serious over-capacity with many machines now sitting idle. Mr Carmody said the Chinese Government was addressing the issue.

The recent sharp drop in wool prices had devalued the inventories of first-stage processors in China by 25-40 per cent, a big depreciation if prices didn't quickly recover.

Mr Carmody said topmakers currently had two or three months of stock in the system for which they had paid much more than what wool is fetching now.

He said much would depend on wool retail sales during the northern hemisphere autumn and winter but the first results were not expected before the end of October.

Chinese mill operators were furious about the trade war with the US and were looking for a solution.

According to Carmody the talk throughout the Chinese manufacturing industry was the need to become "greener".

He believed this could help demand for wool which was a natural fibre.

## You will sleep better in woollen pyjamas

**New research** has found that wearing woollen pyjamas at night could be the secret to getting a better night's sleep.

Australian scientists believe the fabric keeps the body in its "thermal comfort zone", regulating its temperature and resulting in a good snooze.

Experts conducting the research tested the theory out on two groups in different age groups (17 students and 36 older adults). The research was carried out in Australia over periods of nine and four nights.

The study found that students in their 20s who wore Merino wool drifted off four minutes faster than those wearing alternative materials to bed.

Non wool-wearers took 15 minutes to reach dreamland, while those wrapped up in natural clothing were asleep within 11 minutes – and even got an extra seven minutes sleep at the other end.

Those donning wool on the older end of the scale, aged between 65 and 70, snoozed off within 12 minutes, compared with 22 and 27 minutes for those wearing polyester or cotton.

Dr Paul Swan, a researcher at The University of Sydney, said: "Not so long ago sleeping under wool bedding was the norm, and science is now rediscovering the benefits of sleeping in wool."

"Maybe it is not a coincidence because wool regulates your body temperature far better, keeping you in what is known as 'the thermal comfort zone'." *Source: Journal of Nature And Science Of Sleep*

## Chinese designer launches traceable knitwear collection

**Chinese designer** and International Woolmark Prize alumnus Ban Xiaoxue continues to show his support for the wool industry, releasing a traceable knitwear collection for Fall/Winter 2019.

Partnering with The Woolmark Company and working with leading spinner Xiniao, the Merino wool used in this collection can be traced back to the farms in Australia where it was produced. The collection features 30 creative and innovative knits, in a mixture of 100% Merino wool and wool blends and includes dresses, skirts, blouses, sweaters and vests.

With both traceability and supply chain transparency playing a vital role in fashion's complex ecosystem, an increasing number of labels recognise the importance of building their business around this.

## Scientists working to breed sheep which produce less gas

**Scientists are working** to breed sheep that produce less greenhouse gases in order to reduce their impact on the environment.

According to a report in *The Guardian* newspaper, the Grass to Gas initiative, led by Scottish scientists, will combine international scientific and industry expertise to measure two key factors affecting the environmental consequences of the livestock – feed efficiency and methane emissions.

Its goal is to develop new ways to identify animals with a lower emission and lower impact, which can then be selected as part of breeding programmes.

Nicola Lambe, a sheep geneticist at Scotland's Rural College (SRUC), said: "The reduction in greenhouse gas emissions is a global issue requiring a trans-national and trans-disciplinary approach.

"The project aims to produce tools to measure, or accurately predict, feed efficiency and methane emissions from both individual animals and sheep systems, which will provide the international industry with the means to breed, feed and manage sheep with reduced environmental impact as part of genetic improvement initiatives.

"It will also contribute towards addressing the argument about the effect of eating meat on global warming, with sheep ma-

king use of land often unsuitable for other agricultural production, at least in the UK."

The first phase of the three-year project, which runs until September 2022, will test different methods for their ability to accurately predict feed intake and methane emissions from sheep.

Using technologies which show promise, researchers will then investigate the relationship between these two factors from sheep housed both indoors and at pasture.

Genetic control of emissions and feeding will also be looked at in the project, by assessing the differences due to breed, parent, genetic line or breeding values.

The research led by SRUC will use lambs bred from male sheep – known as sires – sourced from the Texel Sheep Society's Texelplus programme, to investigate the effects of sire and breeding values on these measurements.

Data will also be analysed to quantify the economic and environmental benefits of improvements in feed efficiency and reduced greenhouse gas emissions.

The UK part of the project will receive £250 000 in funding from the Department for Environment, Food and Rural Affairs (Defra), the Research Council of Norway and New Zealand Ministry for Primary Industries.