

Monthly Wool Market Overview

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Wool news for August 2019

SA Merino indicator for 2018/19 season

First sale: 23829c/kg
Final sale: 20607c/kg
Movement: -13,5%
Rand/US\$ at final sale: R14,71

SA Merino indicator for 2017/18 season

First sale: 18350c/kg
Final sale: 21199c/kg
Movement: 15,5%
Rand/US\$ at final sale: R12,76

Australian Indicator for 2018/19 season

First sale: 2089/kg
Final sale: 1880/kg
Movement: -10,0%

Indicator for 2018/19 season

Movement since opening: -13,5%
Seasonal high: 25382c/kg
Seasonal low: 20225c/kg
Average for 2018/19: 21790c/kg
Average for 2017/18: 18604c/kg

Global factors lead to sharp fall in prices

The wool market is facing a difficult time as prices continue to drop sharply in the wake of the tariff war between China and the US and the weakening European economies.

Australian wool prices have dropped by 20-30 per cent on average since the beginning of the year, while industry leaders brace themselves for worse to come.

The price drop is directly linked to reduced demand from Chinese consumers and Italian woven cloth producers amid the continued uncertainty that is affecting both consumers and processors.

A decade ago almost 100 per cent of textile products manufactured in China was exported to mainly northern hemisphere markets, led by Italy.

But lately, Chinese consumers have been the major driving force of demand for wool products with around 60 per cent

of the wool processed being sold into its domestic retail market.

Chinese processors also face financing issues, as it is getting more difficult to obtain credit, while there are reports that some buyers are preparing to move manufacturing to other parts of Asia to sidestep tariffs.

Meanwhile, the Department of Agriculture, Forestry and Fisheries has confirmed that the conditions contained in the current health certificate for exporting wool to China would have to be complied with unless a new health certificate is negotiated.

It said the risk associated to enter into a new negotiation process is that exports could once again cease until a new health certificate has been negotiated and put in place.

The South African Wool and Mohair Buyers Association agreed to resume wool sales in the first week of September 2019.

Wool shipments to top 10 export destinations for July '18 - June '19

Country	Greasy		Scoured		Tops & Noils		Total ¹⁾ R	% of total FOB ²⁾ value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	1 994 885 774	16 081 043	0	0	0	0	1 994 885 774	44,4
Czech Republic	1 656 335 729	8 784 865	0	0	0	0	1 656 335 729	36,8
Italy	268 893 752	1 632 311	92 947 153	552 205	1 912 084	29 619	363 752 989	8,1
India	231 782 129	1 409 941	1 498 945	16 458	0	0	233 281 074	5,2
Bulgaria	135 117 540	1 314 091	0	0	0	0	135 117 540	3,0
Egypt	52 467 732	365 275	0	0	0	0	52 467 732	1,2
Germany	0	0	32 168 294	264 386	169 315	5 252	32 337 609	0,7
UK	13 026 338	84 583	0	0	0	0	16 351 542	0,4
Turkey	5 736 279	85 199	0	0	0	0	5 736 279	0,1
Spain	2 582 432	13 817	0	0	0	0	2 582 432	0,1

¹⁾ Total Rand value includes value of waste exported.

²⁾ FOB = free on board

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

Merino wool runners you can wash in the washing machine

The Austrian company Giesswein is producing a wide variety of woollen footwear. The collection includes lightweight, super comfortable, unisex running shoes made from 100% Merino wool uppers, featuring a unique 3D stretch technology. The shoes can be washed in a washing machine (cold water, 30°C, wool wash cycle) and air-dried (do not tumble dry). There are a number of other companies that also produce wool running shoes, like Allbirds. The shoes can be ordered online.





Aussie wool production forecast to fall to lowest level in 95 years

Australia's wool production is forecast to drop to its lowest level in almost 100 years. The market and seasonal conditions do not indicate a quick turn-around.

The Australian Wool Production Forecasting Committee (AWPFC) has updated its forecast of shorn wool production for the 2019/20 season.

This forecast is for production of 285 million kilograms (mkg) greasy, a 5% decline on the 2018/19 estimate.

According to statistics a national wool clip of 285 mkg would be the lowest since production fell to 267 mkg in 1924, before lifting to 330 mkg the following year.

Acting Chairman of the Australian Wool Production Forecasting Committee (AWPFC) Chris Wilcox said that the dry finish to the 2018/19 season in some areas resulted in further reductions in key wool test parameters since April.

Average yield ended the season at 63,1%, down 1,5% on 2017/18 while mean fibre diameter was down by 0,5 microns to 20,5 micron and staple length was down 2,2 mm.

The Committee noted that the key factor limiting a recovery in shorn wool production is the number of sheep shorn, following high adult sheep slaughter rates in 2018/19 and lamb marking numbers are

reported to be low. Lamb marking is the term applied to the procedure of earmarking, castration and tail-docking of lambs.

Mr Wilcox said the sheep and lamb slaughter data from the Australian Bureau of Statistics to the end of June 2019 show a 16% increase in sheep slaughter compared with the same period a year earlier.

The Committee added that there are indications that wool producers, where possible, intend to hold onto, and perhaps increase, breeding ewe numbers. However, this requires normal spring rainfall through many wool-producing areas to build soil moisture, on-farm water supplies and allow good pasture growth.

The fibre diameter distribution of the Australian wool clip showed a significant increase in the weight of wool tested of 18,5 microns and finer and a sharp decline in the volume of 18,6 and broader wools.

Meanwhile, Western Australian livestock producers have been urged to continue their supplementary feeding programmes, despite widespread – yet variable – rainfall recently.

While the rainfall will greatly assist pastures, growth is expected to be limited.

It is not yet known how the continued drought in many areas in South Africa will affect production.

Wool 'just as cruel as fur' advert banned

An advert by an animal rights group PeTa, claiming wool is as cruel as fur has been banned by the UK Advertising Standards Authority.

The authority ruled that it was misleading and that sheep “were not killed for their wool as animals were in the fur industry”. It said that sheep needed to be shorn for health reasons, so the comparison to fur was incorrect. The authority also pointed to Government guidance to farmers that sheep should be shorn regularly.

The ad by the group was plastered on the side of buses in February this year and read: “Don't let them pull the wool over your eyes. Wool is just as cruel as fur. Go wool-free this winter”.

The ban came after 10 people complained about the ad. The complainants said it was misleading, as sheep should be shorn on health grounds.

In its response to the ruling, PeTa argued that shearing sheep was cruel as the animals were “not commodities” but “sentient, intelligent, living beings with rich social lives.”

The organisation further added that research indicated the need to shear sheep was a result of selective breeding over the years by humans to increase the yield of wool for the use in textiles.

It said the industry had created “unnatural animals” with the use of artificial selection and genetic manipulation.

Source: *Telegraph.co.uk*

Russian artist crafts beautiful felted animals

Russian artist Anna Yastrezhembovskaaya has made a name for herself by crafting adorable, needle-felted woolen animals by hand.

From textile birds to a tiny fuzzy hedgehog, her growing portfolio of hand-made toys pays homage to the many creatures that inhabit the artist's nearby forests.

The talented artist has not only perfected her craft, but she now has a business selling her felted animals on the website Etsy.

Source and picture: *mymodernmet.com*



Wool odour could be key to protecting sheep from fly strike

A global research project led by The University of Western Australia in collaboration with the Department of Primary Industries and Regional Development Western Australia, has identified compounds in Merino sheep wool that are attracting Australian blowflies.

The discovery, published in *Medical and Veterinary Entomology*, could help breeders develop fly-resistant flocks of sheep, which would improve animal welfare and productivity.

Professor Phil Vercoe from the UWA Institute of Agriculture and UWA School of Agriculture and Environment said the findings could help to prevent fly strike, a distressing disease caused by blowflies that poses a significant health risk to sheep.

“This research is a step in the right direction towards the development of more clean, green and ethical approaches to preventing fly strike,” Professor Vercoe said.

“If future studies find that the wool odour is inherited, then the compounds

we've identified could lead to a more effective way to breed sheep that are resistant to fly strike.

“This would be a great thing for industry because it would improve the welfare of the animals and productivity and address the cost of fly strike which has been estimated to cost the agriculture industry \$280 million annually.”

Dr Johan Greeff from the Department of Primary Industries and Regional Development said that the discovery could lead to a simple test, based on the presence of certain volatile compounds in sheep's wool that determine whether flies will be attracted to the sheep.

“Our study shows that Merino sheep clearly have individual differences in the chemical content of their wool,” Dr Greeff said. “The fly-attractive wool contains volatile compounds that weren't found in the non-attractive wool.”

Australian Wool Innovation and the Australian Research Council funded the research.