

Monthly Wool Market Overview

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Wool news for September 2017

SA Merino indicator for Sept 2017

First sale: 17366c/kg
Final sale: 17670c/kg
Movement: 1,7%
Rand/US\$ at last sale: R13,51

SA Merino indicator for Sept 2016

First sale: 15408c/kg
Last sale: 14509c/kg
Movement: -5,8%
Rand/US\$ at last sale: R13,52

Australian Indicator for Sept 2017

First sale: 1557/kg
Final sale: 1519/kg
Movement: -2,4%

Indicator for season 2017/16

Movement since opening: %
Seasonal high: 18350c/kg
Seasonal low: 17366c/kg
Average for season: 17769c/kg
Average in 2016/17: 15049c/kg

Prospects for wool are promising

Although wool prices have eased slightly since the record levels fetched at the opening sale of the season, the market has maintained its higher price levels.

Analysts are positive about the prospects for the rest of the season and say prices are underpinned by solid demand, particularly from China.

National Council of Wool Selling Brokers of Australia executive director Chris Wilcox recently visited nine woollen mills in China.

He said the ongoing investment in machinery, and expansion by some of the wool combers and spinners, was "a hugely encouraging vote for the future for wool".

Wilcox said another significant trend was the increase in demand for fine and superfine Merino wool for use in the growing next-to-skin casual wear market.

"A number of mills commented on

this growth and how this is changing their purchase requirements," he said.

At the recent Nanjing Wool Market Conference held in Tongxiang Chinese mills also expressed confidence in wool.

The focus of the conference was more on productivity, quality and export growth and not on the high wool prices.

This was in contrast to previous conferences where raw wool prices often became the main focus (see p2).

Animal welfare is becoming a big issue for consumers. In the UK a sheep race at a country festival was scrapped after animal rights campaigners complained that it was "cruel" to the animals (see p2).

The animal rights group PETA has also launched new campaign urging people not to buy wool, alleging that the wool industry is rife with cruelty and causes sheep undue stress in the shearing process.

Wool shipments to top 10 export destinations for July - August 2017

Country	Greasy		Scoured		Tops & Noils		Total ¹⁾ R	% of total FOB ²⁾ value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	102 491 677	1 384 791	6 057 607	40 362	0	0	108 549 284	47,7
Italy	18 228 793	124 933	10 556 760	67 921	175 746	140 971	55 328 146	24,3
Czech Republic	20 473 165	181 832	0	0	0	0	20 473 165	9,0
Bulgaria	17 163 171	170 403	0	0	0	0	17 163 171	7,5
Egypt	9 367 182	76 916	0	0	0	0	9 367 182	4,1
Germany	0	0	5 516 088	51 700	2 915 588	15 200	8 431 676	3,7
India	5 858 352	53 561	0	0	0	0	5 858 352	2,6
France	0	0	0	0	62 431	8 675	62 431	0
USA	0	0	39 763	213	2 019 615	8 969	2 059 378	0,9
UK	0	0	0	0	0	0	0	0

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 20 Sept 2017

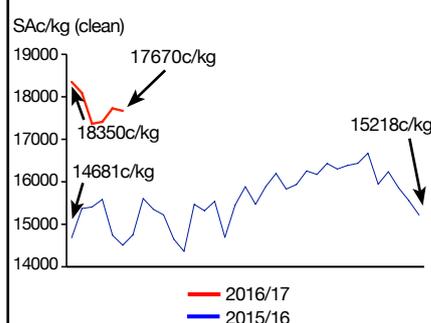
Wool receipts (kg greasy):

2017/18: 9 126 089,8
2016/17: 10 293 053,6
Change: -11,3%

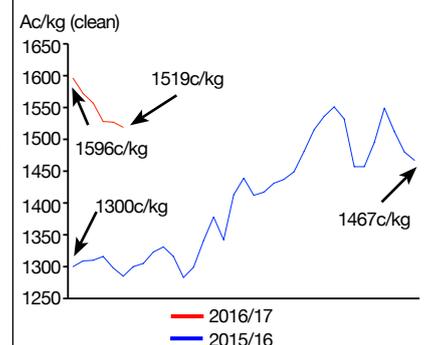
Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2017/18:	39 737	7 238	46 975	7 009 193,8
2016/17:	36 005	6 808	42 813	6 553 953,3
Change:	10,4	6,3	9,7	6,9

Graph 1: Cape Wools' Merino indicator on 27 September 2017



Graph 2: Australian Eastern Market Indicator on 27 September 2017





Chinese mills express confidence in wool

Chinese mills have expressed confidence in the wool industry at the Nanjing Wool Market Conference held in Tongxiang earlier in September.

A number of mill owners said their focus in future would be on increasing productivity and product quality.

This was the first time that the Chinese processing industry was focusing more on these aspects than on raw wool prices, according to Australian representatives who attended the conference.

National Council of Wool Selling Brokers of Australia executive director Chris Wilcox said this showed a remarkable change in attitude among mill owners.

"Four of five years ago when prices were 'highish' mill owners' and the conference's focus was entirely on prices."

He said there had been a massive increase in woven clothing exports, which was up 180 percent from 23,6 million pieces or finished garments in the first six months of 2016, to 67,2 million pieces during the same period in 2017.

Madame Peng Yanli, president of China Wool Textile Association, attributed the export growth to China's "One Belt One Road" policy.

The One Belt One Road initiative is a Chinese government development strategy connecting the country with Europe via the land-based Old Silk Road and the ocean-based Maritime Silk route.

However, some mills said there was price pressure from some retail brands that were not increasing their prices in stores.

Another subject that was discussed was the use of Merino wool in active wear, athleisure and next-to-skin type products for the domestic market and export.

Wilcox said he expected there would be some movement away from Merino wool into blends or other fibres because of the record high prices, but that the extent of this was not known.

According to Australian Council of Wool Exporters and Processors executive director Peter Morgan the Chinese were confident that Merino prices would hold around current levels.

He said the atmosphere of the conference was positive, whereas past conferences focussed more on price levels.

Australian Wool Innovation said a common theme from the Chinese delegates at the conference centred firmly around the need for further industry programmes within the education, promotion and innovation fields.

The general perception was that the high prices can only be maintained by continually innovating and creating new woven wool products, as witnessed recently by the double faced and fake fur fabrics creating new consumers of wool.

Sheep race scrapped after activists complain

A sheep race has been scrapped at a country festival in the UK after animal rights campaigners described it as "cruel" and reminiscent of "the dark ages".

Llandovery Sheep Festival in Carmarthenshire was billed as "the best woolly fun you'll have this year".

But animal rights campaigners took offence at the plans to use live sheep, and set up a petition which got more than 60 000 signatures.

Samantha Francis, who set up the petition, said: "using animals for entertainment sends us back to the dark ages and is inexcusable."

Members of the public will now take part in the run, dubbed the drovers' derby.

The festival, which took place on September 23 and 24, celebrated all things sheep with wool crafts, sheep dog trials and music.

A spokeswoman for the festival said: "In previous years' sheep races we applied the highest standards of animal welfare and complied with all regulations.

"But we accept the rights of others to disagree and became aware of calls to cancel the race."

Source: metro.co.uk. Image: Getty.



Men sentenced for slaughtering sheep with blunt knives

An Austrian court has found 12 men guilty of cruelty to animals for causing 79 sheep unnecessary suffering while slaughtering them.

The Muslim ritual slaughter of livestock by cutting their throats and letting them bleed to death is widespread. Supporters argue that it isn't cruel if done properly.

But prosecutors in the city of Graz argued that the men, most of them Turks or of Turkish origins, used knives that weren't sharp. They also didn't stun or sedate the animals.

Judge Helmut Wlasak found that the men lacked the skills for proper ritual slaughter. He fined the organizer 1 260 Euros and sentenced him to a suspended nine-month jail term. The other men will be sentenced in October.

Free State has the highest number of wool producers

South Africa currently has 9 469 wool producers registered with Cape Wools, according to the latest statistics released by the Cape Wools.

The highest number of commercial wool producers is in the Free State, followed by the Eastern Cape and the Western Cape (see **bar chart**).

The Free State boasts 2 557 commercial producers and the highest wool-producing districts are Frankfort, Vrede, Smithfield and Harrismith.

There are 1 766 commercial producers in the Eastern Cape (excluding the former Transkei and Ciskei) and the largest wool-producing districts are Barkly East, Cradock and McClear.

The Transkei has 1 042 mostly small-scale producers while there are only 124 in the Ciskei.

The Western Cape has 1 461 commercial producers and the largest wool-producing districts are Bredasdorp, Caledon and Swellendam.

There are 856 commercial wool produ-

cers in the Northern Cape with Victoria-West, Calvinia and Richmond being the highest producing districts.

Mpumalanga has 673 producers and the largest wool producing districts are Ermelo and Wakkerstroom.

The North West has 338 producers while there are 256 in KwaZulu-Natal. Limpopo en Gauteng together have 105 producers.

There are 290 producers in Lesotho, while there is only one producer left in Namibia.

