

Monthly Wool Market Overview

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Wool news for September 2014

SA Merino indicator for Sept '14

First sale in Sept: 11332c/kg
 Last sale in Sept: 11468c/kg
Movement: +1,2%
 Rand/US\$ at last sale: R11,10

SA Merino indicator for 2013/14

First sale Sept '13: 11603/kg
 Last sale Sept '13: 11241/kg
Movement: -3,1%
 Rand/US\$ at last sale: R9,86

Australian Indicator for Sept '14

First sale: 1011/kg
 Last sale: 1023/kg
Movement: +1,2%

Indicator for season to end Sept 2014/15

Movement since opening: +2,7%
 Seasonal low: 11163c/kg
 Seasonal high: 11544c/kg
 Average to date: 11381c/kg
 Average to date in 2013/14: 11040c/kg

Sluggish demand from China

The wool market has remained fairly static since the opening of the season, mainly due to sluggish demand from China.

The Chinese wool textile sector is currently facing some challenges, as discussed at the annual Nanjing Wool Market conference that was held in China in September. It was attended by some 500 processors, exporters and brokers.

One of the issues is that processing companies are upgrading their recycling and disposal methods of wool processing effluent from scouring and dyeing to comply with new regulations due in January 2015 from the Environmental Protection Administration (EPA) in China.

The EPA is a cabinet-level executive agency responsible for protecting and conserving the environment in China.

Unfortunately this means that there is

less capital available for wool purchases.

Another issue for many companies is access to credit.

A third factor which may influence the price of wool is the oversupply of cotton and the expected drop in cotton prices, which in turn is expected to exert downward pressure on the prices of man-made fibres.

The expected lower price for cotton and man-made fibres makes wool relatively more expensive and in turn can place downward pressure on the demand and price for wool.

Delegates were well aware of the declining production in Australia and expressed concern over the high volume of Merino wools under 18,5 micron being produced while the production of wools broader than 19 micron was declining.

Wool shipments to top 10 export destinations – July 2014 to Aug 2014

Country	Greasy		Scoured		Top & Noils		Total ¹⁾	% of total FOB ²⁾ value
	R	Kg	R	Kg	R	Kg	R	
China/HK/Macau	24 267 193	414 408	6 371 800	57 908	0	0	30 638 993	28,5
Czech Republic	29 153 123	360 009	0	0	0	0	29 153 123	27,1
Italy	13 181 140	175 030	6 105 06	67 6141	7 743 885	84 092	27 030 086	25,1
Germany	0	0	5 592 923	76 719	0	0	5 592 923	5,2
Egypt	4 918 758	28 500	0	0	0	0	4 918 758	4,6
UK	0	0	0	0	2 972 981	19 095	2 972 981	2,8
Uruguay	0	0	0	0	2 595 007	30 838	2 595 007	2,4
India	2 034 610	24 876	0	0	0	0	2 034 610	1,9
USA	0	0	0	0	1 577 425	9 052	1 577 425	1,5
Canada	0	0	967 971	11 326	0	0	967 971	0,9

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 September 2014

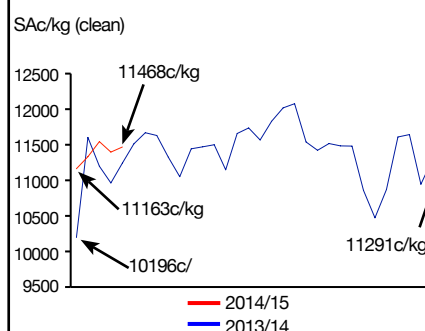
Wool receipts (kg greasy):

2014/15: 11 209 500
 2013/14: 11 632 38,5
Change: -3,6%

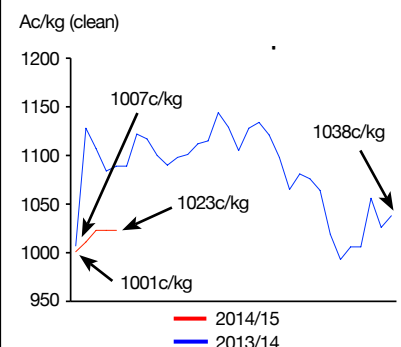
Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2014/15:	42 466	7 661	50 127	7 609 217,6
2013/14:	40 332	6 867	47 199	7 139 070,5
Change:	5,3%	11,6%	6,2%	6,6%

Graph 1: Cape Wools' Merino indicator on 23 September 2014



Graph 2: Australian Eastern Market Indicator on 23 September 2014





Washable Wool campaign presented in Shanghai

THE WOOLMARK COMPANY (TWC) presented its latest Washable Wool campaign and showcased a selection of Merino wool trends, industry services and innovations at SPINEXPO held in Shanghai earlier this month.

With the Washable Wool campaign TWC aims at increasing understanding, among consumers that wool can be washed in a washing machine.

Extensive research of consumer attitudes shows that while consumers value products that are easy care, many consumers currently associate "wool" with "hard to care for".

The campaign assures consumers that Woolmark-certified garments, labelled as "machine wash" or "machine wash and tumble dry" have gone through rigorous testing to make sure they're safe to machine wash and won't felt, shrink or fade.

By educating consumers that wool apparel is easy to care for, the campaign ultimately aims to increase consumer

demand for wool apparel.

The campaign has the tagline "Tested by Nature, Tested by Us" which makes reference to the fact that wool on the sheep's back is resilient enough to withstand all the elements that nature can throw at it, so a washing machine is not a challenge.



New Merino babywear collection launched

USING materials certified by The Woolmark Company, US-based babywear brand aden + anais earlier this month launched their new Pure Merino Muslin collection for babies.

The company has combined their award-winning muslin weave with pure Merino wool to create a luxurious Merino muslin fabric.

Research studies have revealed that sleeping on or under wool leads to a better night's sleep, and that suitably selected fine Merino wool products are healthy for the skin, especially for those with the most sensitive skin.

The aden + anais Pure Merino Muslin collection features a swaddle, sleeping bag, dream blanket™ and a security blanket.

Each product comes in a sophisticated keepsake box with a picture frame built into the lid to house your favourite baby photos - the perfect way to preserve the luxury products and cherished memories from baby's first years.

These products also carry Woolmark Nurture certification, offering parents additional reassurance through strict testing which follows global industry standards.

The diameter of the Merino wool fibre in certified Woolmark Nurture products has an upper limit for each product category to ensure the products are comfortable for babies.

For instance, an aden + anais Merino

muslin product is guaranteed to be made from Merino wool with a micron of 18,5 or finer, so will feel luxuriously soft against baby's skin.

The collection is available at international aden + anais stockists, as well as online on the aden + anais website.

Chinese fashion garments fail quality tests

CHINA'S quality watchdog, the General Administration of Quality Supervision, Inspection and Quarantine, has reported imported garments of "fast fashion" brands are substandard (the textile fibres were not specified).

A total of 12 305 cases of imported apparel, worth US\$47,7 million, were found to have failed quality tests in the first half of 2014 alone.

More than 97% failed due to insufficient instructions in Chinese and 396 cases failed safety tests.

Four "fast fashion" brands, Forever 21, Zara, H&M and Mango, were named in China's top 5 worst in terms of safety.

Clothing generally fails safety tests if it is potentially harmful to consumers or the environment.

The major safety problem found in imported children's garments were the pH levels, which can cause skin irritation.

Aussie genetics exported to Mongolia

THREE Boeing 747 aircraft loaded with Australian stud meat sheep earlier this month flew to China as part of a 4 000-head consignment destined for farms in Inner Mongolia.

The export deal, co-ordinated by Elders, has sourced about 1 500 rams and 2 500 ewes from almost 70 vendors around the country in what is believed to be the biggest single consignment of sheep sent by air from Australia.

The consignment comprised Dorper, White Dorper, Black Suffolk and White Suffolk sheep. Selected by Elders staff working with Chinese delegates, the meat sheep genetics are destined for breeding "improvement farms" near Hohhot in the far northern Chinese province.

Inner Mongolia supports much of China's wool and meat sheep production and is home to a fast expanding and high-tech meat processing industry servicing the Chinese hunger for red meat.

Sheep meat is currently riding a popularity wave as a key ingredient in the booming Chinese hot pot restaurant menu and demand for better genetics and meat imports from Australia is exceeding supply.

Food-safe protein to be extracted from wool

UNIVERSITY of Otago, New Zealand, researchers have won NZ\$1 million in government funding for a two-year project that will extract food-safe digestible protein from natural wool.

Wool is 95% protein with no fat or carbohydrates. This makes it an extremely rich protein source but until now it has been difficult to access, says Associate Professor George Dias.

"Wool-derived protein (WDP) offers an exciting opportunity to add value to New Zealand's low-valued medium to coarse wool clip," he says. "WDP can be produced at less than \$10 a kilogram, making it extremely cost competitive relative to the gold standard whey protein isolate at \$25/kg."

Associate Professor Dias will seek to take WDP's potential to another level by undertaking proof-of-concept science that will attest to WDP's ability to be used and marketed as a premium-earning functional ingredient (less than \$50/kg).

This proposal is based on intriguing data from WDP preliminary studies including that WDP is uniquely rich in the amino acid cysteine and has high levels of selenium – both key components in glutathione, a critical agent in cellular antioxidant processes. "WDP may therefore aid the attenuation of oxidative stress in diseased – for example, type 2 diabetes – and stressed (intensively exercised) muscle," he says.