

Monthly Wool Market Overview

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Wool news for October 2014

SA Merino indicator for October '14

First sale in Oct: 11526c/kg
Last sale in Oct: 10920c/kg
Movement: -5,2%
Rand/US\$ at last sale: R10,84

SA Merino indicator for 2013/14

First sale Oct '13: 11512c/kg
Last sale Oct '13: 11051c/kg
Movement: -4%
Rand/US\$ at last sale: R9,84

Australian Indicator for Oct '14

First sale: 1029c/kg
Last sale: 1023c/kg
Movement: -0,6%

Indicator for season to end Oct 2014/15

Movement since opening: -2,2%
Seasonal low: 10920c/kg
Seasonal high: 11700c/kg
Average to date: 11354c/kg
Average to date in 2013/14: 11239c/kg

Wool prices remain under pressure

The wool market remains under pressure, mainly as a result of weaker demand from China.

As a result, the Merino indicator has dropped by just over 5 per cent during October (see **graph 1** below).

Prices, however, remain at fairly good levels, particularly those for good quality wool. In Australia, the indicator is well below last season's levels (see **graph 2**).

But the Australian Bureau of Agricultural and Resource Economics and Sciences (Abares) in its agricultural commodities report for the September 2014 quarter stands by its earlier forecast of a 5 per cent increase in wool prices for this season.

One of the reasons given for the expected increase is that assumed income growth in the United States is expected to support demand for wool apparel.

Since the US is the largest export

destination for Chinese apparel, this will stimulate wool demand from China.

According to the report, US imports of wool apparel (from all destinations) increased by 8 per cent year-on-year in the first six months of 2014.

Abares cautions that although wool production and supply are forecast to decline, limited demand growth in other key textile and apparel markets is expected to constrain upward pressure on prices.

Australia's wool production is forecast to fall by around 4 per cent to 328 million kg, which would make it the lowest production year on record.

An increase in the lamb price relative to the wool price in late 2013/14 is expected to result in a decline in the number of purebred Merino wethers in the national flock with more producers switching to crossbred sheep.

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

| Country | Greasy | | Scoured | | Top & Noils | | Total ¹⁾ R | % of total FOB ²⁾ value |
|----------------|-------------|-----------|------------|---------|-------------|--------|--------------------------|--|
| | R | Kg | R | Kg | R | Kg | | |
| China/HK/Macau | 199 687 038 | 2 934 978 | 10 602 546 | 105 573 | 0 | 0 | 210 289 584 | 53,9 |
| Czech Republic | 65 872 914 | 821 093 | 0 | 0 | 0 | 0 | 65 872 914 | 16,9 |
| Italy | 22 565 813 | 290 868 | 14 603 728 | 153 815 | 9 569 092 | 99 301 | 46 738 633 | 12,0 |
| Germany | 0 | 0 | 10 838 471 | 138 240 | 6 689 611 | 47 480 | 17 528 082 | 4,5 |
| Egypt | 15 770 803 | 154 936 | 0 | 0 | 0 | 0 | 15 770 803 | 4,0 |
| India | 13 776 679 | 187 216 | 0 | 0 | 0 | 0 | 13 776 679 | 3,5 |
| UK | 0 | 0 | 0 | 0 | 7 132 083 | 59 156 | 7 139 553 | 1,8 |
| Mauritius | 0 | 0 | 0 | 0 | 3 312 650 | 28 424 | 3 312 650 | 0,9 |
| France | 0 | 0 | 0 | 0 | 3 141 478 | 24 423 | 3 141 478 | 0,8 |
| Uruguay | 0 | 0 | 0 | 0 | 2 595 007 | 30 838 | 2 595 007 | 0,7 |

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 October 2014

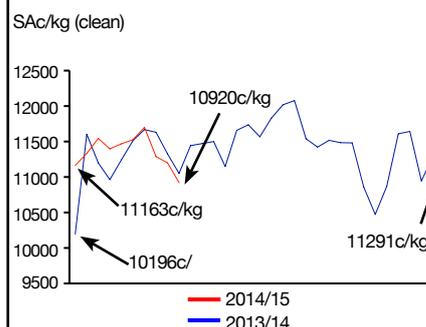
Wool receipts (kg greasy):

2014/15: 19 069 777,0
2013/14: 19 643 303,6
Change: -2,9

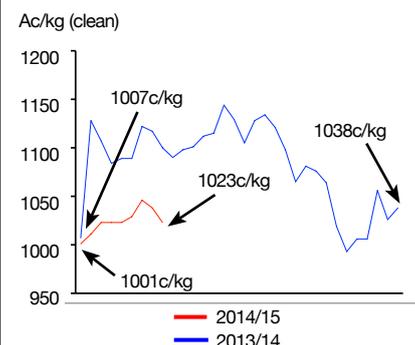
Offerings at auction (bales)

| Season | Merino | Other | Total bales | Total kg |
|----------|--------|--------|-------------|--------------|
| 2014/15: | 74 926 | 18 251 | 93 177 | 13 840 660,8 |
| 2013/14: | 73 668 | 18 402 | 92 070 | 13 737 492,0 |
| Change: | 1,7 | -0,8 | 1,2 | 1,8 |

Graph 1: Cape Wools' Merino indicator on 29 October 2014



Graph 2: Australian Eastern Market Indicator on 29 October 2014





Stock theft out of control in most provinces

STOCK theft is out of control in most provinces, impacting negatively on both the commercial and emerging farming sectors.

Unfortunately, stock farmers must take some of the blame since many of them still do not adhere to legislation and fail to mark their stock, says Jaco Maré, chairman of the national Stock Theft Prevention Forum.

The Stock Theft Act requires all livestock owners to mark their stock. All identification marks must be registered.

He outlined the extent of the problem of stock theft. The figures for the period 1 April 2013 to 31 March 2014 (rounded off to the nearest 50 million) were:

- R300 million cattle stolen.
 - R150 million sheep stolen.
 - R50 million goats stolen.
 - R500 million: Total monetary loss.
- Ten police stations have been identi-

fied as "hot spot" areas of which four are in the Eastern Cape, namely Maluti, Qumbu, Mthatha and Sulenkama.

The other hot spots are Ladysmith, Bulwer, Utrecht and Bergville, all in KwaZulu-Natal, Amersfoort in Mpumalanga, and Harrismith in the Free State.

Maré said illegal hunting with dogs was also occurring more frequently. Illegal hunters enter properties, damage fences and their dogs attack both stock and game.

At a recent meeting of the Livestock Welfare Coordinating Committee, farmers were also urged to ensure that they not only brand each animal but also identify it. The individual number of each animal has to be added to a database for traceability.

The Department of Agriculture, Forestry and Fisheries was also requested to remove old, non-functional brands from the register since there currently were thousands more brands than farmers.

Low-emission sheep could be a reality in the near future

THE WORLD is a step closer to a low-emission sheep, thanks to leading work by Kiwi and US researchers.

Methane belched from sheep and other ruminants, such as cows, accounts for around 28 per cent of global methane emissions from human-related activities.

The methane is produced in the rumen by microbes called methanogens and the work targeting these organisms is aimed at reducing methane emissions from ruminants.

New Zealand has the largest methane emission rate – six times the global average – and this comes primarily from enteric fermentation in ruminant livestock, with sheep the greatest single source.

RUMENS OF SHEEP

Research published recently shows that scientists have pin-pointed the microbial differences in the rumens of sheep with high or low methane emissions.

The work is part of a Global Partnerships in Livestock Emissions Research project.

AgResearch scientist and project leader Dr Graeme Attwood said the results, revealed in the journal *Genome Research*, were one of the first major findings of the four-year project.

"The study used the large sequencing and data analysis capabilities of the JGI to look at the occurrence, abundance and expression of methanogen genes between low and high methane-emitting sheep identified from flocks in New Zealand," he said.

"These analyses showed that, although

the relative abundance of genes did not differ between the low and high methane groups, the expression of genes involved in the metabolic pathway leading to methane formation were significantly elevated in methanogens within the rumens of high methane-emitting animals."

The study was funded through the New Zealand Government and built on previous work by a combined New Zealand Agricultural Greenhouse Gas Research Centre (NZAGGRC) and NZ Pastoral Greenhouse Gas Research Consortium programme in which a large number of sheep had been screened to identify naturally low or high methane-emitting animals.

This programme is aimed at breeding sheep for New Zealand farms which are low methane-emitters but also maintain their ability to reproduce and retain or improve their meat and wool production.

UNDERSTANDING THE RUMEN

"Understanding the microbial composition of a low methane animal and how its rumen works, will enable us to focus on targeting the methanogens directly using complementary approaches such as drenches, slow release boluses or specialised forages and supplements," Dr Attwood said.

Another goal was the development of a vaccine, or antibiotic-type inhibitors, that knocked out or suppressed the methane-making microbes in the cow's rumen.

Scientists were also looking at how animal feeds could be improved.

Source: NZ Herald

Bale of 11 microns this year's Loro Piana winner

A BALE of superfine wool measuring 11 microns and weighing 100 kg was named the winner in this year's fine-wool competition hosted by Italian luxury clothing company Loro Piana.

It was produced by Australians Robert en Pamela Sandlant from Victoria. The wool had an average length of 72 mm and tensile strength of 38 newtons per kilotex.

They narrowly beat the New Zealand entry, which also measured 11 microns, but had an average length of 62 mm and tensile strength of 36 newtons per kilotex.

The record for the finest bale is held by New Zealand producer Anna Emmerson who entered a bale of 10,6 microns in 2013.

Loro Piana started buying superfine wool bales in 1997 with the first bales from New Zealand weighing 100 kilograms and measuring a little over 13 microns. In 17 years the fibre's fineness has improved by 30 per cent.

The record bale competition was started in 2000 to help push Merino farmers to produce finer wool.

The wool from this year's winning bale will enable the company to produce about 150 metres of fabric, which will be sufficient for making 40 suits.

Code of best practices for predation management

THE Predation Management Forum (PMF) has drawn up a Code of Best Practices for Managing Predation in South Africa.

The code recognises livestock farmers' constitutional right and responsibility to take care of their animals and to protect them from all potential threats such as extreme weather conditions, theft and predators.

It also advises farmers to integrate preventative and remedial management measures and to manage unwanted predators in a manner that is:

- Socially acceptable;
- Economically viable;
- Ecologically reconcilable, and
- Legitimate

The code provides, among others, standards for management measures, such as fencing, deterrents and livestock protection collars.

The use of various types of animals to deter predators and the management of these animals is also discussed. The animals include male ostriches, blesbuck rams, donkey stallions, alpaccas and shepherd dogs.

The code can be downloaded from the PMF website at www.pmf.co.za