

Monthly Wool Market Overview

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Wool news for April 2015

SA Merino indicator for April'15

First sale in April: 11345/kg
Last sale in April: 12168/kg
Movement: 7,3%
Rand/US\$ at last sale: R11,58

SA Merino indicator for 2013/14

First sale April '14: 10473/kg
Last sale April'14: 11609/kg
Movement: 10,8%
Rand/US\$ at last sale: R10,57

Australian Indicator for April '15

First sale: 1106/kg
Last sale: 1155/kg
Movement: 4,4%

Indicator for season to end April 2014/15

Movement since opening: 9%
Seasonal low: 10793c/kg
Seasonal high: 12168c/kg
Average to date: 11235c/kg
Average to date in 2013/14: 11382c/kg

Wool prices soar during April

WOOL prices surged to their highest levels in over three years during April and the Merino Indicator closed at R121,68/kg clean at the final sale (see **table 1** below).

Strong demand from China, the weak rand and reasonably good interest from Europe were the main driving forces.

In Australia the Eastern Market Indicator rose to its highest level in three years (see **table 2** below).

According to analysts China's decision to free up credit and the bank's lending capacity has contributed significantly to renewed demand from this country.

In another step to boost development, China's central bank has decided to cut interest rates for the second time this year.

China is the dominant player in the market and accounts for about 75% of all wool sold. It is also the largest buyer of South African wool taking up just under

70% of the South African clip (calculated on value).

Export figures for July 2014 to March 2015 show an increase in trade with China compared with the previous season (see **p2**).

The renewed interest from China appears to be driven by increased domestic demand for wool.

Indications also are that the wool pipeline is fairly empty, while the smaller offerings and concerns about the decreasing wool clip are also playing a role.

Australia's latest forecast suggests that production will stabilise at the same level as last season but is expected to drop 2,7% in 2015/16.

South African wool receipts to end April are 2,2% down on the corresponding period last season, which may indicate a slight drop in this season's production.

Wool shipments to top 10 export destinations – July 2014 to March 2015

Country	Greasy		Scoured		Top & Noils		Total ¹⁾ R	% of total FOB ²⁾ value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	1 449 869 614	25 069 356	17 943 340	168 274	13 099 048	178 847	1 480 912 002	68,6
Czech Republic	236 382 498	3 453 423	0	0	0	0	236 382 498	11,0
Italy	73 740 930	1 059 404	42 384 551	448 694	90 404 267	1 300 258	206 529 748	9,6
India	81 969 876	1 363 115	6 709 281	106 310	0	0	88 679 157	4,1
Egypt	48 086 895	592 655	2 699 800	30 656	1 711 840	11 964	52 498 535	2,4
Germany	0	0	21 645 164	277 746	11 907 609	86 796	52 498 535	1,6
UK	622 515	20 500	0	0	20 255 250	170 785	20 885 235	1,0
USA	0	0	749 759	8 286	9 234 310	63 782	9 984 069	0,5
France	0	0	0	0	6 739 636	58 072	6 739 636	0,3
Mauritius	0	0	0	0	6 634 179	57 077	6 634 179	0,3

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 end April 2015

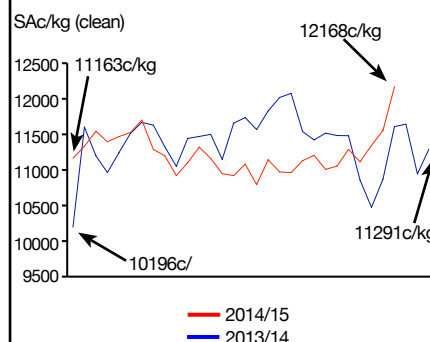
Wool receipts (kg greasy):

2014/15: 46 256 221,5
2013/14: 47 302 268,3
Change: -2,2

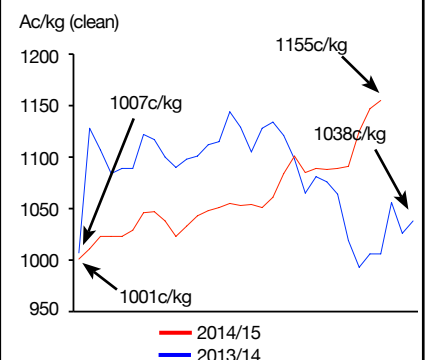
Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2014/15:	188 137	104 526	292 663	44 212 780,2
2013/14:	186 675	91 875	278 550	42 089 154,5
Change:	0,8	13,8	5,1	5,0

Graph 1: Cape Wools' Merino indicator on 29 April 2015



Graph 2: Australian Eastern Market Indicator on 29 April 2015





Exports to China increase

Export figures for the first nine months of the season show an increase in wool exports to China compared with the corresponding period the previous season.

While grease-wool imports rose by 14%, there has been a considerable increase in wool top exports. The volume of wool top shipped to China rose to 174 767 kg from 31 890 kg in 2013/14 – an increase of 448%!

The imports of scoureds remained more or less unchanged from last season.

On a value basis China's market share increased to 68,6% of the total value of exports, compared with 59,7% the previous season.

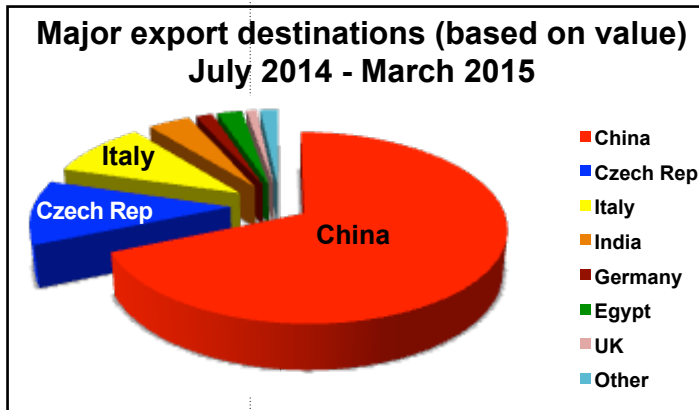
Although exports to the Czech Republic were down 39% on last season, it retains its position as the second largest

importer of South African wool.

Italy, India, Egypt and Germany are the other major importers. Exports to each of these countries, however, were down on last season.

Egypt, which previously imported only grease wool, has for the first time this season also ordered some scoureds and wool top.

Smaller volumes of wool are exported to the UK, the USA, France and Mauritius.



Outrage at PETA's latest anti-wool campaign

AUSTRALIANS are outraged about the animal rights activist group PETA's latest social media campaign against the wool industry.

PETA recently released an online advertisement featuring Australian musician Jona Weinhofen holding what appears to be a shorn lamb covered

Australian-born musician Jona Weinhofen who features in PETA's campaign. (Photo: PETA)



in blood and cuts alongside the words "here's the rest of your wool coat".

The group also urged its Facebook supporters to share what it called "the heartbreaking truth", that "this is what most sheep used for wool look like after 'shearing'."

It has since emerged that the lamb in the picture is a prop, not a real animal. Some reports suggest it was made of foam.

Farmers and shearers have since taken to social media to post pictures of their own freshly shorn lambs and expressed their outrage.

Victorian Agriculture Minister Jaala Pulford said the campaign was "misleading and sensationalist" and was undermining "genuine efforts to ensure the proper treatment and protection of animals".

Wool Producers CEO Jo Hall pointed out that the industry was constantly improving its animal welfare and needed to promote that.

She said the PETA campaign poster misrepresented the industry and growers should harness the power of social media to tell their stories.

She said that farmers and people in agriculture needed to realise that social media was an extremely powerful tool which could be used for the benefit of the industry. It should be used in a proactive way rather than just waiting for an adverse campaign to pop up."

New methods for rating wool's footprint proposed

NEW scientific research suggests wool could be scoring poorly in rating systems such as the Sustainable Apparel Coalition's Higg Index and Made-By's Environmental Benchmark due to misrepresentative, historic life cycle assessments (LCA) upon which wool's environmental score is currently based.

The research proposes new methods for use in LCAs where wool is produced alongside meat or milk, and highlights case studies which suggest this would lead to a much lower environmental impact being allocated to the wool product.

With many sheep farms currently producing both meat and wool, existing LCAs, the study found, produce hugely different results depending on the method used in dividing the environmental impact between these two products.

The researchers therefore examined seven different methods for handling co-products from case study sheep farms in Australia, New Zealand and the UK in what was the first ever study to examine - in detail - the effects of different methods for handling co-products from case study sheep farms in Australia, New Zealand and the UK in what was the first ever study to examine - in detail - the effects of different methods for assessing environmental impacts across diverse sheep farming systems.

Australian wool production to stabilise this season

AUSTRALIAN wool production is forecast to stabilise at 341 million kg this season, but is expected to drop by 2,7% in 2015/16 to 332 million kg.

In its first projection for 2015/16, the Australian Wool Production Forecasting Committee (AWPFC) says while it is expected that there will be a decline in the number of sheep shorn this season, this decline will be offset by an increase in average fleece weights across Australia due to good production conditions in many regions.

The AWPFC has also made its initial projection for the 2015/16 season, with a forecast of a 2,7% decline in shorn wool production to 332 mkg. This decrease is due to an expected reduction in opening sheep numbers as a result of the continued high sheep and lamb selling rates in the current season.

Wool test data for the first nine months of 2014/15 shows an increase in 18-19 micron, 22-23 micron and broad wool (27 micron and broader), while there was a drop in the volumes of wool of 17,5 micron and finer.

The average cut per head for 2014/15 is expected to come to 4,49 kg – up 2,9% on last season's average cut of 4,37 kg.