

Monthly Wool Market Overview

Published by Cape Wools SA



Wool news for May/June 2016

SA Merino indicator for May/June 2016

First sale in May: 15310c/kg
 Final sale June: 15206c/kg
Movement: -0,7%
 Rand/US\$ at last sale: R14,80

SA Merino indicator for May/June 2015

First sale: 13202c/kg
 Last sale: 14120c/kg
Movement: +6,9%
 Rand/US\$ at last sale: R 12,33

Australian Indicator for May/June 2016

First sale in May: 1260/kg
 Last sale June: 1275/kg
Movement: +1,2%

Indicator for season 2015/16

Movement since opening: +17,7%
 Seasonal low: 12163c/kg
 Seasonal high: 16161c/kg
 Average to date: 14269/kg
 Average in 2014/'15: 11524/kg

Good wool season for growers

The 2015/16-wool season proved to be prosperous for woolgrowers with auction prices maintaining significantly higher levels than over the previous season.

At the final sale of the season the Merino indicator closed 17,7% higher than the opening level.

The rand also contributed to the higher price levels. Although it had strengthened at the time of the final sale, it still traded 20% weaker against the US dollar compared to the same sale last year.

The average rate was R14,80 compared with R12,33 a year earlier.

Merino wool obtained the highest prices, outperforming other wool types (see P2).

Yet, cross breeding seems to be increasing. The volume of non-Merino wool offered at auction increased by

5%, while the number of Merino bales dropped by 3%.

The total volume of wool received for auction show a 0,3% decline on last season.

Australian live-stock expert has warned Australian sheep farmers to review their selection practices since Australian sheep are becoming too heavy to handle and problematic to shear.

He told a radio station that if farmers didn't take a hard look at their selection criteria they might end up be "trying to wrangling sheep of 90 kg in 15 years' time" (see P2).

Wool is making inroads in the sports-wear market with sport shoe manufacturer Jordan being the second company to launch a sport shoe with a woollen upper after Adidas. Several smaller companies are selling wool sneakers.

Wool shipments to top 10 export destinations for July '15 to April '16

Country	Greasy		Scoured		Top & Noils		Total ¹⁾ R	% of total FOB ²⁾ value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	2 083 771 700	26 100 234	56 816 625	394 163	1 687 987	12 205	2 142 276 312	63,8
Czech Republic	536 339 818	6 230 784	0	0	0	0	536 339 818	16,0
Italy	113 564 253	1 329 662	61 895 363	478 972	1 319 51 786	858 279	313 411 402	9,3
India	158 525 201	1 692 487	2 348 440	28 478	0	0	160 873 641	4,8
Germany	0	0	25 834 085	232 285	2 351 345	381 450	86 562 265	2,6
Egypt	51 715 612	491 523	0	0	1 741 917	10 329	53 457 529	1,6
France	0	0	0	0	24 345 292	150 804	24 345 292	0,7
USA	0	0	4 681 283	37 499	13 560 887	79 314	18 242 170	0,5
UK	1 261 542	16 723	498 413	3 234	9 376 245	98 040	11 255 366	0,3
Portugal	0	0	0	0	3 496 041	21 377	3 496 041	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

Accumulative results up to 12 June 2016

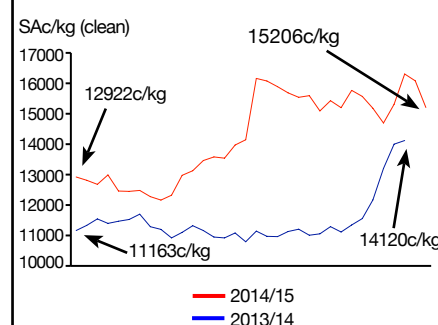
Wool receipts (kg greasy):

2015/16: 49 621 244
 2014/15: 49 782 188
Change: -0,32%

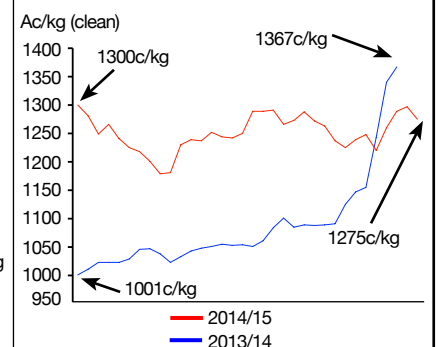
Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2015/16:	200 092	115 572	315 664	47 800 095,8
2014/15:	205 998	110 001	315 999	47 538 942,8
Change:	-2,9	5,1	-0,1	0,5

Graph 1: Cape Wools' Merino indicator on 8 June 2016



Graph 2: Australian Eastern Market Indicator on 8 June 2016





Merino wool out-performs other types of wool

Merino wool remains the biggest money-spinner of all wool and brings in the most money for South African wool farmers.

Figures released by Cape Wools show that the average clean wool price for Merino wool this past season came to R134,12/kg compared with R113,58/kg for the other types of wool.

The average greasy price for Merino wool was R85,70/kg and R61,73/kg for other wool.

Despite the good performance of Merino wool it appears that cross breeding is increasing. The number of bales of other wool offered at auction increased by 5,1% while the number of Merino bales was down 2,9% compared with the previous season.

The average clean yield for Merino wool came to 63,9% compared with 54,3% for other wool types, which brought the average clean yield for the total clip down to 60,6%.

Total receipts for the season was down 0,3% from 49,8 mkg in 2014/15 to 49,6 mkg this past season.

The sales value of the clip totalled R3 635,5 million.

Although export figures for the entire season will only be available at a later stage, exports up to end April show a slight drop in grease-wool exports to

China but a significant increase in the imports of scoureds compared with the previous season.

Grease-wool exports to the Czech Republic, the second largest importer of South African wool, increased quite significantly to 6,2 mkg from just under 4 mkg the previous season.

Italy, the other important client, imported slightly less wool as did India and Egypt.

New world sheep shearing record

A 33-year-old Irish shearing champion recently broke the Guinness World Record for the fastest time in shearing a single adult sheep.

Ivan Scott sheared a sheep in an impressive 37,9 seconds, breaking the six-year-old record held by Australian shearer Hilton Barrett, who set the previous world record for the fastest time to shear a single mature sheep, 39,31 seconds, in 2010.

Ivan has previously set the world record for the number of sheep sheared in eight hours in New Zealand in 2012, shearing 744 lambs.

He is currently the All-Ireland Sheep Shearing Champion, a title he has held eight times.

Supersized sheep too big to shear

Australian sheep farmers have been warned that generations of selective breeding have produced sheep that are too big to shear.

The increased size has created a problem for people who make their living trying to handle sheep, according to Phil Graham, a livestock systems analyst with the New South Wales Department of Primary Industries.

"I know a shearing contractor who is no longer shearing first cross ewes because of the stress it's putting on his shearers and breakdown – not injuries but breakdown – in knees and joints, just from the continual strain," he told *ABC radio*.

"There are issues out there that we just can't hide from."

Graham said Australian sheep producers needed to have a national conversation about the size of their sheep, lest they end up trying to wrangle animals that top 90 kg in another 15 years' time.

"There is a lot of wrangling involved in sheep management. They are flipped upside down to have their feet trimmed, sat on their haunches during shearing and lifted up to be drenched."

As sheep get heavier, Graham said, more farmers were relying on sheep handlers, metal constructions into which a sheep is secured and then gently capsized at the pull of a lever.

Source: *ABC Radio*

Jordan displays its new 'woollen' shoes

Jordan shoe brand last month displayed a series of Air Jordan 12 Retros for 2016, including past and upcoming releases.

In the display was this woollen Air Jordan 12 Retro, which features a brand new construction on the upper consisting of wool combined with black textured leather.

This is the first time that Jordan has used wool.

Currently the shoes are scheduled for release in mid October at Jordan retailers.



Chinese textile group to buy trading division of Lempriere Australia

Big Chinese-based textile group Shandong RuYi has made moves to buy the trading division of one of the country's oldest wool companies, Lempriere Australia.

While the fifth generation family-owned company has declined to comment on the sale, widespread information in the industry confirms that the transaction was being finalised this week.

Shandong RuYi, a textile manufacturer owned by investors from China and Japan, forged a business relationship with the Lempriere Group in August 2012, following the joint purchase of Cubbie Station, near Dirranbandi, Queensland.

The vast 96 000 hectare operation is managed by the Lempriere Group, on behalf of CS Agriculture - a joint venture between Lempriere and Shandong RuYi. In April Shandong Ruyi paid about \$2,8 billion to buy 70 per cent of French firm SMCP, the business name behind fashion brands Sandro, Maje and Claudie Pierlot.

SMCP sells dresses in the "accessible segment" of the European luxury market and in China.

As wool market analyst Robert Herrmann at Mecardo, said this was the time of the year when big industry disruptions could occur – not on the price front but on industry structure.

"It is at this quieter time that new brokers usually emerge, or players exit the industry," Mr Herrmann said.

He said it was a symptom of an industry with declining volume, and that rationalisation was inevitable.

This season, Lempriere Australia was the fourth largest wool buyer, purchasing more than seven per cent of the national clip sold at auction, with 111 557 bales of predominantly Merino fleece.

In the 159 years since commencement Lempriere has sourced about 2 billion kilograms of Merino fleece from Australia, Argentina, South Africa and New Zealand as the supplier for the likes of Burberry, Austin Reed, Zegna, Cerruti and St. John Knits.

Source: *Farmonline.com*