

# Monthly Wool Market Overview

Published by Cape Wools SA



Wool news for August 2017

## SA Merino indicator for Aug 2017

First sale: 18350c/kg  
Final sale: 18092c/kg  
**Movement: -1,4%**  
Rand/US\$ at last sale: R13,24

## SA Merino indicator for Aug 2016

First sale: 14681c/kg  
Last sale: 15370c/kg  
**Movement: 4,7%**  
Rand/US\$ at last sale: R14,05

## Australian Indicator for Aug 2017

First sale: 1596/kg  
Final sale: 1572/kg  
**Movement: -1,5%**

## Indicator for season 2017/16

Movement since opening: -1,4%  
Seasonal high: 18350c/kg  
Seasonal low: 18092c/kg  
Average for season: 18221c/kg  
Average in 2016/17: 15636c/kg

## Prospects for wool are promising

The new wool-selling season started off with a bang when the Cape Wools Merino indicator rose by 19% to its highest level ever.

The strong demand particularly from China also drove prices higher on the Australian market. China, however, was not the only driving force – there has also been keen interest from Italy and India.

Although prices have softened somewhat since the first sale, the outlook for wool looks promising and the Australian Bureau of Agricultural and Resource Economics and Sciences predicts another 3 per cent rise in prices this season.

According to Poimena Analysis principal Chris Wilcox, executive director of the National Council of Wool Selling Brokers of Australia, the strong increase in demand for Merino wool, particularly

for lightweight next-to-skin wear, was a contributing factor.

Wool is also capturing the outdoor market. It offers fresh and novel opportunities for innovation and has also become a fibre that more players in the outdoor industry are looking into as one way of improving their environmental footprint.

An Asian luxury department store has, in collaboration with Australian Woolmark Company, just launched two wool-rich athleisure collections. It will be available in its stores across China and Hong Kong (see p2).

And while demand for Merino wool is rising, production is not showing signs of notable increases in the medium term. Australia's production is forecast to remain at 340 mkg, the same level as in 2016/17. This is the lowest level since 1923/24.

## Wool shipments to top 10 export destinations for July '16 - June '17

Country	Greasy		Scoured		Tops & Noils		Total <sup>1)</sup>	% of total FOB <sup>2)</sup> value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	2 725 777 464	33 369 043	38 377 497	247 472	7 218 800	48 407	2 754 425 896	64,6
Czech Republic	678 878 508	7 436 239	0	0	0	0	678 878 508	15,8
Italy	191 325 726	1 567 447	56 762 509	424 784	209 779 375	1 255 859	458 620 800	10,7
India	105 638 932	1 030 165	0	0	1 036 063	11 663	106 674 995	2,5
Germany	0	0	29 642 068	260 815	64 338 878	384 088	93 980 946	2,2
Egypt	81 886 669	681 774	0	0	0	0	81 886 669	1,9
France	0	0	0	0	36 654 302	220 588	36 654 302	0,9
UK	0	0	0	0	13 707 701	119 138	13 908 561	0,3
USA	0	0	2 970 687	22 241	10 179 855	46 671	13 150 542	0,3
Mauritius	0	0	0	0	11 208 012	67 911	11 208 012	0,3

<sup>1)</sup> Total Rand value includes value of waste exported.

<sup>2)</sup> FOB = free on board

Full export report (Shipments) available at [www.capewools.co.za](http://www.capewools.co.za)

## Accumulative results up to 16 August 2017

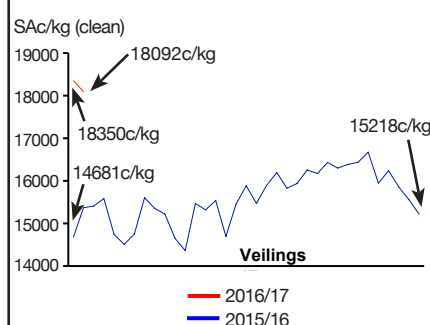
### Wool receipts (kg greasy):

2017/18: 3 899 181,7  
2016/17: 4 161 988,8  
Change: -6,3%

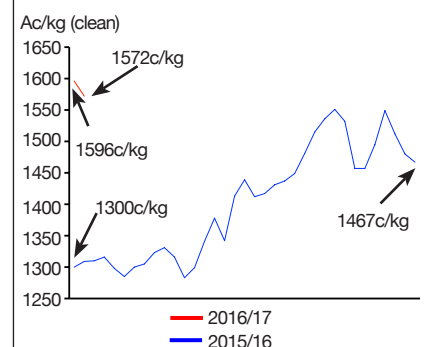
### Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2017/18:	11 598	2 223	13 821	2 061 486
2016/17:	11 485	2 208	13 693	2 104 074
Change:	1,0	0,7	0,9	-2,0

Graph 1: Cape Wools' Merino indicator on 23 August 2017



Graph 2: Australian Eastern Market Indicator on 23 August 2017





# South Africa experienced best season in decades

The 2016/17 season was one of the best in decades. Not only did production increase to over the 50 million kg-mark, prices were also at high levels.

Total grease-wool receipts increased by 3,6% to 52,5 million kg (mkg) with the Eastern Cape once again contributing the largest percentage (35%), followed by the Free State and the Western Cape.

Only three magisterial districts – two in the Western Cape and one in the Eastern Cape – managed to deliver more than a million kg. These were Bredasdorp (1 209 328 kg), Caledon (1 279 472 kg) and Barkly-East (1 076 464 kg).

Lesotho's production increased by almost 16% to 6,6 mkg compared with the previous season.

This is in contrast with Namibia where production decreased to 2 225 kg from 2 581 kg the previous year. Luderitz is the only district where wool is still produced.

An analysis of the fibre diameter of the clip shows that a large percentage of wool tested finer than 20 microns (see bar chart).

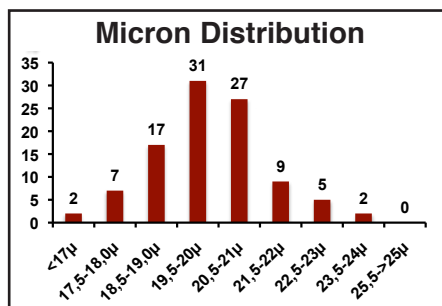
The bulk of the clip, however, falls in the

medium-fine category (20 - 22µ).

Most of the fleece wool delivered (52%) was of good length – at least 70 mm.

Export statistics show that South Africa is primarily a grease wool exporter, with 44 246,3 metric tonnes of grease wool shipped during the year. This represents a 89% market share on the total value of exports.

Processing statistics show a large decrease in local primary processing with Merino scoureds falling by 51%, while carbonised production dropped by 6%, and wool-top processing were down 6%.



## Wool making strides in sports and outdoor wear

The Asian luxury department store Lane Crawford has collaborated with Australian Woolmark Company to launch two wool-rich athleisure collections by Helen Lee and Particle Fever.

Under the theme of Fitness X Fashion and featuring supermodel and fitness enthusiast He Sui, the collections are available in Lane Crawford stores across China and Hong Kong.

According to The Woolmark Company the fast evolution of Merino wool in the sports and outdoor fabric market has driven a 10% year-on-year lift in manufacturing volume and generated an extra 1 million kg of extra demand in that time.

With the theme of "Work Out Work", Helen Lee's collection aims to motivate people to get moving and aspire to a healthier, balanced lifestyle. Her layered looks combine modern prints in contrasting colours such as bright yellow and grey.

"The fabrics I used are in fact incredibly light and breathable, and this project has completely changed my perception of wool," says Lee.

Below: The latest wool-rich collection by Particle Fever, now at Lane Crawford.



## Woolmark supporter jerseys for rugby fans

The Australian Rugby Union (ARU) has joined forces with the Woolmark Company to produce the first Woolmark supporter jerseys and scarves.

The jerseys will be recreations of the 1937 and 1938 playing tops worn by the Wallabies in test matches against South Africa and New Zealand.

The Woolmark Company said Australian wool and Australian rugby had helped to establish Australia as a world force and put the country on the map.

"Their history is inextricably linked with rugby being the game of choice for many Australian wool-growing families. Long before the game turned professional, many players worked on sheep properties and spent their weekends playing for their local town, district or, in rare cases, even playing for Australia."

## China's "fake fur" fashion trend good news for wool market

"Fake fur" overcoats containing wool are in hot demand in China and have helped to drive wool prices to record levels.

These coats, which are made from a fur-like material, are selling like hot cakes in China.

They are so popular because they can be dyed in different colours, not only to make it resemble fur, but also in virtually any colour of the rainbow.

There are also a huge variety of colours and styles to choose from. Three-quarter and even long-length coats were the rage in the 2017 winter season.

According to independent wool consultant Andrew Dennis a lot of wool is used to manufacture the fake fur fabric.

The fabric looks like fur but the reverse side is a knitted fabric for which a substantial amount of wool is used.

It is a product with a high wool concentration. "Up to a kilo and a half of wool per metre goes into this product," Dennis says.

The fake fur coats pictured here are available on the Chinese on-line shop AliExpress. The garments are from various retailers.

