

Monthly Wool Market Overview

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Wool news for February 2018

SA Merino indicator for Feb 2018

First sale: 18987c/kg
Final sale: 18560c/kg
Movement: -2,2%
Rand/US\$ at last sale: R11,72

SA Merino indicator for Feb 2017

First sale: 15890c/kg
Last sale: 15937c/kg
Movement: 0,3%
Rand/US\$ at last sale: R13,08

Australian Indicator for Feb 2018

First sale: 1808/kg
Final sale: 1834/kg
Movement: 1,4%

Indicator for season 2017/18

Movement since opening: 1,1%
Seasonal high: 19743c/kg
Seasonal low: 17366c/kg
Average for season: 18479c/kg
Average in 2016/17: 15341c/kg

Demand, low supplies drive market

Although February saw a decline in prices, the Cape Wools Merino Indicator is still significantly higher than for the same period last season.

At the final sale in February the indicator was 14,2 per cent up on the same sale last year despite the much stronger rand.

At the month-end sale in February 2017, the average vale of the rand for the day was R13,08 against the dollar, compared to R11,72 on the sale of 28 February 2018 – a strengthening of 10,4 per cent.

The market is driven by the growth in demand, notably from China, but also from Europe, which is exceeding wool supply.

As a result of this, wool prices are expected to remain strong. Analysts do caution that some degree of a downward

correction is to be expected.

Merino wool supply is to remain low with a small lift of 1,4 per cent forecast in Australian production for this season.

The drought has affected South Africa's production and according to Cape Wools' accumulative report, wool receipts up to 9 February were down 9,5 per cent on the corresponding period last season.

Cape Wools' export statistics for July to December 2017 show that exports to China have risen to a record high with this country now accounting for almost 70 per cent of total exports, calculated on a value basis (see table below).

This reflects firm demand for finished woollen apparel in major consuming countries and strong growth in China's domestic demand in response to rising consumer incomes.

Wool shipments to top 10 export destinations for July - December 2017

Country	Greasy		Scoured		Tops & Noils		Total ¹⁾ R	% of total FOB ²⁾ value
	R	Kg	R	Kg	R	Kg		
China/HK/Macau	1 784 899 027	17 467 208	23 523 553	132 981	0	0	1 808 422 580	69,7
Czech Republic	335 255 021	2 821 065	0	0	0	0	335 255 021	12,9
Italy	96 928 633	685 550	32 659 269	225 455	143 900 888	670429	273 488 790	10,5
Bulgaria	40 552 484	367 477	0	0	0	0	40 552 484	1,6
Germany	0	0	19 506 284	143 958	26 985 012	141 931	46 491 296	1,8
Egypt	31 277 289	228 321	0	0	0	0	31 277 289	1,2
India	5 858 352	53 561	0	0	0	0	5 858 352	0,9
USA	0	0	1 392 547	10 280	5 314 452	22 314	6 706 999	0,3
UK	0	0	0	0	4 852 304	46 878	4 942 562	0,2
France	0	0	0	0	4 510 701	31 998	4 510 701	0,2

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 9 February 2018

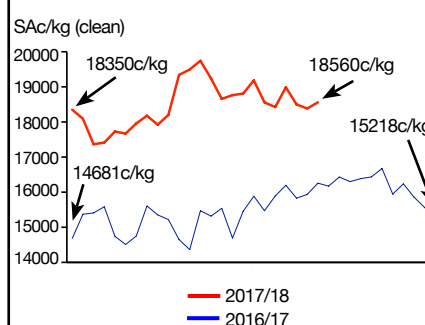
Wool receipts (kg greasy):

2017/18: 35 583 705.3
2016/17: 39 325 004.3
Change: -9,5%

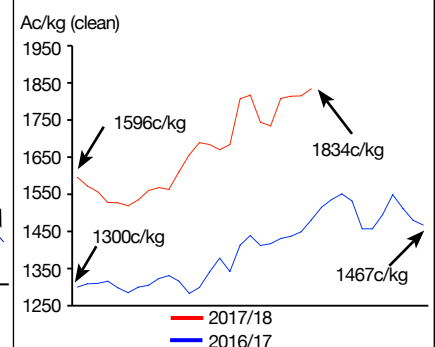
Offerings at auction (bales)

Season	Merino	Other	Total bales	Total kg
2017/18:	120 063	83 740	203 803	30 109 603.6
2016/17:	123 962	84 845	208 807	31 389 563.9
Change:	-3,1	-1,3	-2,4	-4,1

Graph 1: Cape Wools' Merino indicator on 28 February 2018



Graph 2: Australian Eastern Market Indicator on 28 February 2018





Lift in Australian wool production forecast

The Australian Wool Production Forecasting Committee forecasts that shorn wool production will lift in 2017/18 to 345 mkg greasy, up by 1,4% compared with 2016/17.

The increase in shorn wool production in 2017/18 reflects an increase in the number of sheep shorn as producers respond to the high wool prices.

This will be partly offset by a small fall in the average wool cut per head due to drier seasonal conditions in some regions, notably in Western Australia.

Committee Chairman, Russell Pattinson, said: "The high and rising wool prices have encouraged producers to shear their sheep and deliver as quickly as possible into the market.

"In some cases, producers are reported to be shearing earlier than usual to take advantage of these high prices."

This has boosted the volume of wool tested and wool being offered at auction in the first five months of the season.

The weight of wool tested by AWTA in the first five months of 2017/18 is up by 5%, but the Committee expects that wool

volumes will slow in the second half of the season, partly because some clips that are usually delivered in the second half of the season have already been sold.

The Committee noted that for the 2017/18 season to November, the AWTA test data showed a significant decline in the weight of wool tested of 16,5 microns and finer.

There has also been a decline in 21 micron wool and wool between 24 and 26 micron.

Wool volumes have increased for other micron ranges, with substantial percentage increases for wool broader than 28,5 micron.

The average mean fibre diameter for the season to November was 20,8 micron, up by 0,1 micron.

Victoria, Tasmania and Queensland have all recorded a 0,3 micron lift in mean fibre diameter for the season, while Western Australia has seen a fall of 0,4 micron.

The average staple length has fallen by 1,7 mm in the first five months to 88,4 mm, with all states except for Tasmania recording shorter staple length.

China the world's largest sheep meat importer

China is now the largest importer of sheep meat in the world, with volume in 2017 being forecast to exceed the 245 000 tonnes imported in 2016.

New Zealand still accounts for 60% of these imports with Australia the next important supplier.

European-based market analyst Richard Brown from GIRA Meat Club said Chinese sheep meat prices had been rising since the middle of 2017 and in October were 17% higher than a year ago.

Overall China meat import data showed a sharp rise in value and volume of mutton imports in 2017.

New Zealand shipped record volumes of mutton to China in the last quarter of 2017, while Australian shipments of mutton in the same period were up fourfold on the previous year, a trend that has continued into 2018.

Source: Sheep Central

India develop cheap, safe moth repellent

Using a cheap and easily available natural mineral, scientists from Central Sheep and Wool Research Institute (ICAR-CSWRI), Rajasthan, India, have developed a chemical to moth-proof woollen fabric at a fraction of the cost of the existing chemicals.

The moths did not consume woollen fabric when treated with 1% nano kaolinite (an aluminium silicate clay mineral).

The results were published in *The Journal of the Textile Institute*.

The scientists adopted two different methods of wool treatments. One method was addition of kaolinite (dispersed in water) to fabric, followed by heating at 80 degree C for 30 minutes before water rinsing it.

In the second method, fabric was dipped in the kaolinite dispersion for 30 minutes, squeezed and kept for 24 hours at room temperature and then water rinsed.

"The second longer treatment for 24 hours gave better moth repellence with lesser fabric damage," says Seiko Jose from the Textile Chemistry Division and the first author of the paper.

"The nano-kaolinite is ecofriendly and causes no harm to humans and aquatic environment when the treated woollen fabric is washed," says Dr. Ajay Kumar from the Textile Chemistry Division and one of the authors of the paper.

Venice's gondoliers wearing wool

Venice's gondoliers are to be fitted out in woollen garments after the Australian wool marketing company The Woolmark Company (TWC), and the Italian design house Emilio Ceccato decided to join forces.

Emilio Ceccato, established in 1902 is the official clothier for the Association of Venetian Gondoliers (AVG), the governing body for its 433 registered gondoliers.

This move will put wool in front of a global audience, estimated at 26 to 30 million visitors annually.

TWC's Milan-based global strategy advisor Fabrizio Servente said the idea was born two years ago when he and Australian Wool Innovation CEO Stuart McCullough were meeting in Venice.

Their hotel was located on the Grand Canal near Piazza San Marco and they watched gondolas coming to and from the traghetti (gondola rank) in front of their hotel, one of the six gondola ranks operating throughout the city.

"Stuart said to me if only we could get these gondoliers wearing wool how good would that be for our fibre branding and some global exposure," Mr Servente said.

The range includes a woollen polo shirt, perfect for Venice's temperate summers, a woollen rugby jumper and a puffer vest made from waterproof 100 per cent woollen fabric and filled with woollen down, all in traditional colours of navy blue and navy blue and white stripes.

Each item carries the Gondolier Association logo, designed by Emilio Ceccato and the Woolmark logo on the sleeve.

As part of its contract, Emilio Ceccato undertook to provide each of the 433 gondoliers with a new woollen kit every year and moves were afoot to extend the range, with Woolmark wool set to replace cotton and other fabrics in future.

