April 2017

Australian Wool Production Forecast Report

Australian Wool Production Forecast Committee

Summary

- The Australian Wool Production Forecasting Committee forecasts that Australian shorn wool production in 2016/17 will reach 339 mkg greasy. This 4.3% increase from 2015/16 is largely the result of excellent seasonal conditions in many areas resulting in higher fleece weights. The robust market conditions for Merino wool also appear to be encouraging producers to retain sheep, so sheep shorn levels are also expected to be higher.

- As the Committee expected in December, the excellent seasonal conditions in virtually all of the major sheep producing areas of mainland Australia have resulted in higher average wool cuts per head this season.

- Some states such as Western Australia, South Australia and Queensland have seen the benefit from the improved seasonal conditions throughout the 2016/17 season and fleece weights are even better than the Committee previously expected. For other states, notably Victoria, the improved seasonal conditions came later and average wool cuts per head have only increased at shearings from late Spring onwards.

- The 4.3% forecast increase in shorn wool production compares with a 4.7% increase in the weight of wool tested by AWTA in the first nine months of 2016/17 and a 6.4% increase in the first-hand offerings of wool at auction recorded by AWEX. The Committee believes that some wool, particularly ultrafine wool, has been released from the stocks held on-farm and also from stocks held in broker's stores in response to the high wool prices.

- By state, the Committee predicts that in 2016/17 shorn wool production will increase in all states except for Tasmania, which is expected to see production steady. The largest percentage increase is expected to be seen in Queensland as that state recovers somewhat from the severe four-year drought. Western Australia and South Australia are also expected to see significant increases in production reflecting the excellent seasonal conditions.

FURTHER INFORMATION
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- The AWPFC's first forecast of shorn wool production for the coming 2017/18 season is for production to be 340 mkg greasy. This modest 0.4% increase on the 2016/17 forecast reflects small increases in the number of sheep shorn and in the average annual wool cut per head. It assumes normal seasonal conditions through Autumn and into 2017/18.

- Table 1 summarises the estimates and forecasts for Australia.

Table 1: Summary of wool production estimates and forecasts for Australia

Parameter	2015/16 Final Estimate	2016/17 Fourth Forecast	*Change y-o-y (%)*	2017/18 First forecast	*Change y-o-y (%)*
Opening Sheep Number (million)	70.9	70.1	*-1.2%*	69.4	*-1.0%*
Sheep Numbers Shorn (million)	73.4	73.7	*0.5%*	73.9	*0.2%*
Average Cut Per Head (kg)	4.43	4.59	*3.8%*	4.60	*0.2%*
Shorn Wool Production (mkg greasy)	325	339	*4.3%*	340	*0.4%*

- Table 2 shows the estimates and forecasts for each state for 2014/15 to 2016/17.

Table 2: Summary of wool production estimates and forecasts for individual states

Shorn wool production (mkg greasy)	NSW	VIC	WA	SA	TAS	QLD	National
2014/15 Final Estimate	130.0	72.6	67.2	56.5	10.8	9.1	346
2015/16 Final Estimate	122.9	66.1	65.2	54.8	9.1	6.9	325
Change y-o-y (%)	*-5.5%*	*-9.0%*	*-3.0%*	*-3.1%*	*-15.9%*	*-24.0%*	*-6.2%*
2016/17 Fourth Forecast	124.7	66.7	71.1	58.7	9.1	8.5	339
Change y-o-y (%)	*1.5%*	*1.0%*	*9.1%*	*7.2%*	*0.0%*	*23.0%*	*4.3%*

- The Committee noted that for the 2016/17 season to March, AWTA test data showed a significant increase in the weight of wool tested between 20 micron and 24 microns and declines in the volumes of 17 micron and 18 micron wool. This probably mainly reflects the excellent seasonal conditions. There has also been a significant fall in the volume of 26 to 30 micron wool. The mean fibre diameter for Australia to March was 21.0 microns, the same as in 2015/16.

More detailed information on shorn wool production by state and by micron can be found in the Appendix to this report.

Detail on the 2016/17 Fourth Forecast

Major data inputs

The AWPFC forecasts are based on detailed consideration by the state and national committees of data from various sources including:

- AWTA wool test data for the 2016/17 season to end March;
- AWEX auction statistics for 2016/17 to week 39;
- ABS wool receivals data for the 2016/17 season to December 2016;
- ABS' preliminary estimate of sheep numbers as at 30th June 2016;
- ABS sheep and lamb turn-off for 2016/17 to February 2017;
- Information on current and expected seasonal conditions from the Bureau of Meteorology (BoM); and
- Information gathered on sheep producer and wool grower intentions, including the results from the MLA/AWI Wool and Sheep Survey in February 2017.

AWTA wool test data

Each month, AWTA produces data on the volumes of greasy wool tested within the various diameter categories for the month and the season to date. Comparative financial year data to March are shown in tables 3 and 4. Figure 1 shows the trends in the month-by-month comparison of wool tested for the past four seasons, as well as for July to March 2017. Figure 2 shows the total volume of wool tested for each season to March between 2013/14 to 2016/17 by state and for Australia. Finally, figure 3 provides the micron profile for each season to March between 2013/14 and 2016/17. A historical comparison of the Australian micron profile percentage share and average micron can be found in Appendix table 3 (at the end of this report).

Table 3: AWTA key test data volumes for the financial year to March by micron range. 2013/14 – 2016/17 (tonnes greasy)

Parameter	Year	<16.6um	17um	18um	19um	20um	21um	22um	23um	24um	25-26um	26-28um	29-30um	>30.5um	TOTAL
AWTA Test data mkg greasy	2013/14	10.82	22.72	39.43	49.82	45.60	30.73	17.11	9.35	6.06	15.04	18.55	8.95	5.51	279.67
	2014/15	8.60	21.80	41.08	51.63	44.61	30.21	18.13	9.68	5.46	13.00	19.56	11.52	7.47	282.74
	2015/16	10.30	21.99	38.41	48.04	43.42	28.42	15.21	7.54	5.07	12.67	18.27	10.24	7.31	266.88
	2016/17	10.34	20.15	36.45	48.95	48.77	34.41	18.77	9.06	5.63	12.68	16.95	9.90	7.23	279.30
YTD - YOY%	2016/17	0.4%	-8.4%	-5.1%	1.9%	12.3%	21.1%	23.4%	20.2%	11.0%	0.1%	-7.2%	-3.3%	-1.1%	4.7%
Micron Split (%)	2015/16	3.9%	8.2%	14.4%	18.0%	16.3%	10.6%	5.7%	2.8%	1.9%	4.7%	6.8%	3.8%	2.7%	
	2016/17	3.7%	7.2%	13.1%	17.5%	17.5%	12.3%	6.7%	3.2%	2.0%	4.5%	6.1%	3.5%	2.6%	

Note: The micron categories refer to a range of -0.4 and +0.5um around each number. For example, 18um is between 17.6 and 18.5 micron.

Table 4: AWTA test data volumes by state (based on Wool Statistical Area) for the financial year to March (tonnes greasy)

Year	NSW	Vic	WA	SA	Tas	Qld	Australia
2013/14	97,734	65,004	61,341	38,393	8,387	8,813	279,672
2014/15	101,996	66,877	56,301	41,838	8,545	7,182	282,739
2015/16	96,647	60,460	56,422	40,332	7,398	5,620	266,879
2016/17	98,696	61,016	61,741	43,475	7,385	6,985	279,298
% change y-o-y	2.1%	0.9%	9.4%	7.8%	-0.2%	24.3%	4.7%

The notable features of the AWTA data on wool test volumes for 2016/17 to March are:

- The volume of wool tested in the four months between December 2016 and March 2017 jumped by 7.7% compared the same period in 2015/16. This came after wool test volumes were 2.2% higher in the July to November 2016 period. This jump in the past four months is likely to reflect a combination of increased fleece weights due to better seasonal conditions, higher sheep shorn numbers as producers brought shearing forward in response to the rising wool prices, some catch-up in shearings after rain-induced delays in October, and some limited supplies being released from on-farm stocks (particularly superfine and ultrafine wool) in response to the high and rising wool prices.
- Queensland, Western Australia and South Australia all recorded substantial increases in wool test volumes in the December-March period, with the largest year-on-year increase of 36% for Queensland. SA was 15% higher and WA recorded a 10% increase. All three states had recorded solid increases in the July-November period. While the volume of wool tested for Victoria lifted by 9% in December-March, this came after wool test volumes were down by 7% in the July-November period. On the other hand, NSW recorded only a moderate 1% lift in wool test volumes in December-March, after recording a 3% rise in July-November. The volume of wool tested in Tasmania in the five months between December and March was 3% higher year-on-year. This increase in December to March for Tasmania offset the 2% decline in wool test volumes between July and November.
- For the 2016/17 season to March, the total volume of wool tested was 4.7% higher across Australia, with all states recording increases except for Tasmania, which was steady. By state, the largest increases in wool test volumes in the first nine months of the season were for Queensland (+24%), WA (+9%) and SA (+8%). Wool tests were 2% higher for NSW and 1% higher for Victoria.
- For the year to March, there was a reduction in the volume tested of 17 micron and 18 micron wool which probably most reflects the impact of the very good seasonal conditions. There has also been a decline in 26-28 micron, 29-30 micron and 30.5 micron & greater.
- Other micron bands recorded increases in wool test volumes, including a small increase for 16.5 micron and finer wool. The increase for 16.5 micron and finer wool is thought to be the result of on-farm stocks being released in response to the much-improved prices. The most significant increases were for 21 micron, 22 micron and 23 micron wool. This is likely to be the result of improved seasonal conditions across Australia which has broadened the clip.
- For the season to date, the average micron was unchanged at 21.0 micron, while the yield, vegetable matter content, staple strength and staple length have all increased to some extent.

Figure 1: Comparison of monthly AWTA key test data volumes

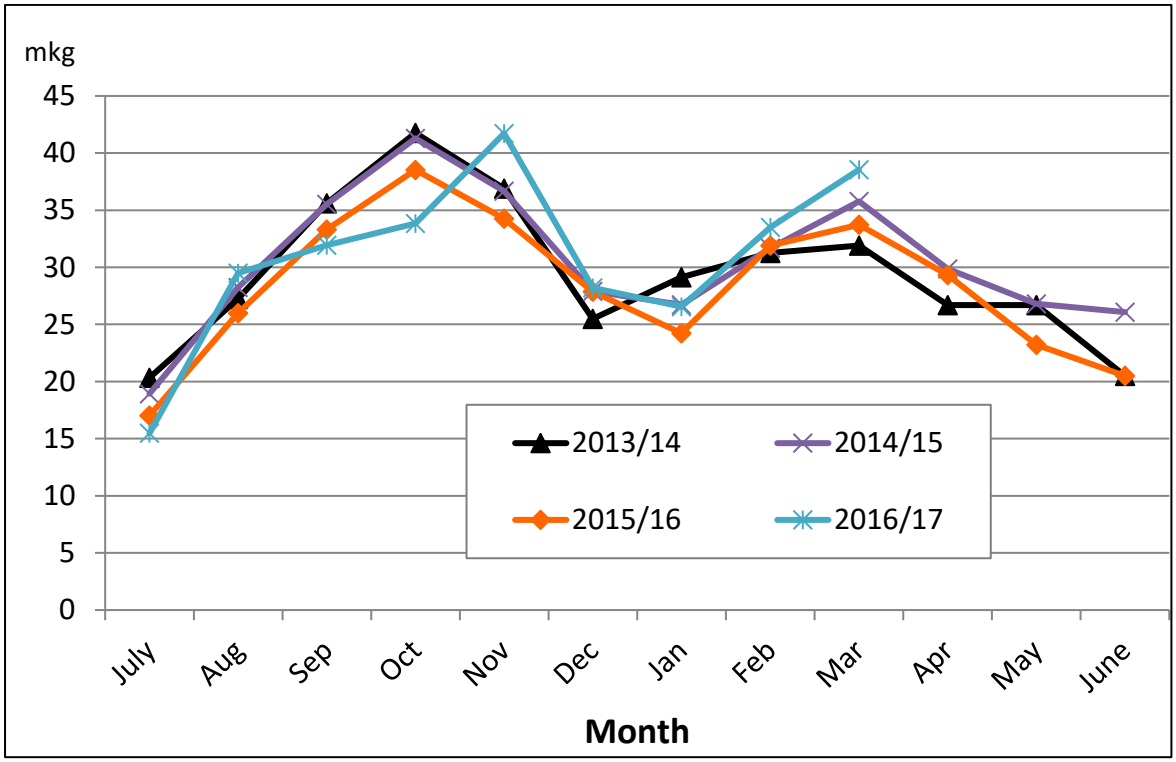


Figure 2: Volume of wool tested in the season to March (AWTA wool statistical area data)

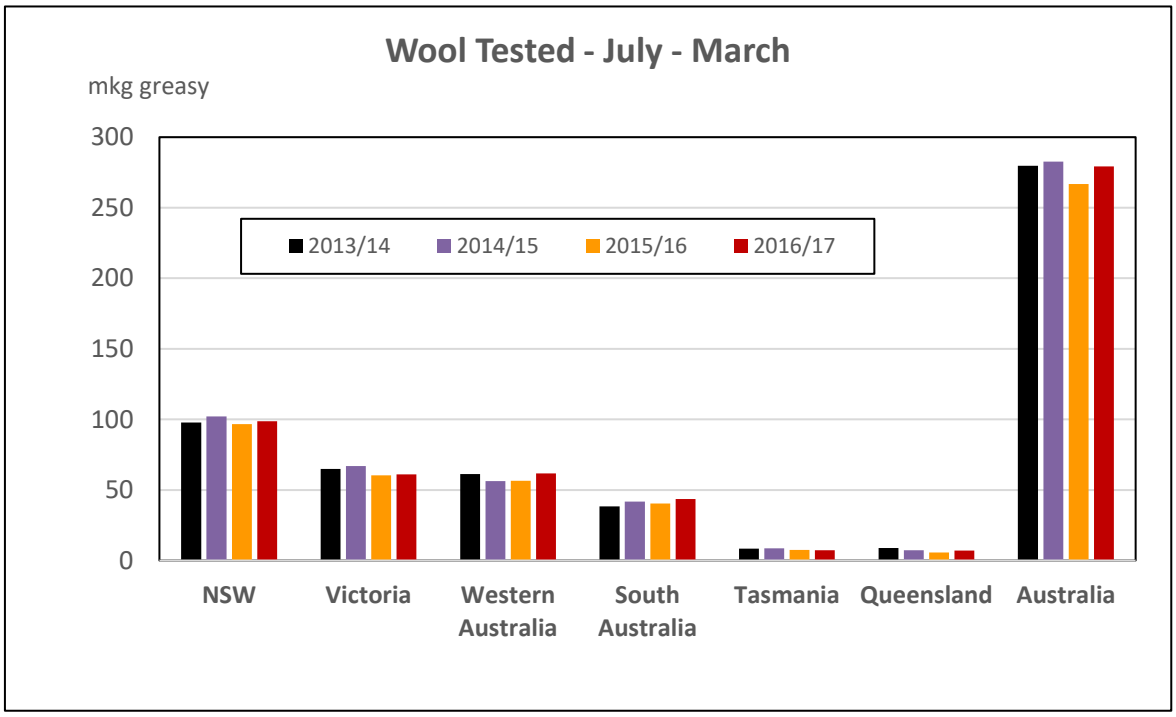
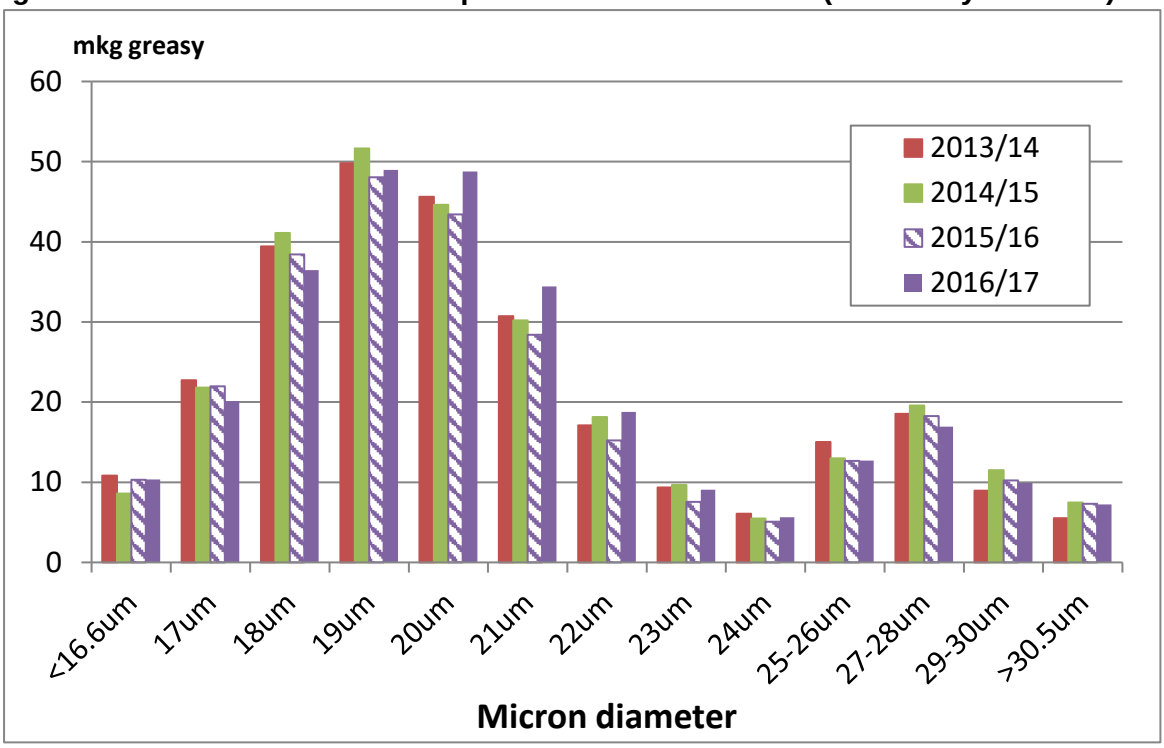


Figure 3: Australian diameter profile – season to March (AWTA key test data)



AWEX auction statistics

The AWEX auction statistics for the 2016/17 season to March show similar trends to the AWTA wool test volumes, but with a larger increase in wool volumes than the increase for AWTA test data. The difference between AWEX first hand offered wool and AWTA test data is accounted for by the release of already tested wool which was held in wool broker's stores. Table 5 summarises the AWEX data.

- First hand bales offered (excluding reoffers) for Australia were 6.4% higher in the 2016/17 season to March compared with 2015/16.
- The most significant increases were seen in Queensland, WA and SA, while NSW and Victoria also recorded solid increases of 3.9%. First hand bales offered in Tasmania were down by 7%.
- There was a 9.7% increase in the volume of first hand Merino wool offered across Australia, but a 4.8% drop in first hand Crossbred wool offered.
- Table 5 also shows the share of first hand wool offered at auction in 2016/17 to March by breed.

Table 5: AWEX Auction Statistics 2016/17 to March

2016/17 to week 39	NSW	VIC	WA	SA	TAS	QLD	AUST
First hand bales offered (% change)	3.9%	3.9%	10.3%	10.7%	-7.0%	27.8%	6.4%
Merino first hand offered (% change)	5.4%	9.2%	12.3%	11.1%	-3.3%	28.6%	9.7%
Crossbred first hand offered (% change)	-6.5%	-6.0%	-6.8%	10.3%	-17.9%	-33.3%	-4.8%
Merino first hand offered (% share)	77.0%	68.7%	93.2%	81.7%	71.9%	96.4%	80.1%
Crossbred first hand offered (% share)	23.0%	31.3%	6.8%	18.3%	28.1%	3.6%	19.9%

Australian Bureau of Statistics (ABS) data

The Australian Bureau of Statistics provides data on wool receivals, sheep numbers and sheep and lamb turnoff.

Table 6 provides data on wool receivals for Australia and by state of receival (note this is not by state of production) for the July to December period in the past 5 years. According to this data, wool receivals for Australia increased by 5.1% in 2016/17 to December compared with 2015/16. Western Australia recorded the largest increase, while most other states recorded smaller increases of between 1.8% and 6.2%. The exception was Tasmania which had a large 20% drop. Several states were below the five-year average.

Table 6: ABS Wool Receivals data (July to December)

mkg	NSW	VIC	WA	SA	TAS	QLD	AUS
2012/13	64.6	51.4	38.0	29.9	5.6	4.0	193.5
2013/14	63.9	49.2	41.3	28.6	5.2	3.7	191.8
2014/15	64.6	53.9	35.9	30.6	5.1	2.7	192.8
2015/16	58.9	52.3	39.4	30.7	4.8	2.4	188.4
2016/17	60.5	53.6	46.4	31.3	3.8	2.6	198.1
% change	*2.8%*	*2.6%*	*17.6%*	*1.8%*	*-20.4%*	*6.2%*	*5.1%*
Five year average 12/13 to 16/17	62.5	52.1	40.2	30.2	4.9	3.1	192.9
% change 2016/17 vs 5 year av	*-3.2%*	*3.0%*	*15.4%*	*3.5%*	*-22.5%*	*-16.7%*	*2.7%*

Tables 7 and 8 summarises the ABS' flock data for the period 2009/10 to 2015/16 (closing flock numbers as at 30th June). The estimate of the number of sheep and the number of breeding ewes at the start of the 2016/17 (i.e. as at 30th June 2016) is derived from the ABS' preliminary estimate. This suggests that there were 70.1 million head as at 30th June 2016, down by 1% on the level of a year before. The final estimate for the start of the 2016/17 season (i.e. as at 30th June 2016) will be released in mid-2017.

Table 7: ABS national flock numbers 2009/10 to 2014/15

ABS data	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	% Δ	2015/16e	% Δ
Closing Flock (million head at 30th June)*:	68.1	73.1	74.7	75.5	72.6	70.9	-2%	70.1	-1%
Breeding ewes (million head at 30th June)*:	42.3	41.8	44.9	40.3	40.7	39.4	-3%	39.1	-1%
Lambs marked:	31.9	33.3	35.4	31.0	31.7	32.0	1%	NA	NA
Ewes mated:	NA	37.4	39.6	34.9	35.0	32.7	-6%	NA	NA
Marking %	NA	89%	89%	89%	91%	98%	7%	NA	NA

* Used by AWPFC as sheep number at 1st July, opening day of following season.

e The closing sheep numbers and closing breeding ewe numbers for 2015/16 are derived from the ABS preliminary estimates.

Table 8: ABS flock number by state - 2010 to 2016

Closing Flock - ABS data (million head at 30th June)	2010	2011	2012	2013	2014	2015	% Δ	2016	% Δ
New South Wales	24.4	26.8	27.6	27.8	26.8	26.7	0%	27.0	1%
Victoria	14.4	15.2	15.9	16.1	15.4	14.6	-5%	13.8	-5%
Western Australia	14.7	14.0	14.4	15.5	14.4	14.0	-3%	14.2	1%
South Australia	9.0	11.0	10.9	10.8	11.0	11.2	2%	11.1	-1%
Queensland	3.6	3.7	3.5	2.9	2.3	2.2	-6%	2.0	-11%
Tasmania	2.0	2.3	2.4	2.4	2.8	2.2	-21%	2.1	-5%

* Used by AWPFC as sheep number at 1st July, opening day of following season.
e The sheep numbers numbers as at 30th June 2016 are derived from the ABS preliminary estimates.

Australian sheep and lamb turn-off statistics for the 2016/17 season to February, sourced from the ABS, are shown in table 9. This turnoff data covers sheep slaughter, lamb slaughter and live exports and is compared the equivalent period in 2015/16 and the five-year average 2012/13 to 2016/17.

Table 9: ABS Sheep turn off data for 2015/16

Parameter	Financial year			5-yr FY	
	July 2015 to Feb 2016	July 2016 to Feb 2017	% Δ	Avg	%Δ
Sheep slaughter ('000 hd)	5,921	4,568	-23%	5,858	-22%
Sheep weights (kg/hd cwt)	24.3	25.1	3%	23.9	5%
Mutton production (tonnes cwt)	144,088	114,814	-20%	139,750	-18%
Lamb slaughter ('000 hd)	15,409	15,046	-2%	14,899	1%
Lamb weights (kg/hd cwt)	22.1	22.4	1%	21.9	2%
Lamb production (tonnes cwt)	340,898	336,883	-1%	326,848	3%
Live exports ('000 hd)	1,209	1,231	2%	1,314	-6%
Total Turnoff ('000 hd)	22,539	20,845	-8%	22,071	-6%

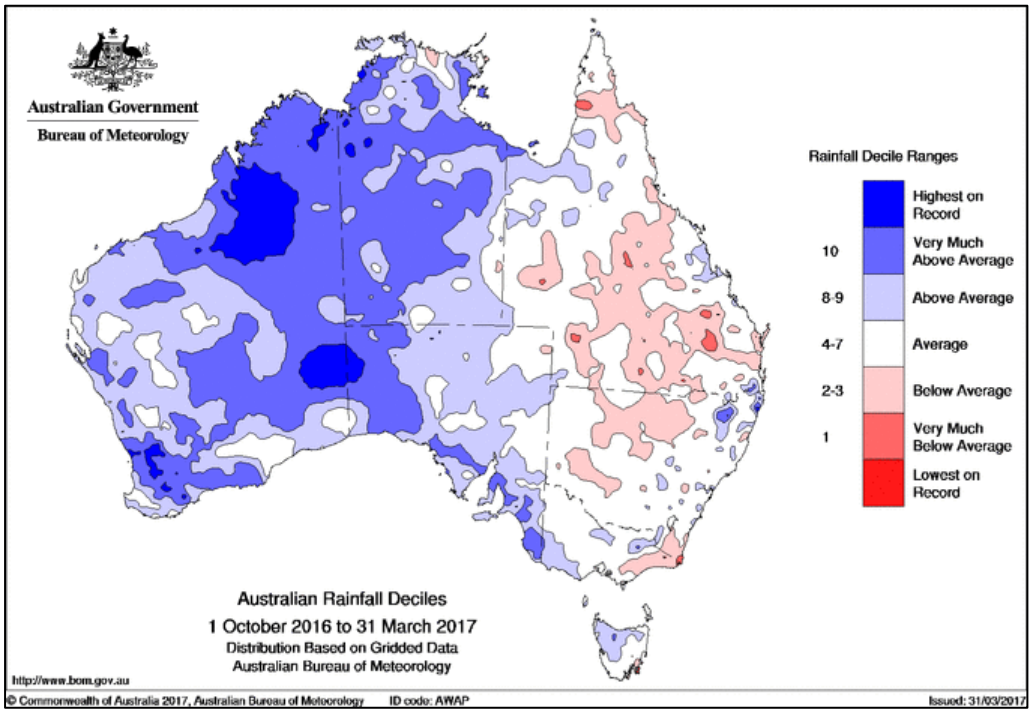
The ABS data for the 2016/17 season to February shows a 23% year on year decline in the number of sheep slaughtered compared with 2015/16, as well as a 2% fall in the number of lambs slaughtered. When compared with the longer term (five-year) average for the financial year, the number of adult sheep slaughtered was well below the five-year average for the first nine months of the 2016/17 season, but the number of lambs slaughtered were slightly higher. There was a 2% year-on-year rise in live exports in 2016/17 to date but the number exported in 2016/17 was 6% above the five-year average.

In aggregate, the **total sheep and lamb turn-off** in 2016/17 to February was 8% below the level for the same period in 2015/16 and 6% below the five-year average.

Bureau of Meteorology (BoM) seasonal rainfall seasonal outlook

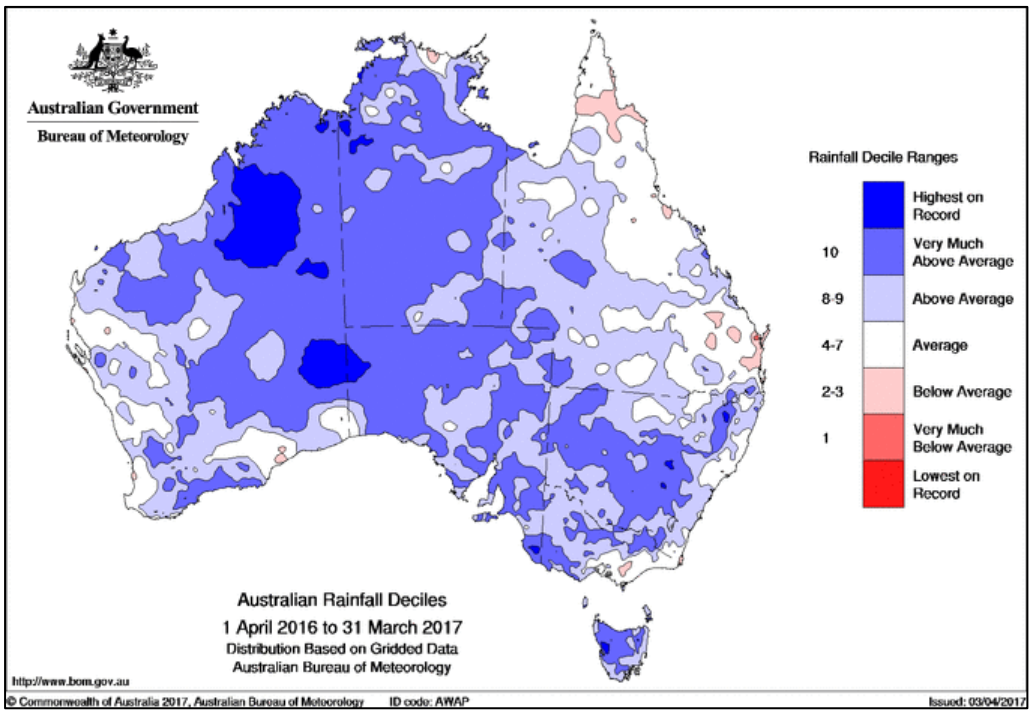
Since October there has been extensive rainfall in the western and central portions of Australia and average rainfall in Victoria, Tasmania and parts of New South Wales. The summer rains in the key sheep producing regions of Queensland and in the western half of New South Wales were below average (figure 4).

Figure 4: Australian rainfall deciles Northern Wet Season (October 2016 to March 2017)



As figure 5 shows, rainfall for the past 12 months (April 2016 to March 2017) was above average to well above average for almost all of Australia.

Figure 5: Australian yearly rainfall deciles (April 2016 to March 2017)



This rainfall has resulted in excellent seasonal conditions in almost all states, although it is becoming dry in central and western Queensland and parts of New South Wales. Western Australia and South Australia report that seasonal conditions in many regions are reportedly the best for decades.

The Bureau of Meteorology's outlook for the April to June 2017 period is for a hot and dry Autumn and early Winter for almost all of Australia. The Bureau says that rainfall in April to June is likely to be below average across most of mainland Australia, although Tasmania is likely to receive average rainfall. Warmer days and nights are likely across most of Australia, with average temperatures during the days and nights more likely in southwest WA and the east coast of New South Wales.

Figure 6: Chance of exceeding median rainfall (April to June)

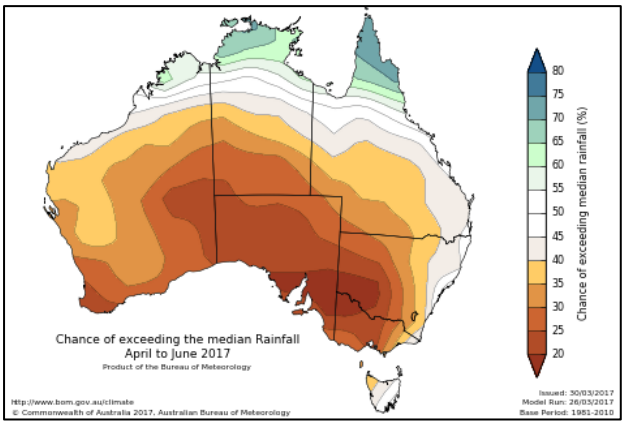
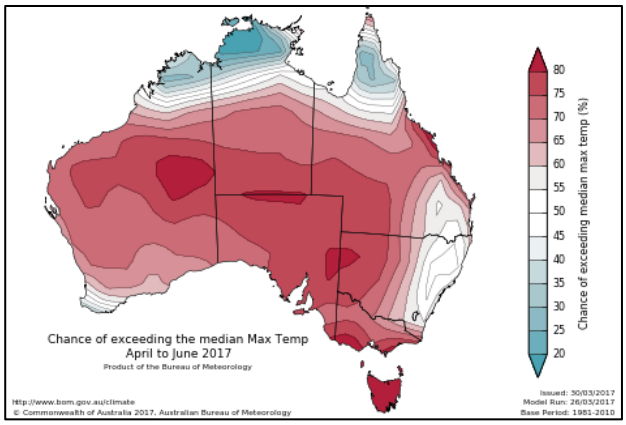


Figure 7: Chance of exceeding median maximum temperature (April to June)



In its update on 11th April, the Bureau noted that the El Niño–Southern Oscillation (ENSO) in the tropical Pacific Ocean remains **neutral** (neither El Niño nor La Niña), but that there were some early signs that El Niño may develop during winter 2017. It said that that the ENSO Watch remains at El Niño Watch. That is, there is a 50% chance of El Niño developing in 2017 which is twice the normal likelihood.

State Committee inputs

The following provides a summary of seasonal conditions and wool production in 2016/17 in each state as reported by state committees in April 2017.

The Committees noted that there was widespread and extensive rainfall throughout eastern and southern Australia since mid-2016 which resulted in a very wet Spring and good growing conditions throughout Summer in most states. This has resulted in an abundance of pasture growth and fodder availability and brought higher average cuts per head for the 2016/17 season in all states. In Queensland, there were excellent Winter rains after four years of drought which has been the key driver of increased production in that state. However, the crucial Summer rains in Queensland mostly failed and there are concerns that this could bring a halt to the recovery in the sheep and wool industry in Queensland. If so, this will be felt in 2017/18.

Virtually all other states and regions have experienced excellent seasonal conditions from at least since mid-2016 and in some cases even longer, such as Western Australia and many parts of South Australia. This lifted the amount and quality of feed available and ensured

plentiful water supplies. Furthermore, the surge in Merino wool prices (notably for superfine and ultrafine wool) has encouraged producers to shear and deliver wool promptly, to retain sheep and to shear sheep and lambs destined for slaughter. There are also signs from several states, notably in South Australia, that producers are shifting to more frequent shearing (every 8-9 months). All of these factors have resulted in higher than expected wool production in 2016/17.

The state and national committees noted that the results of the recent MLA/AWI survey of wool and sheep producers indicate that an increased proportion of producers intend increasing their ewe flocks in 2016/17 in response to the high prices for Merino wool and for lambs, aided by the generally good seasonal conditions. This is backed by commentary from most state committees.

It is expected that the volume of wool tested in many states in the April to June 2017 period will be above the levels recorded in the same three months in 2016. The exception is New South Wales and Tasmania where wool test volumes in the April to June period are likely to be around or slightly lower than the same period in 2016.

Full statistical details of the state-by-state estimates for 2014/15 and 2015/16 and the forecast for 2016/17 are given in Appendix table 1.

New South Wales

Seasonal conditions throughout much of NSW have been good since Spring, which is resulting in a solid increase in fleece weights this season. As well, the recent robust Merino wool market, particularly for ultrafine and superfine wool, has encouraged growers to shear sheep and deliver wool to market promptly to take advantage of the good prices. Some of the increase in the volumes of ultrafine wool this season is due to clips from previous seasons being released from on-farm stocks in response to the price rise. There has been a large % increase in tests of wool between 21 and 23 micron which is due to a combination of seasonal improvement, increased fleece weights from areas producing medium Merino wool, increased frequency of shearing in some areas (shearing every 8-9 months) and more sheep being shorn before slaughter.

Shorn wool production in 2016/17 for NSW is now expected to increase by 1.5% to 124.7 mkg. Average wool cut per head is predicted to increase by 1.1% to 4.60 kg/head over the season. Sheep shorn numbers are expected to be slightly above the levels seen in 2015/16 in line with the estimated increase in opening sheep numbers. The revised forecast for 2016/17 assumes that the volume of wool in April-June will be a little lower than in 2015/16.

Victoria

2016/17 continues to progress as expected by the state committee in August and December. Autumn shearing is seeing much higher fleece weights after average wool cuts were relatively poor in Spring which was caused by poor seasonal conditions up until May 2016. Seasonal conditions, feed availability and feed quality, and livestock condition are reported to be excellent now in all parts of the state. As a result, the volume of wool being tested and sent to market has increased substantially since November. There has been a solid increase in the volumes of 19 to 21 micron wool so far in 2016/17 due to improved seasonal conditions. As well, vegetable matter levels are starting to lift during the Autumn shearings.

Shorn wool production in Victoria is now predicted to lift by 1% to 66.7 mkg greasy. While estimated opening sheep numbers are lower than previously expected, sheep shorn numbers will be down by a lesser amount (-3.5%) with more lambs and hoggets being shorn, sheep being shorn before slaughter and increased frequency of shearing in some areas (to every 8-9 months). This decline will be more than offset by a 4.7% increase in average wool cut per head in 2016/17 to 4.22 kg/head. The new forecast for 2016/17 assumes that wool test volumes will be 1.1% higher in the April-June period.

Western Australia

The excellent seasonal conditions observed in the previous two forecasts (August and December 2016) have continued right across Western Australia. This has resulted in an even larger increase in fleece weights than previously expected, which has boosted the volumes of wool being tested and delivered for auction. While there may have been a small contribution from on-farm stocks being released, almost all the increase in wool test volumes to March are thought to be this year's production. In addition to the higher fleece weights, producers are delivering their wool to market quickly because of the attractive prices. The AWTA test data on micron profile, length, strength and so on indicate the positive impact of the excellent seasonal conditions, resulting in higher fleece weights.

Sheep shorn numbers are now forecast to increase by 3.3%, which explains in part the magnitude of the increase in wool volumes this season. Average wool cut per head is now expected to be at 4.73 kg/head, up by 5.6%. As a result, **WA shorn wool production in 2016/17 is now forecast to lift by 9.1% to 71.1 mkg greasy**.

This forecast for 2016/17 assumes that wool test volumes will be 7.7% higher in the April-June period than in the same period in 2016.

South Australia

Wool test volumes have increased substantially for South Australia this season, helped by excellent seasonal conditions throughout the state. After being in drought until May 2016, the south-east of the state received too much rain prior to Christmas, but is now in very good condition with plenty of feed. Conditions have been the best ever in parts of SA (such as the Eyre Peninsula), but have started to dry off in some pastoral areas. Nevertheless, fleece weights have increased in response to the excellent season, and this will continue in next three months as pastoral properties begin shearing. The increase in the volumes of wool tested is from this season's production with little evidence of any wool having been held in on-farm stocks.

In light of the latest industry data, **shorn wool production in South Australia is forecast to increase by 7.2% to 58.7 mkg.** While the estimated opening sheep number is 1.4% lower than a year earlier, sheep shorn numbers are estimated to have increased by 3.1%, in part due to a reported increase in the number of sheep being shorn every 8-9 months. Average wool cut per head over the 2016/17 season is forecast to increase by 4% to 5.25 kg/head. The revised forecast for 2016/17 assumes that the volume of wool tested in April-June will be 5% higher than in 2015/16.

Tasmania

After a cold and wet Winter which held back pasture growth, seasonal conditions have improved significantly and are now rated as excellent across the state. This has helped lift fleece weights across the board, which is the driver for the small increase in AWTA wool test volumes to March. As well, the excellent season has caused the micron profile to broaden for both Merinos and Crossbreds/composites. The estimate of opening sheep numbers for the start of the 2016/17 season is lower than previously assumed. As well, recently there are fewer Crossbred lambs being shorn before slaughter due to the relatively low prices for Crossbred wool.

Shorn wool production in 2016/17 is now predicted to be flat at 9.1 mkg greasy. This is the result of a 6.2% lift in average wool cut per head over the season, which is in turn due to the current excellent seasonal conditions. Sheep shorn numbers are expected to be down by 5.8% due to the lower opening sheep numbers and fewer Crossbred lambs being shorn. The slightly higher forecast for 2016/17 assumes that the volume of wool tested in April-June will be slightly higher than in 2015/16.

Queensland

Seasonal conditions in Queensland are very good and better than in four years, with pasture and feed conditions in the major wool producing regions having been good for much of the 2016/17, after excellent winter rains and herbage growth. This has helped push fleece weights much higher in 2016/17 than in previous seasons, although vegetable matter content has increased significantly and yields have decline. But, the crucial summer rains failed again. This will have only a small detrimental effect in the current season but casts a cloud over production in 2017/18. More sheep are being shorn in the state due to a combination of sheep coming back into the state from agistment in NSW, more lambs available after an excellent lambing season, and double-shearing of sheep. Most of the increase in wool test volumes has come from 2016/17 production, although a small amount may have been flushed out from on-farm stocks due to high wool prices. Sheep being shorn in the remaining three months of the 2016/17 season will see significant increases in fleece weights.

Shorn wool production in Queensland in 2016/17 is now predicted to increase by 23% to 8.54 mkg greasy. Average cuts per head are estimated to have lifted by 12.6% in 2016/17 (from a low base) to 3.94 kg/head, and sheep shorn numbers are estimated to have lifted by 9.2%.

Appendix

Table 1: Comparison of the fourth forecast for 2016/17 against the 2014/15 and 2015/16 final estimates

2014/15 Final Estimate	NSW	VIC	WA	SA	TAS	QLD	National
Opening Sheep Number (million)	26.75	15.37	14.41	10.97	2.78	2.34	72.62
Sheep Numbers Shorn (million)	27.96	17.29	15.13	11.08	2.92	2.55	76.93
Average Cut Per Head (kg)	4.65	4.20	4.44	5.10	3.70	3.58	4.50
Shorn Wool Production (mkg greasy)	130.0	72.6	67.2	56.5	10.8	9.1	346

2015/16 Final estimate	NSW	VIC	WA	SA	TAS	QLD	National
Opening Sheep Number (million)	26.70	14.57	14.01	11.23	2.20	2.20	70.91
Sheep Numbers Shorn (million)	27.00	16.40	14.55	10.85	2.59	1.98	73.37
Average Cut Per Head (kg)	4.55	4.03	4.48	5.05	3.50	3.50	4.43
Shorn Wool Production (mkg greasy)	122.9	66.1	65.2	54.8	9.1	6.9	325

Change %	NSW	VIC	WA	SA	TAS	QLD	National
Opening Sheep Number	-0.2%	-5.2%	-2.8%	2.4%	-20.7%	-6.1%	-2.4%
Sheep Numbers Shorn	-3.4%	-5.2%	-3.8%	-2.1%	-11.1%	-22.2%	-4.6%
Average Cut Per Head	-2.2%	-4.0%	0.9%	-1.0%	-5.4%	-2.2%	-1.6%
Shorn Wool Production	-5.5%	-9.0%	-3.0%	-3.1%	-15.9%	-24.0%	-6.2%

2016/17 4th Forecast (April-17)	NSW	VIC	WA	SA	TAS	QLD	National
Opening Sheep Number (million)	26.95	13.83	14.18	11.07	2.09	1.95	70.08
Sheep Numbers Shorn (million)	27.10	15.82	15.03	11.18	2.44	2.17	73.75
Average Cut Per Head (kg)	4.60	4.22	4.73	5.25	3.72	3.94	4.59
Shorn Wool Production (mkg greasy)	124.7	66.7	71.1	58.7	9.1	8.5	339

Change %	NSW	VIC	WA	SA	TAS	QLD	National
Opening Sheep Number	0.9%	-5.1%	1.2%	-1.4%	-4.9%	-11.2%	-1.2%
Sheep Numbers Shorn	0.4%	-3.5%	3.3%	3.1%	-5.8%	9.2%	0.5%
Average Cut Per Head	1.1%	4.7%	5.6%	4.0%	6.2%	12.6%	3.8%
Shorn Wool Production	1.5%	1.0%	9.1%	7.2%	0.0%	23.0%	4.3%

Note: Totals may not add due to rounding

Historical Australian Production Figures

The tables below provide historical sheep numbers, wool production, fleece weight and micron share statistics since 1991/92 for background information.

Table 2: Australian wool production statistics since 1991/92

Year	Opening Sheep (million)	Sheep Numbers (million)	Average Cut Per Head (kg)	Shorn Wool Production (mkg greasy)
1992-93	148.1	178.8	4.56	815
1993-94	138.0	172.8	4.49	775
1994-95	132.5	156.2	4.37	682
1995-96	120.8	145.6	4.50	655
1996-97	121.0	152.0	4.35	661
1997-98	120.1	150.0	4.22	633
1998-99	117.4	153.6	4.33	665
1999-00	115.4	144.2	4.30	619
2000-01	118.5	139.5	4.31	602
2001-02	110.8	118.6	4.68	555
2002-03	106.1	116.6	4.28	499
2003-04	99.2	104.7	4.53	475
2004-05	101.2	106.0	4.49	475
2005-06	101.1	106.5	4.33	461
2006-07	91.0	101.4	4.24	430
2007-08	85.7	90.2	4.43	400
2008-09	76.9	79.3	4.52	362
2009-10	72.7	76.2	4.50	343
2010-11	70.8	76.2	4.53	345
2011-12	73.1	76.4	4.48	342
2012-13	74.7	78.8	4.47	352
2013-14	75.5	78.0	4.37	341
2014-15	72.6	76.9	4.50	346
2015-16	70.9	73.4	4.43	325
2016-17f	70.1	73.7	4.59	339
2017-18f	na	73.9	4.60	340

Table 3: Australian micron profile of AWTA wool test volume statistics since 1991/92 (% share and average micron)

AWTA Key Test Data - Micron Percentage Split of Wool Production (um)														
Year	**<16.5**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**	**25/26**	**27/28**	**29/30**	**>30.5**	**Average Fibre Diameter (um)**
1991/92	0.1%	0.7%	3.2%	7.9%	15.2%	21.5%	20.0%	13.4%	7.1%	5.5%	2.9%	1.6%	1.0%	22.0
1992/93	0.0%	0.3%	1.9%	5.4%	12.0%	19.9%	20.6%	15.6%	10.0%	7.9%	3.0%	1.9%	1.6%	22.4
1993/94	0.1%	0.5%	2.4%	5.9%	12.1%	18.8%	20.8%	15.7%	10.0%	7.4%	2.8%	1.9%	1.7%	22.4
1994/95	0.1%	0.6%	3.5%	8.6%	15.2%	20.9%	19.9%	13.0%	7.0%	4.7%	2.8%	2.0%	1.7%	22.0
1995/96	0.0%	0.6%	3.3%	8.2%	15.3%	20.8%	18.5%	13.2%	8.1%	6.0%	2.7%	1.8%	1.6%	22.1
1996/97	0.2%	0.8%	3.9%	9.7%	15.3%	20.1%	18.3%	13.1%	7.4%	5.3%	2.3%	1.9%	1.8%	22.0
1997/98	0.2%	1.2%	4.5%	9.8%	14.8%	19.4%	18.3%	12.8%	7.7%	5.4%	2.6%	1.8%	1.5%	21.9
1998/99	0.2%	1.1%	4.2%	8.8%	14.6%	19.6%	18.6%	14.0%	7.6%	5.1%	2.7%	2.0%	1.5%	22.0
1999/00	0.1%	1.0%	4.2%	9.3%	14.4%	19.1%	18.2%	13.6%	7.7%	5.2%	2.9%	2.4%	1.9%	22.1
2000/01	0.2%	1.3%	5.2%	11.1%	15.7%	18.5%	16.4%	11.4%	6.8%	5.1%	3.6%	2.8%	1.9%	22.0
2001/02	0.3%	2.0%	7.2%	14.4%	19.9%	18.9%	12.9%	7.7%	4.1%	3.7%	3.8%	3.1%	1.9%	21.6
2002/03	1.0%	3.9%	9.8%	15.7%	18.9%	17.6%	12.0%	6.6%	2.9%	3.4%	3.7%	2.9%	1.7%	21.2
2003/04	0.7%	3.6%	9.9%	15.8%	18.3%	16.6%	11.9%	7.5%	3.6%	3.5%	3.8%	2.9%	1.8%	21.3
2004/05	1.2%	4.2%	10.5%	16.5%	18.7%	15.9%	10.7%	6.2%	3.2%	3.6%	4.1%	3.1%	2.0%	21.2
2005/06	1.4%	4.7%	9.7%	15.1%	18.7%	17.1%	11.5%	5.9%	2.9%	3.9%	4.5%	2.9%	1.6%	21.2
2006/07	2.0%	5.9%	11.8%	15.9%	16.9%	14.0%	9.9%	6.2%	3.4%	4.3%	4.4%	3.2%	2.1%	21.2
2007/08	1.9%	5.3%	10.9%	16.8%	18.4%	14.3%	9.2%	5.5%	3.0%	4.1%	4.8%	3.6%	2.2%	21.2
2008/09	2.0%	5.7%	11.4%	16.6%	18.5%	15.0%	9.1%	4.4%	2.3%	3.8%	5.1%	3.8%	2.2%	21.2
2009/10	2.3%	6.2%	12.6%	17.1%	17.5%	13.2%	8.4%	4.6%	2.5%	4.1%	5.4%	3.9%	2.3%	21.2
2010/11	1.5%	4.8%	11.0%	16.8%	18.0%	13.5%	8.4%	5.4%	3.0%	3.9%	5.5%	5.0%	3.1%	21.5
2011/12	1.8%	5.6%	12.0%	17.1%	16.6%	12.3%	8.3%	5.3%	2.9%	4.2%	5.8%	4.7%	3.3%	21.5
2012/13	2.5%	7.0%	13.3%	17.5%	16.8%	12.0%	7.3%	4.1%	2.3%	4.6%	6.2%	4.0%	2.5%	21.2
2013/14	3.8%	8.4%	14.6%	17.8%	16.0%	10.9%	6.2%	3.4%	2.2%	5.2%	6.4%	3.1%	2.1%	20.9
2014/15	3.2%	7.9%	14.8%	18.5%	15.8%	10.5%	6.5%	3.5%	1.9%	4.4%	6.5%	3.9%	2.6%	21.0
2015/16	3.9%	8.5%	14.6%	17.8%	16.2%	10.8%	6.0%	2.9%	1.9%	4.6%	6.5%	3.6%	2.7%	21.0
2016/17*	3.7%	7.2%	13.1%	17.5%	17.5%	12.3%	6.7%	3.2%	2.0%	4.5%	6.1%	3.5%	2.6%	21.0

Notes: Totals may not add due to rounding. ** 2016/17 is for the season to March 2017*

Explanation of revised AWPFC data series

At the December 2005 meeting, the National Committee made the decision to collate and review the key variables (shorn wool production, cut per head, number of sheep shorn) used in the committee from the available industry sources and to create a consistent historical data series at both a state and national level. This was required as some differences existed between industry accepted figures and the AWPFC data series and to ensure a consistent methodology over time. This process resulted in changes to the parameters 'average cut per head' and the 'number of sheep shorn' for some seasons at both a state and national level.

Modus operandi for the Australian Wool Production Forecasting Committee

The Australian Wool Production Forecasting Committee draws together a range of objective data and qualitative information to produce consensus-based, authoritative forecasts four times a year for Australian wool production.

The Committee has a two-level structure, with a National Committee considering information and advice from state sub-committees. It is funded by Australian Wool Innovation Limited, which also provides an independent representative in the role of the Chairman of the National Committee.

The National and state sub-committees comprise wool producers, wool brokers, exporters, processors, private treaty merchants, AWEX, AWTA, ABARES, ABS, MLA, state departments of Agriculture and AWI.

The Committee releases its forecasts in the forms of a press release and a report providing the detailed forecasts, historical data and commentary on the key drivers of the forecasts.