

August 2017

Australian Wool Production Forecast Report

Australian Wool Production Forecast Committee

Summary

- The Australian Wool Production Forecasting Committee predicts that Australian shorn wool production in 2017/18 will be 340 mkg greasy. This is the same as the Committee's estimate for production in 2016/17 and reflects a slight increase in the number of sheep shorn while fleece weights are expected to slip slightly. The run of high Merino wool prices and strong lamb price levels also appear to be encouraging producers to retain sheep despite high mutton prices.
- The Committee noted that, after the excellent seasonal conditions experienced across Australia for some or all of 2016/17, conditions have become more mixed. Seasonal conditions in some regions including much of Victoria and the south-east of South Australia, are reported to be very good, but other areas, including parts of Western Australia, the Western Division of New South Wales and key wool growing regions in Queensland, have been dry. While fleece weights in Spring are likely to be good, there is likely to be a moderation in the average wool cuts per head in some areas as the season progresses. Overall, the season average wool cut per head is expected to slide by 1.2%. This contrasts with the 3.4% increase in average cut per head estimated for 2016/17.
- This easing in average wool cut per head is likely to be almost entirely offset by a 1% increase in the number of sheep shorn during the 2017/18 season. This increase in the number of sheep shorn reflects a willingness of producers to shear sheep and lambs prior to sale or retain sheep in response to the run of high Merino wool prices. It also reflects to some extent a rise in the number of prematurely (prem) shorn sheep. Compared with last season, slight production increases are expected for NSW, Victoria and Tasmania while reductions are expected in WA and Queensland.
- The Committee estimates that shorn wool production in 2016/17 was 340 mkg greasy, an increase of 4.7% on the 90-year low of 325 mkg recorded in 2015/16 and slightly higher than its fourth forecast in April.

FURTHER INFORMATION

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- This is a little less than the 5.3% increase in the weight of wool tested by AWTA in 2016/17. This difference reflects the reported release of on-farm stocks during the season, notably of superfine wool, in response to the sustained rise in Merino wool prices in 2016/17. The Committee’s estimate for 2016/17 also compares with the 3.1% increase in first hand wool offered at auction in 2016/17 reported by AWEX and the 6.2% increase in wool receivals reported by the Australian Bureau of Statistics for 2016/17.
- The Committee noted that the AWTA test data showed a significant increase in the weight of wool tested between 20 and 24 microns, an increase in the weight of 19 micron wool tested and declines in the volumes of 18.5 micron and finer wool. This in the main reflects the excellent seasonal conditions. There was also a fall in the volume of 26 to 28 micron wool but an increase in 30.6 and broader wool. As a result of these changes, the mean fibre diameter for Australia in 2016/17 was steady at 21.0 microns, the same as in 2015/16.
- Table 1 summarises the estimates and forecasts for Australia and Table 2 shows the estimates and forecasts for each state.

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

Parameter	2015/16 Final Estimate	2016/17 Final Estimate	Change y-o-y (%)	2017/18 Second forecast	Change y-o-y (%)
Sheep Numbers Shorn (million)	73.4	74.3	1.2%	75.0	1.0%
Average Cut Per Head (kg)	4.43	4.58	3.4%	4.53	-1.2%
Shorn Wool Production (mkg greasy)	325	340	4.7%	340	0.0%

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

Shorn wool production (mkg greasy)	NSW	VIC	WA	SA	TAS	QLD	National
2015/16 Final Estimate	122.9	66.1	65.2	54.8	9.1	6.9	325
2016/17 First Estimate	126.0	67.4	71.1	57.9	9.2	8.5	340
<i>Change y-o-y (%)</i>	2.6%	2.0%	9.1%	5.6%	1.5%	23.0%	4.7%
2017/18 Second Forecast	128.6	68.6	67.5	57.7	9.5	7.6	340
<i>Change y-o-y (%)</i>	2.1%	1.7%	-5.0%	-0.3%	3.6%	-10.7%	0.0%

Detail on 2016/17 Estimate and 2017/18 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 full 2016/17 season and the 2017/18 season to July;
- AWEX auction statistics for the 2016/17 season;
- ABS wool receivals data for the 2016/17 season;
- ABS sheep numbers as at 30th June 2016 and ABS sheep and lamb turn-off in 2016/17;
- Information on current and expected seasonal conditions from the Bureau of Meteorology; and
- Information gathered on sheep producer and wool grower intentions, including the results from the MLA/AWI Wool and Sheep Survey.

AWTA wool test data

Every month AWTA releases data on the volumes of greasy wool tested within the various diameter categories for the month and the season to date. Data for the full 2016/17 season compared with previous seasons 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 2017. Figure 2 shows the total volume of wool tested for each season from 2012/13 to 2016/17. Finally, figure 3 provides the micron profile for each complete season between 2012/13 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 full financial year by micron range 2011/12 – 2016/17 (mkg greasy)

Parameter	Year	<16.6um	17um	18um	19um	20um	21um	22um	23um	24um	25-26um	26-28um	29-30um	>30.5um	TOTAL
AWTA FY Total mkg greasy	2012/13	9.41	25.76	49.04	64.47	61.86	44.20	26.92	15.12	8.64	17.10	23.04	14.63	9.20	369.37
	2013/14	13.55	29.78	51.46	62.86	56.56	38.37	22.02	12.06	7.61	18.44	22.48	11.03	7.35	353.57
	2014/15	11.62	29.01	53.94	67.53	57.91	38.56	23.65	12.62	7.01	16.00	23.85	14.20	9.59	365.48
	2015/16	13.37	29.05	49.49	60.54	55.00	36.60	20.30	9.88	6.35	15.57	22.21	12.32	9.24	339.93
	2016/17	12.86	26.99	48.09	62.43	61.44	43.47	24.58	12.28	7.26	15.71	20.85	12.27	9.58	357.79
Y-O-Y change%	2016/17	-3.8%	-7.1%	-2.8%	3.1%	11.7%	18.7%	21.1%	24.3%	14.3%	0.9%	-6.2%	-0.4%	3.6%	5.3%
2016/17 Micron Split (%)	2016/17	3.6%	7.5%	13.4%	17.4%	17.2%	12.1%	6.9%	3.4%	2.0%	4.4%	5.8%	3.4%	2.7%	
5 year av. 2011/12 to 2015/16	mkg	10.91	26.76	49.40	63.40	58.19	40.40	24.52	13.76	8.02	16.47	22.51	13.79	9.46	357.58
	% change 16/17 vs 5 yr av	17.8%	0.8%	-2.6%	-1.5%	5.6%	7.6%	0.2%	-10.8%	-9.5%	-4.6%	-7.4%	-11.0%	1.3%	0.1%
	Micron split %	3.1%	7.5%	13.8%	17.7%	16.3%	11.3%	6.9%	3.8%	2.2%	4.6%	6.3%	3.9%	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 full financial year (mkg greasy)

Year	NSW	Vic	WA	SA	Tas	Qld	Australia
2011/12	123.9	92.2	68.2	48.8	11.2	15.1	359.6
2012/13	129.7	89.4	74.0	49.1	11.2	16.0	369.4
2013/14	125.6	81.6	75.7	47.6	11.0	12.0	353.6
2014/15	133.7	84.8	72.3	52.8	11.7	10.2	365.5
2015/16	125.7	76.4	69.4	50.8	9.8	7.8	339.9
2016/17	129.9	78.1	76.2	53.7	10.1	9.8	357.8
% change y-o-y	3.4%	2.4%	9.9%	5.6%	2.2%	24.6%	5.3%

AWTA data on wool test volumes for 2016/17 shows:

- Volumes of wool tested for 2016/17 were 5.3% higher than in 2015/16 and equal to the five year average between 2011/12 and 2015/16;
- After being lower in the opening months of 2016/17, from November 2016 wool test volumes each month were at or above the 2015/16 levels, with the exception of April.
- The volume of wool tested in May and June 2017 was well above the volumes tested in the same months in 2016 as wool prices surged and dry conditions were experienced in many parts of the country which encouraged on-time shearing.
- The volume of wool tested in 2016/17 was above the low recorded in 2015/16 but was not back to the level seen in 2014/15.
- There was a reduction in Merino wool tested of 18.5 microns and finer in 2016/17 and a large increase in the 20 to 24 micron range. There was also a drop in fine Crossbred wool tested but an increase in broader Crossbred wool. This tendency for the micron profile in both Merino and Crossbred wools to shift broader appears in part to be the result of excellent seasonal conditions across all regions in Australia.
- The micron profile of the Australian clip shows two clear peaks: one peak centred at 19 micron wool (ranging from finer than 16.6 micron up to 23.5 micron); and a second peak centred on 27-28 micron (ranging from 25-26 micron to 30.5 micron and broader).
- Based on data by Wool Statistical Areas, the volumes of wool tested increased in all states in 2016/17. The largest percentage increases were recorded for Queensland (up 24.6% from a low base) and Western Australia (up by 9.9%). There was also a 5.6% increase in the volume of wool tested in South Australia. The large wool producing states of New South Wales and Victoria recorded more modest percentage increases, as did Tasmania.

For 2017/18, AWTA data on wool test volumes was only available for July:

- Volumes of wool tested in July 2017 were 13.1% higher than in July 2016. In part, this was a bounce-back from the 19% fall in July 2016; and
- All states except for Western Australia recorded significant increases in the volume of wool tested. Queensland recorded the largest increase, up 21.8%, while Tasmania had a 19.3% increase in wool test volumes. The volume of wool tested in NSW and Victoria lifted by 18.8% and 17.6% respectively and South Australia was 12.5% higher. Wool volumes tested for Western Australia fell by 11.6%.

Figure 1: Comparison of monthly AWTA key test data volumes

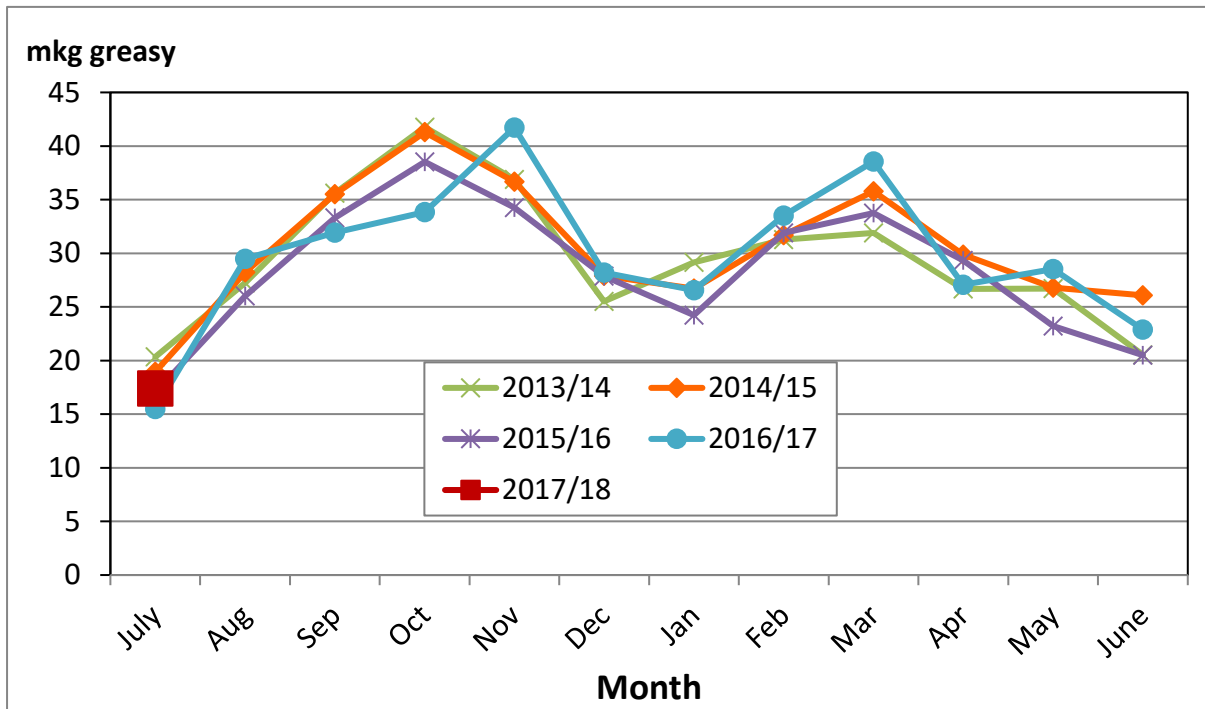


Figure 2: Volume of wool tested in the full season (AWTA key test data)

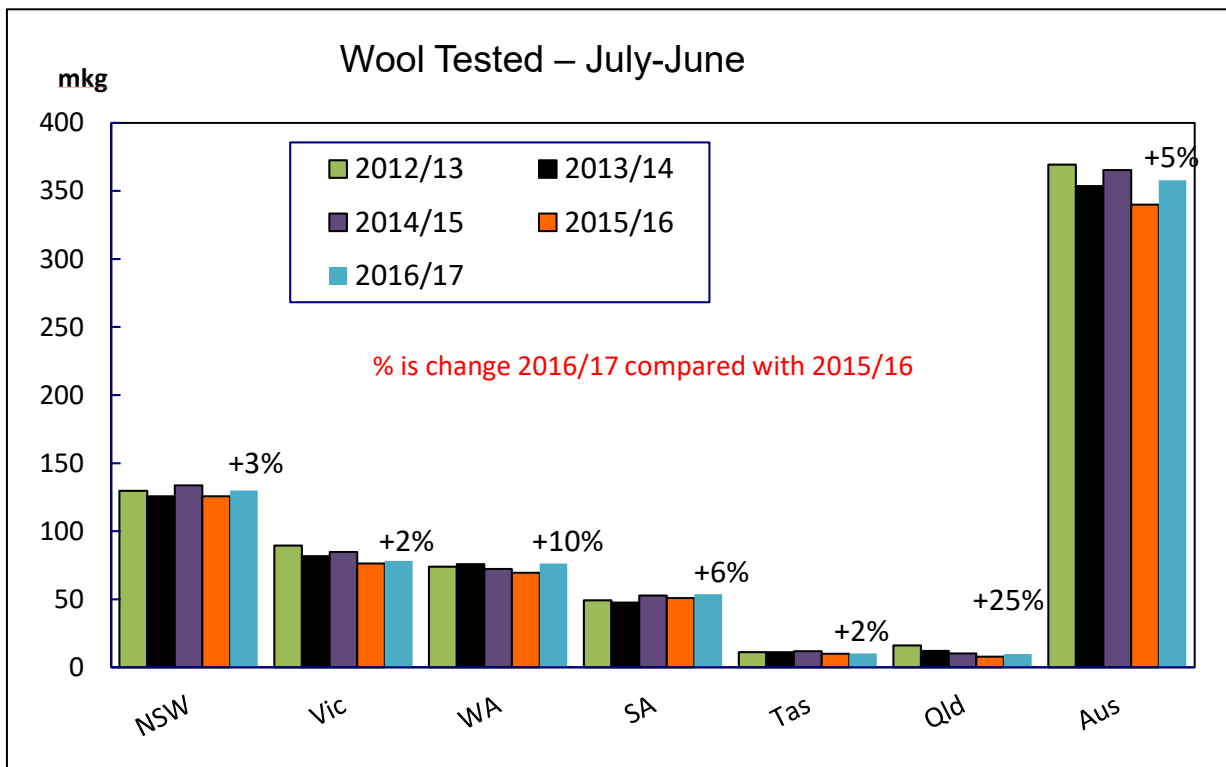
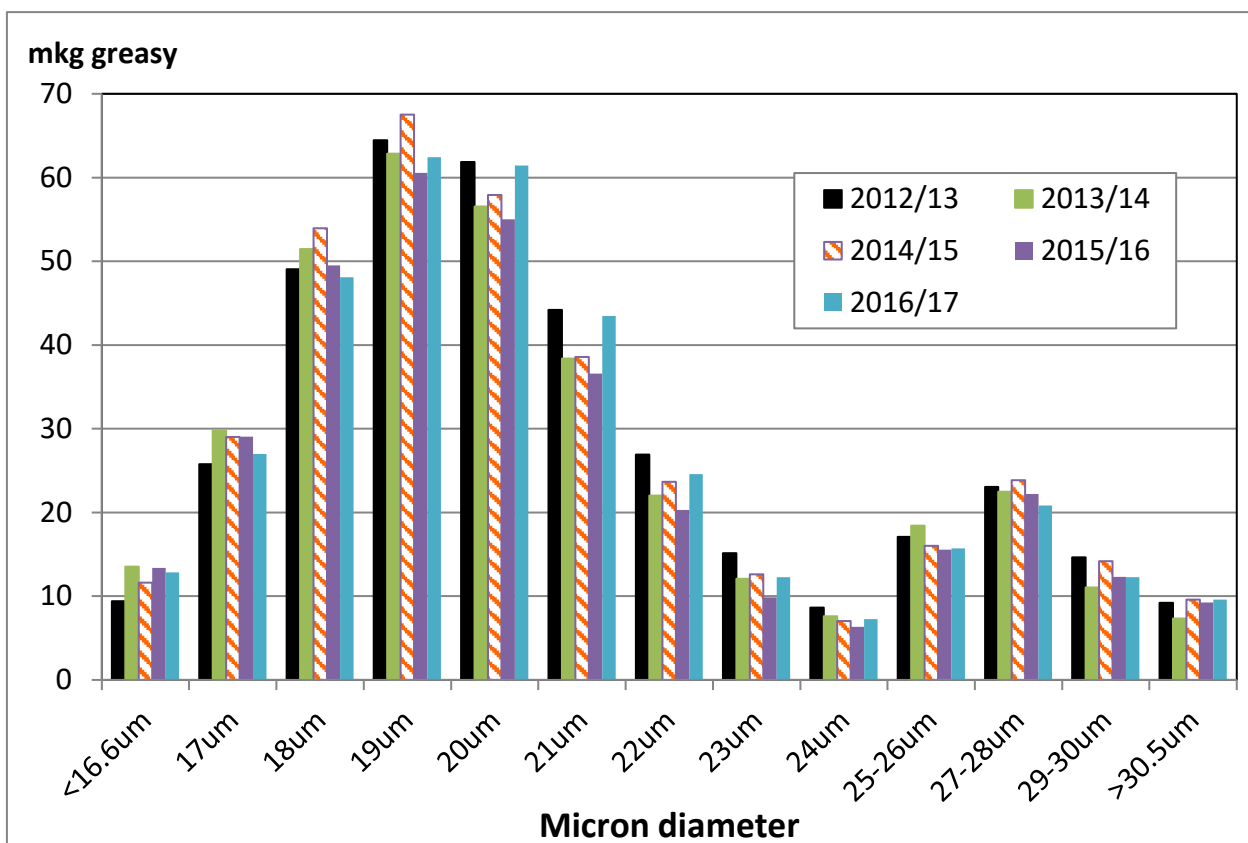


Figure 3: Australian diameter profile – full season (AWTA key test data)



AWEX auction statistics and matched brand analysis

The AWEX auction statistics for the 2016/17 season show similar trends to the AWTA wool test volumes, but with a smaller increase in wool volumes than the increase for AWTA test data. Table 5 summarises the AWEX data.

- First hand bales offered (excluding reoffers) for Australia were 3.1% higher in the 2016/17 season compared with 2015/16.
- The most significant increases were seen in Queensland, WA and SA, while Victoria also recorded a solid increase. First hand bales offered in NSW were marginally higher and in Tasmania were down by 7%.
- There was a 5.1% increase in the volume of first hand Merino wool offered across Australia, but a 4.5% drop in first hand Crossbred wool offered. The share of Merino wool of all first hand offered wool increased to 80.2% in 2016/17.

Table 5: AWEX Auction Statistics 2016/17

2016/17	NSW	VIC	WA	SA	TAS	QLD	AUST
First hand bales offered (% change)	0.3%	2.0%	6.8%	6.5%	-7.1%	21.6%	3.1%
Merino first hand offered (% change)	2.5%	3.9%	8.6%	6.5%	-2.7%	23.9%	5.1%
Crossbred first hand offered (% change)	-6.8%	-1.8%	-12.5%	6.3%	-12.8%	-25.0%	-4.5%
Merino first hand offered (% share)	80.2%	68.7%	93.2%	81.7%	71.9%	96.4%	80.2%
Crossbred first hand offered (% share)	19.8%	31.3%	6.8%	18.3%	28.1%	3.6%	19.8%

Australian Bureau of Statistics (ABS) data

The ABS provides data on wool receivals, the sheep flock, and sheep and lamb turnoff.

Wool receivals

Table 6 shows data on wool receivals for Australia and by state of receipt (note that this is not by state of production). According to this data, wool receivals for Australia rose by 6.2% in 2016/17, which is in line with the AWTA test data.

Table 6: ABS Wool Receivals data

mkg	NSW	VIC	WA	SA	TAS	QLD	AUS
2011/12	107.9	96.9	73.2	52.6	10.2	7.5	348.4
2012/13	120.2	95.3	75.0	52.6	9.8	7.7	360.5
2013/14	116.4	89.9	79.5	48.5	9.4	5.8	349.5
2014/15	121.4	99.8	74.5	53.7	9.4	4.9	363.8
2015/16	110.8	98.5	78.9	54.7	8.1	4.0	355.0
2016/17	119.0	103.0	88.1	54.5	7.6	4.8	377.0
% change	7.4%	4.5%	11.7%	-0.2%	-6.9%	19.9%	6.2%
Five year average 12/13 to 16/17	115.3	96.1	76.2	52.4	9.4	6.0	355.4
% change 2016/17 vs 5 year av	3.1%	7.2%	15.6%	4.0%	-19.5%	-20.2%	6.1%

Flock data

The ABS publishes data on Australia's sheep flock. For the most recent estimates released earlier this year, the ABS changed the basis of its Census. It now surveys all properties with an Estimated Value of Agricultural Operations (EVAO) of \$40,000 and more; previously the ABS included all properties with an EVAO of \$5,000 and more. As a result of this change, the ABS flock data for 30th June 2016 is not comparable with previously published data and understates the actual numbers of sheep and lambs. The ABS has provided data adjusted for the new EVAO for the previous four years. The Committee used this data to guide its estimates of the numbers of sheep shorn in each state and for Australia. However, the Committee has not published the historical flock data in its reports.

Sheep and lamb turn-off

Australian sheep and lamb turn-off statistics for the 2016/17 season, sourced from the ABS, are shown in table 7. This turnoff data covers sheep slaughter, lamb slaughter and live exports and is compared with 2015/16 and the five-year average 2011/12 to 2015/16.

The ABS data for the 2016/17 season shows a 19% year on year decline in the number of sheep slaughtered compared with 2015/16, and a 3% fall in the number of lambs slaughtered. When compared with the longer term (5 year) average for the financial year, the number of adult sheep slaughtered in 2016/17 was 22% below the five year average while the number of lambs slaughtered was the same as the five -year average. The number of live sheep exported from Australia in 2016/17 was virtually the same as in 2015/16 but was 7% lower than the five-year average.

The **total sheep and lamb turn-off** in 2016/17 was 7% below the level for 2015/16 and 6% below the 5-year average.

Table 7: ABS Sheep turn off data for 2016/17

Parameter	Financial year			5-yr FY	
	July 2015 to June 2016	July 2016 to June 2017	% Δ	Avg	%Δ
Sheep slaughter (‘000 hd)	8,127	6,553	-19%	8,392	-22%
Sheep weights (kg/hd cwt)	24.1	24.9	3%	23.5	6%
Mutton production (tonnes cwt)	196,043	163,365	-17%	196,980	-17%
Lamb slaughter (‘000 hd)	23,131	22,344	-3%	22,273	0%
Lamb weights (kg/hd cwt)	22.3	22.7	1%	22.1	3%
Lamb production (tonnes cwt)	516,482	506,239	-2%	492,118	3%
Live exports (‘000 hd)	1,859	1,850	0%	1,991	-7%
Total Turnoff (‘000 hd)	33,117	30,747	-7%	32,656	-6%

Bureau of Meteorology (BoM) seasonal rainfall seasonal outlook

After excellent seasonal conditions throughout much of Australia in at least the first nine months of the 2016/17 season (and in some regions even longer), conditions have become much drier in a number of the major sheep growing regions in the past three months, notably in Western Australia and Queensland as well as parts of New South Wales and South Australia. Figure 4 shows the rainfall deciles for the April to July 2017 period. These dry conditions were mainly due to a very dry June. In the first three weeks of August there has been extensive rains across southern Australia

Figure 4: Australian rainfall deciles Southern Wet Season (April 2017 to July 2017)

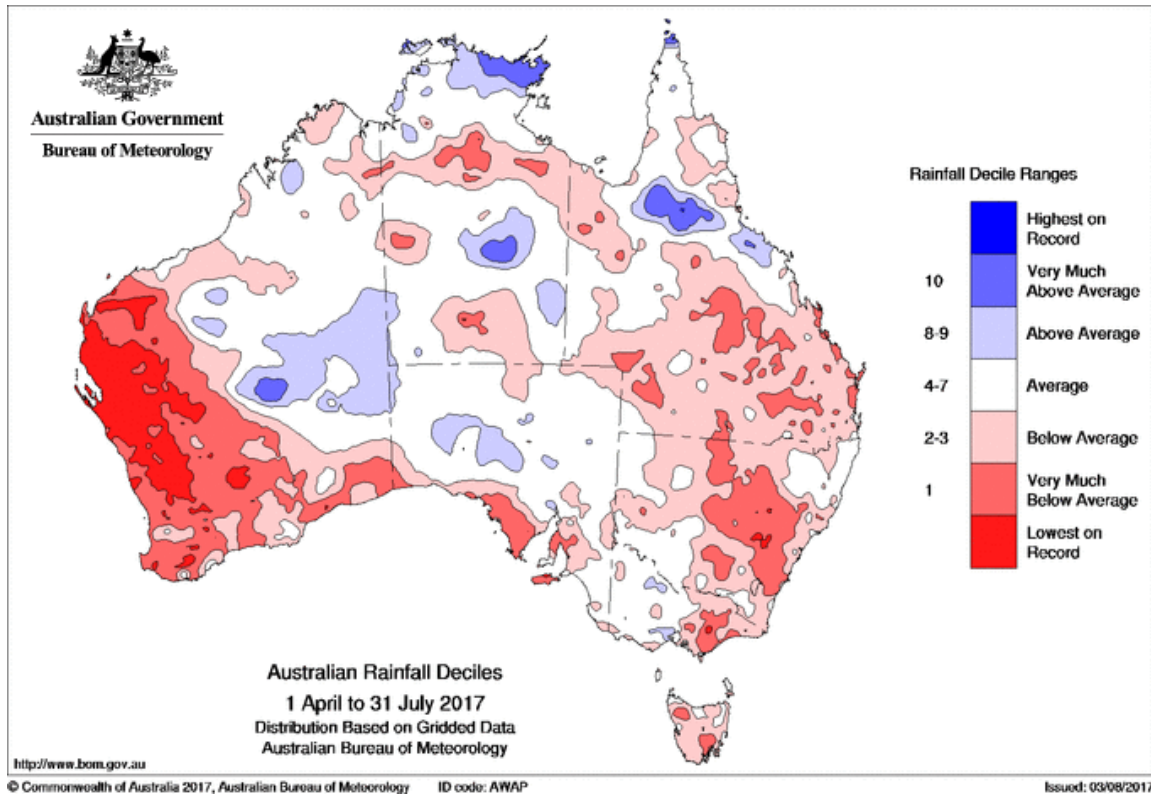
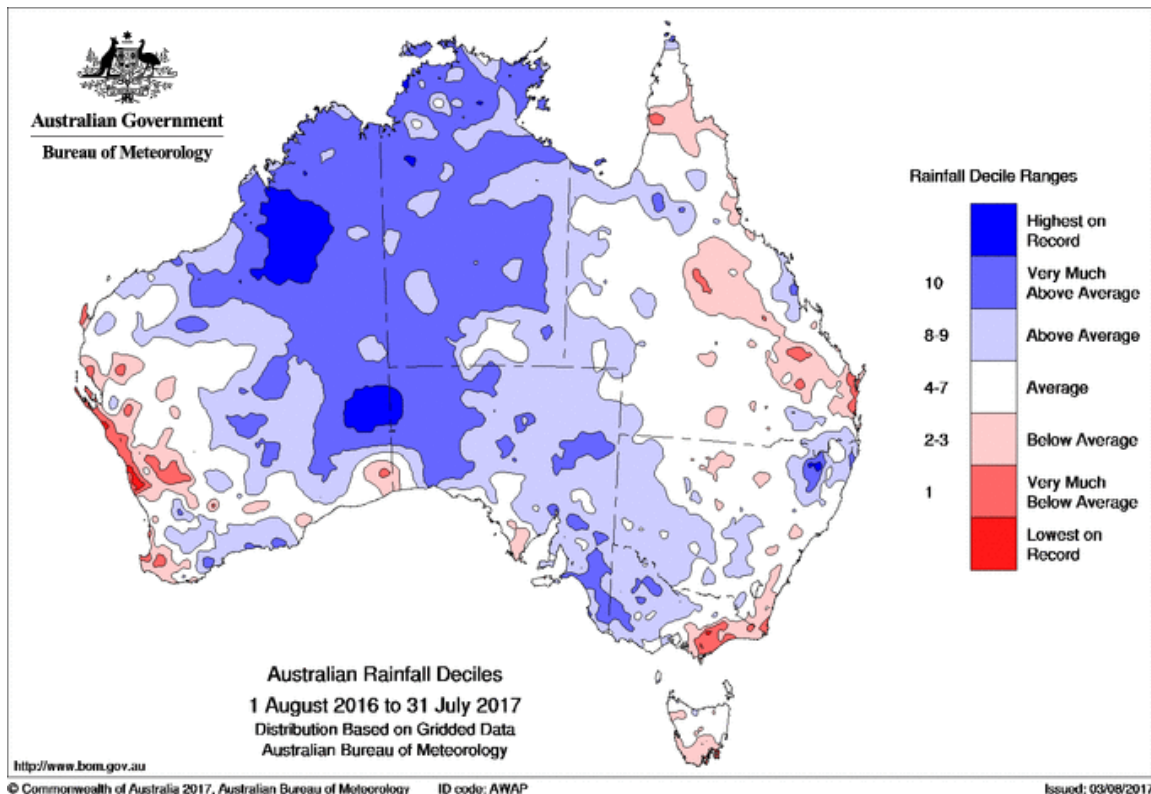


Figure 5 shows the rainfall deciles for the past 12 months (August 2016 to July 2017). This map, however, is overly influenced by the extensive rains seen in many regions in Spring 2016.

Figure 5: Australian yearly rainfall deciles (August 2016 to July 2017)



Overall, the current seasonal conditions are very mixed, with some regions needing rains over Spring and into Summer. This is particularly the case for Queensland.

The Bureau of Meteorology's outlook for the September to November period is that rainfall is likely to be below average across significant parts of southern and western Australia, with Tasmania, northern New South Wales and Queensland expected to see median rainfall. The Bureau's outlook is that it is likely to be warmer across the country.

Figure 6: Chance of exceeding median rainfall (September to November 2017)

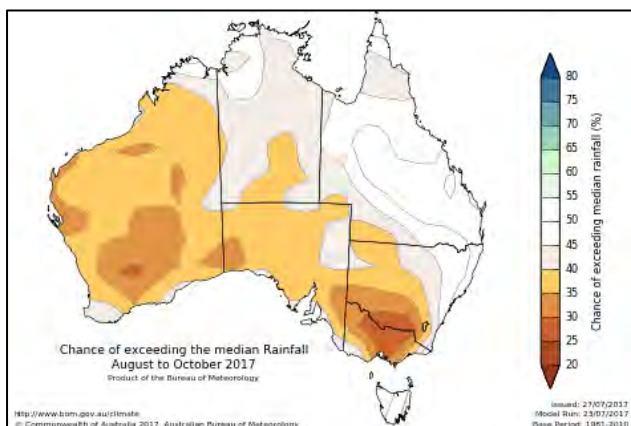
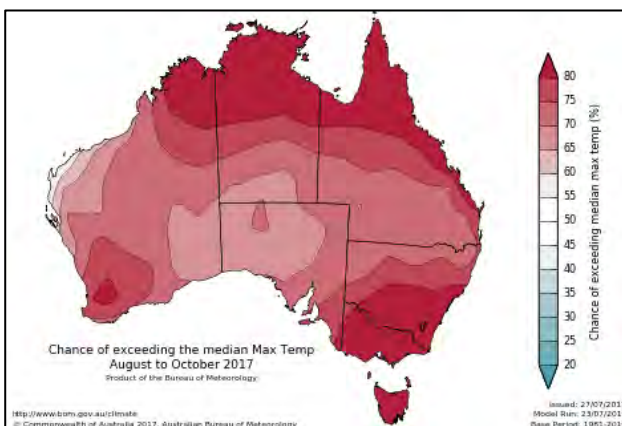


Figure 7: Chance of exceeding median maximum temperature (Sept to Nov 2017)



In its latest update on 15th August, the Bureau of Meteorology reports that the El Niño-Southern Oscillation (ENSO) remains neutral, with all climate models indicating that the tropical Pacific Ocean is likely to stay ENSO-neutral for the rest of 2017. Sea surface temperatures (SSTs) have cooled over much of the central tropical Pacific during the past four weeks, and are now close to the long-term average, and within the neutral range. The 30-day Southern Oscillation Index (SOI) also remains neutral, having steadied over the past three weeks. Other indicators of ENSO, such as cloudiness near the Date Line and trade winds, are also at neutral levels.

State Committee inputs

The following provides a summary of seasonal conditions and wool production in 2016/17 and in 2017/18 in each state as reported by the state committees in August 2017.

For 2016/17, the state committees reported mostly excellent seasonal conditions across the country. As noted in April, this 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. This was the driver of the increased production in 2016/17. One feature of the 2016/17 season was the increased number of prem shorn sheep in some states, notably in South Australia.

However, seasonal conditions have dried off in a number of regions and up until the start of August it had been dry to very in Western Australia, southern Tasmania, the main woolgrowing regions in Queensland (after the failed Summer rains), the Western Division and north-west of New South Wales, the southern half of Tasmania, the Eyre Peninsula of South Australia and in Gippsland. Elsewhere seasonal conditions have been good to very good, notably in the Western District of Victoria and the south-east of South Australia. For a number of regions, the season is at a key point and the outcome will depend on the rains over Spring. These mixed conditions will hold back average wool cuts per head to some extent, although sheep shorn numbers are likely to be slightly higher.

New South Wales

Excellent seasonal conditions for much of New South Wales during 2016/17 meant that average wool cut per head over the season increased by 1.1%. This, combined with a 1.5% lift in the number of sheep shorn, resulted in an estimated **2.6% lift in shorn wool production in 2016/17 to 126.04 mkg**. This compares with a 3.4% lift in the volume of wool tested (by Wool Statistical Area) in 2016/17. The difference can be explained by the release of some stocks held on-farm (in particular of ultrafine wool) in response to the increased wool prices in 2016/17.

For 2017/18, seasonal conditions have been extremely mixed across the state in recent months. Some areas are average to good (for example, New England is better than average), while other regions, including the Western Division and the North-West are reported to be as dry as it has been for some time. Rain in past 2-3 weeks has helped some areas but the season is at a crossroads and the level of production in the second half of the season is dependent on Spring rains. Growers are reported to be retaining wether lambs and older ewes despite the dry conditions, with considerable optimism about sheep. A combination of increased prem shearing and growers shearing before selling stock will result in more sheep being shorn in 2017/18. Wool cuts per head in Spring are likely to be better than last year due to the excellent seasonal conditions up until June. However, wool cuts could fall back later in season due to dry conditions now. **Shorn wool production in 2017/18 is expected to increase by 2.1% to 128.6 mkg**, as a result of a 3.2% increase in sheep shorn numbers. The average wool cut per head in the 2017/18 season is expected to slide a little.

Victoria

After the dry to very dry conditions in 2015/16 in some of its sheep growing regions, Victoria experienced a wet Winter and Spring in 2016 which set up the rest of the 2016/17 season. Seasonal conditions in Autumn 2017 was reported to be excellent. While wool cuts were down in Spring 2016, they improved significantly for the remainder of the season. Overall, these very good seasonal conditions resulted in an estimated 4.7% lift in the average wool cut per head for 2016/17. This more than offset the 2.5% decline in the number of sheep shorn. Sheep shorn numbers did not fall as much as they might have, due to a combination of lambs and hoggets being shorn, sheep being sold before slaughter and an increase in prem shearing. **Shorn wool production in Victoria is therefore estimated to have increased by 2.0% in 2016/17 to 67.4 mkg greasy**. This % change is in line with, but slightly lower than the 2.4% lift in the volume of wool tested by AWTA. The difference reflects the assumed sell-off of on-farm stocks late in the 2016/17 season in response to the higher wool prices.

After the excellent seasonal conditions in Autumn, the eastern part of Victoria and some northern districts experienced dry to very dry conditions. However, seasonal conditions in the major wool growing regions in west and central Victoria are reported to be very good to excellent. Wool cut per head in Spring 2017 should be higher across the state and this improvement is likely to continue throughout the 2017/18 in some key wool growing regions in the state, assuming there is normal rainfall in Spring. Average wool cut per head for the season is predicted to be 3.1% higher in 2017/18. Even though lamb marking rates are likely to be very good across the state and producers are shearing all available sheep to take advantage of the high wool prices, the number of sheep shorn is expected to fall by 1.4%. Overall, **shorn wool production in Victoria is predicted to lift by 1.7% to 68.6 mkg in 2017/18**.

Western Australia

Western Australia recorded the best seasonal conditions for many years in 2016/17. This resulted in a large lift in fleece weights throughout the state and resulted in a large 9.9% lift in the volume of wool tested by AWTA and a 11.7% rise in wool receivals. While there may have been a small contribution from on-farm stocks being released, almost all the increase in wool test volumes are thought to be production from 2016/17. Average wool cuts per head for the 2016/17 season are estimated to have been 5.3% higher than in 2015/16. This is indicated by AWTA key test data which shows higher staple strength and staple length, and a significant lift in the volume of wool in the 20 to 24 micron range. Sheep shorn numbers are estimated to have lifted by 3.6% in 2016/17 due to a combination of more sheep at the start of the season and producers shearing sheep before sale. **Shorn wool production in 2016/17 is estimated to have lifted by 9.1% to 71.1 mkg greasy.**

Seasonal conditions turned very dry in the April-July 2017 period, particularly in June which dampened enthusiasm a little. Rain in the first three weeks of August has helped alleviate the dry conditions, although it is too cold for much pasture growth. More lambs are expected to be shorn due to good lambing in Autumn as well as more lambs being held. Overall, total sheep shorn numbers in 2017/18 are expected to be flat compared with 2016/17. While fleece weights for Spring shorn sheep should be very good, fleece weights from sheep shorn from November onwards could fall as a result of the recent dry conditions. The Committee predicts that average cut per head could fall by 5% from the extremely high levels recorded in 2016/17. Overall, **shorn wool production in Western Australia in 2017/18 is predicted to fall by 5% to 67.6 mkg greasy.**

South Australia

There was a 5.6% lift in the volume of wool tested in South Australia in 2016/17 (on a Wool Statistical Area basis) reflecting the very good to excellent seasonal conditions seen across the state for part or all of the 2016/17 season. These seasonal conditions resulted in a 2.2% lift in average wool cuts per head for the state, with AWTA test data showing a lift in staple strength and staple length. South Australia has seen the largest shift to prem shorn sheep, with AWEX data showing a 15% increase in the volume of Merino prem shorn wool. As a result, the Committee estimates that the number of sheep shorn in South Australia lifted by 3.4%. Overall, **shorn wool production in South Australia in 2016/17 is estimated to have lifted by 5.6% to 57.9 mkg greasy.** This is the highest level of production in South Australia since the 2007/08 season.

Seasonal conditions are now mixed across the state. The South-East, Kangaroo Island and Mallee (all large wool growing areas) are seeing very good seasonal conditions. However, the Yorke and Eyre Peninsulas are both dry to very dry, as are some pastoral areas and the Northern region. Rains so far in August have been a relief. Average cut per head for the season is likely to be up in the South-East, Kangaroo Island and the Mallee, but down a little on the Eyre and Yorke Peninsulas and the pastoral areas. Overall, average cut per head across the state is expected to be down by 1.2%, but still at historically high levels. Producers are reported to be holding on to sheep and looking to increase numbers. The Committee expects that the number of sheep shorn will rise by 0.9% as a result. In total, **shorn wool production in 2017/18 is forecast to ease by a slight 0.3% to 57.7 mkg greasy.**

Tasmania

After being on par or lower than a year earlier, the volume of wool tested in Tasmania increased sharply in the last three months of the 2016/17 season. AWTA reports that the volume of wool from Tasmania increased by 2.2% for the full 2016/17 season, all of which came from the 2016/17 season production. This increase in wool test volumes reflects the much better seasonal conditions in Tasmania once the impact of the floods in June 2016 subsided. As a result, average wool cuts per head are estimated to have lifted by 6.2% in 2016/17. This rise more than offset the assumed 4.4% decline in sheep shorn numbers. **Shorn wool production in Tasmania is estimated to have lifted by 1.5% in 2016/17, to 9.21 mkg greasy.** The difference to the change in wool test volumes is due to some 2015/16 wool production being delivered in early 2016/17 due to delays caused by the flooding in June 2016.

The season in Tasmania has dried off since April in the southern half to two-thirds of the state, which is where more than 50% of the Tasmanian clip is grown. The northern parts of the state have had good rainfall. The good news is that the BoM outlook for next three months is for normal rainfall and higher than normal temperatures. This should bring good pasture growth as long as there are rains soon in the southern parts of Tasmania. Average wool cut per head in 2017/18 is likely to be 2.3% higher than in 2016/17. Good lambing percentages are anticipated given the relatively mild winter. As well, producers are intending to retain sheep and lambs to rebuild numbers. As a result, sheep shorn numbers are expected to increase by 1.3% in 2017/18. **For 2017/18, shorn wool production in Tasmania is predicted to lift by 3.6% to 9.54 mkg greasy.**

Queensland

Seasonal conditions in Queensland in 2016/17 were the best they have been for several years due to extensive unseasonal rains in Winter 2016. This resulted in much higher fleece weights and an increase in the number of sheep shorn as producers brought sheep back into the state. As a result, there was a large increase in the volume of wool tested by AWTA, in the volume of wool received as recorded by the ABS and in first-hand offered wool reported by AWEX. While there was a small amount of wool sold from on-farm stocks held from previous seasons, the vast majority of the increase was from 2016/17 production. Average wool cut per head is estimated to have increased by 14.7% in 2016/17, although this was from historic lows. The number of sheep shorn is also estimated to have increased in by 7.3% 2016/17. As a result, **shorn wool production in Queensland in 2016/17 is estimated to have lifted by 23% to 8.54 mkg greasy.**

Disappointingly, the crucial Summer rains failed in 2016/17 and dry conditions have continued in key woolgrowing areas in Queensland in recent months, including Longreach, Cunnamulla and Quilpie. This has dampened the growing optimism evident in the Queensland wool industry and has caused an increase in turn-off of sheep. While fleece weights could be up in the first few months of the 2017/17 season, they are likely to fall as the season progresses. The large wool growing areas in the central-west of the state have been most affected by the dry conditions, so fleece weights in these areas will be down compared with last year. The average cut per head in Queensland over the season is expected be down by 9.1%. As well, the number of sheep shorn is expected to decline by 1.8% due to recent turn-off. **Shorn wool production in Queensland in 2017/18 is predicted to fall by 10.7% to 7.63 mkg greasy.**

Appendix

Table 1: Comparison of the estimate for 2016/17 and the second forecast for 2017/18 against the estimate for 2015/16

2015/16	NSW	VIC	WA	SA	TAS	QLD	National
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)	122.85	66.08	65.18	54.78	9.07	6.94	325

2016/17	NSW	VIC	WA	SA	TAS	QLD	National
Sheep Numbers Shorn (million)	27.40	15.98	15.07	11.21	2.48	2.13	74.28
Average Cut Per Head (kg)	4.60	4.22	4.72	5.16	3.72	4.02	4.58
Shorn Wool Production (mkg greasy)	126.04	67.43	71.11	57.87	9.21	8.54	340

Change (%)	NSW	VIC	WA	SA	TAS	QLD	National
Sheep Numbers Shorn	1.5%	-2.5%	3.6%	3.4%	-4.4%	7.3%	1.2%
Average Cut Per Head	1.1%	4.7%	5.3%	2.2%	6.2%	14.7%	3.4%
Shorn Wool Production	2.6%	2.0%	9.1%	5.6%	1.5%	23.0%	4.7%

2017/18 Second Forecast	NSW	VIC	WA	SA	TAS	QLD	National
Sheep Numbers Shorn (million)	28.27	15.77	15.08	11.31	2.51	2.09	75.03
Average Cut Per Head (kg)	4.55	4.35	4.48	5.10	3.80	3.65	4.53
Shorn Wool Production (mkg greasy)	128.6	68.6	67.5	57.7	9.5	7.6	340

Change %	NSW	VIC	WA	SA	TAS	QLD	National
Sheep Numbers Shorn	3.2%	-1.4%	0.0%	0.9%	1.3%	-1.8%	1.0%
Average Cut Per Head	-1.1%	3.1%	-5.0%	-1.2%	2.3%	-9.1%	-1.2%
Shorn Wool Production	2.1%	1.7%	-5.0%	-0.3%	3.6%	-10.7%	-0.2%

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	Sheep Numbers Shorn (million)	Average Cut Per Head (kg)	Shorn Wool Production (mkg greasy)
1991-92	180.9	4.43	801
1992-93	178.8	4.56	815
1993-94	172.8	4.49	775
1994-95	156.2	4.37	682
1995-96	145.6	4.50	655
1996-97	152.0	4.35	661
1997-98	150.0	4.22	633
1998-99	153.6	4.33	665
1999-00	144.2	4.30	619
2000-01	139.5	4.31	602
2001-02	118.6	4.68	555
2002-03	116.6	4.28	499
2003-04	104.7	4.53	475
2004-05	106.0	4.49	475
2005-06	106.5	4.33	461
2006-07	101.4	4.24	430
2007-08	90.2	4.43	400
2008-09	79.3	4.52	362
2009-10	76.2	4.50	343
2010-11	76.2	4.53	345
2011-12	76.4	4.48	342
2012-13	78.8	4.47	352
2013-14	78.0	4.37	341
2014-15	76.9	4.50	346
2015-16	73.4	4.43	325
2016-17	74.3	4.58	340
2017-18f	75.0	4.53	340

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

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	3.6%	7.5%	13.4%	17.4%	17.2%	12.1%	6.9%	3.4%	2.0%	4.4%	5.8%	3.4%	2.7%	21.0

Notes: Totals may not add due to rounding.

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.