

April 2018

# Australian Wool Production Forecast Report

## Australian Wool Production Forecasting Committee

### Summary

- The Australian Wool Production Forecasting Committee forecasts that Australian shorn wool production in 2017/18 will reach 338 mkg greasy. This is a 0.6% decline from the levels in 2016/17 and lower than the Committee's forecast at its December meeting. The decline is largely the result of much more difficult seasonal conditions in many of the major wool growing areas. This has resulted in lower fleece weights. It comes despite the strong wool market conditions which are encouraging producers to retain sheep.
- The Committee noted that seasonal conditions in the major sheep producing areas across Australia have been very dry, especially through Summer and the first part of Autumn, which has resulted in lower than expected fleece weights. While Tasmania and Western Victoria have experienced good seasonal conditions, some of the major sheep producing regions in New South Wales, eastern Victoria, South Australia, Western Australia and Queensland have been very dry. Wool production reductions are greatest in WA (-7.3%), Queensland and NSW while Victoria showed the largest increase (+5.7%) with slight increases in SA and Tasmania.
- While the Committee expected that fleece weights would pull back as the season progressed, the decline has been more than anticipated. This is reflected in the drop in the volume of wool tested by AWTA in February and March. Furthermore, the high wool prices encouraged producers to shear their sheep earlier and the volume of prem shorn wool and wool shorn at less than 12 months has increased. This has further contributed to the recent decline in wool test volumes as wool which normally would have been delivered in recent months was delivered earlier in the season.
- Overall, the season average wool cut per head is expected to slide by 2.8%. 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 expected to be partly offset by a 2.3% increase in the number of sheep shorn during the 2017/18 season.

#### FURTHER INFORMATION

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- The weight of wool tested by AWTA for the 2017/18 season to March was on par with the same period in 2016/17, after being 5% higher to November. The Committee expects that the recent slide in wool test volumes will continue in the remaining three months of the season.
- The AWPFC's first forecast of shorn wool production for the coming 2018/19 season is for production to be 333 mkg greasy, a 1.7% decline on the 2017/18 forecast. This fall reflects the impact of the recent dry seasonal conditions leading to a small fall in both the number of sheep shorn and in average wool cuts per head. While growers are keen to rebuild flocks, seasonal conditions are preventing this and holding back a recovery in wool production.
- Table 1 summarises the estimates and forecasts for Australia.

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

Parameter	2016/17 Final Estimate	2017/18 Fourth Forecast	Change y-o-y (%)	2018/19 First Forecast	Change y-o-y (%)
<b>Sheep Numbers Shorn</b> (million)	74.3	76.0	+2.3%	75.0	-1.3%
<b>Average Cut Per Head</b> (kg)	4.58	4.45	-2.8%	4.43	-0.4%
<b>Shorn Wool Production</b> (mkg greasy)	340	338	-0.6%	333	-1.7%

- Table 2 shows the estimates and forecasts for each state for 2015/16 to 2017/18.

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

Shorn wool production (mkg greasy)	NSW	VIC	WA	SA	TAS	QLD	National
<b>2015/16 Final Estimate</b>	122.9	66.1	65.2	54.8	9.1	6.9	325
<b>2016/17 Final Estimate</b>	126.0	67.4	71.1	57.9	9.2	8.5	340
<b>Change y-o-y (%)</b>	2.6%	2.0%	9.1%	5.6%	1.5%	23.0%	4.7%
<b>2017/18 Fourth Forecast</b>	125.1	71.2	65.9	58.4	9.3	8.3	338
<b>Change y-o-y (%)</b>	-0.8%	5.7%	-7.3%	1.0%	1.4%	-2.6%	-0.6%

- The Committee noted that for the 2017/18 season to March, the AWTA test data showed a significant decline in the weight of wool tested of 16.5 microns and finer, as well as a

decline in the volume of 20 to 26 micron wool. Volumes have increased for other micron ranges. The average mean fibre diameter for the season to March was 21.1 micron, up by 0.1 micron. Victoria, Tasmania and New South Wales all recorded a lift in mean fibre diameter for the season, while Western Australia has seen a fall of 0.6 micron. The mean fibre diameter was steady in Queensland and South Australia. The average staple length across Australia has fallen by 1.8 mm to 87mm, with all states recording shorter staple length for the season to date. The fall in staple length is a result of seasonal conditions as well as some shearing being brought forward.

More detailed information on shorn wool production by state in 2017/18 can be found in Table 1 in the Appendix to this report. The Appendix also provides historical data for Australia, including the micron profile since 1991/92

## Detail on the 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 2017/18 season to end March;
- AWEX auction statistics for the 2017/18 season to week 42;
- ABS wool receivals data for the 2017/18 season to December 2017;
- ABS' preliminary estimate of sheep numbers as at 30<sup>th</sup> June 2017
- ABS sheep and lamb turn-off in 2017/18 to February 2018;
- 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 conducted in February 2018.

### 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. Comparative results for the financial year to March are shown in Tables 3, 4 and 5.

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 to March 2018. Figure 2 shows the total volume of wool tested for each season to March between 2013/14 to 2017/18 by state and for Australia. Finally, Figure 3 provides the micron profile for each season to March between 2013/14 and 2017/18. 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 2012/13 – 2017/18 (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	6.99	18.95	37.02	49.57	48.73	35.53	21.79	11.98	6.82	13.61	18.66	12.23	7.23	289.10
	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
	2017/18	8.15	22.63	41.70	51.39	45.74	29.76	16.62	8.21	5.14	11.61	17.35	11.65	9.00	278.94
Y-O-Y change%	2017/18	-21.2%	12.3%	14.4%	5.0%	-6.2%	-13.5%	-11.4%	-9.4%	-8.7%	-8.5%	2.3%	17.6%	24.4%	-0.1%
Micron Split (%)	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%	
	2017/18	2.9%	8.1%	15.0%	18.4%	16.4%	10.7%	6.0%	2.9%	1.8%	4.2%	6.2%	4.2%	3.2%	
5 year av. 2012/13 to 2016/17	Tonnes	9.41	21.12	38.48	49.60	46.23	31.86	18.20	9.52	5.81	13.40	18.40	10.57	6.95	279.54
	% change 17/18 vs 5 yr av	-13.4%	7.1%	8.4%	3.6%	-1.0%	-6.6%	-8.7%	-13.8%	-11.5%	-13.4%	-5.7%	10.2%	29.4%	-0.2%
	Micron split %	3.4%	7.6%	13.8%	17.7%	16.5%	11.4%	6.5%	3.4%	2.1%	4.8%	6.6%	3.8%	2.5%	

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 (mkg greasy)**

Year	NSW	Vic	WA	SA	Tas	Qld	Australia
2012/13	99.9	70.1	58.9	40.1	8.6	11.5	289.1
2013/14	97.7	65.0	61.3	38.4	8.4	8.8	279.7
2014/15	102.0	66.9	56.3	41.8	8.5	7.2	282.7
2015/16	96.6	60.5	56.4	40.3	7.4	5.6	266.9
2016/17	98.7	61.0	61.7	43.5	7.4	7.0	279.3
2017/18	97.8	65.4	57.0	44.4	7.6	6.8	278.9
% change y-o-y	-0.9%	7.1%	-7.7%	2.2%	2.6%	-2.9%	-0.1%

**Table 5: AWTA key test data statistics for the financial year to March - 2016/17 and 2017/18**

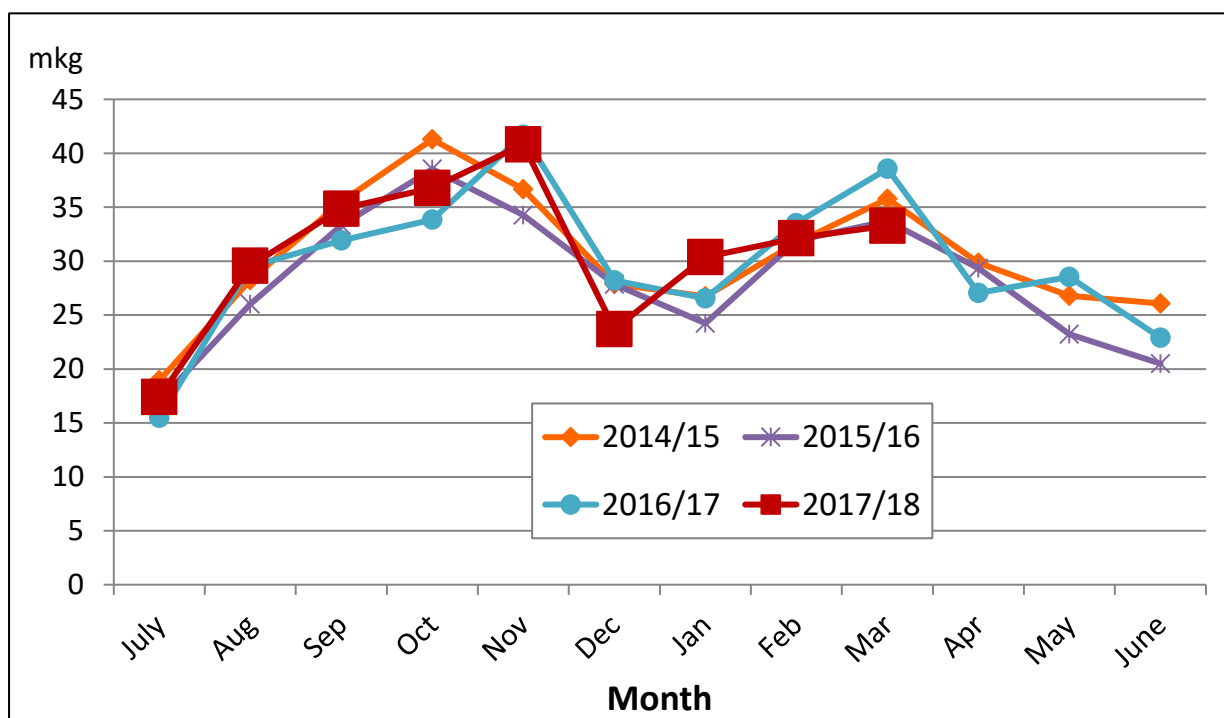
July to March		NSW	VIC	WA	SA	TAS	QLD	AUST
<b>WSA</b>	<b>WEIGHT (mkg)</b>	98.70	61.02	61.74	43.48	7.39	6.99	279.30
<b>2016/17 Key Test Data</b>	<b>YIELD (%)</b>	66.30	66.50	64.5	63.90	70.70	62.4	65.7
	<b>VM (%)</b>	2.80	1.70	1.1	2.70	0.60	4.0	2.0
	<b>MFD (µm)</b>	20.70	21.90	20.2	21.30	21.00	19.9	21.0
	<b>SS (Nkt)</b>	34.80	33.70	33.2	34.50	34.10	34.3	34.0
	<b>SL (mm)</b>	86.80	88.90	90.0	90.80	89.40	86.6	88.8
	<b>MID-BREAK (%)</b>	49.80	50.10	46.4	51.90	51.40	51.2	49.3
<b>WSA</b>	<b>WEIGHT (mkg)</b>	97.78	65.37	57.00	44.43	7.58	6.78	278.94
<b>2017/18 Key Test Data</b>	<b>YIELD (%)</b>	65.20	66.70	63.8	63.50	70.50	61.8	65.3
	<b>VM (%)</b>	3.00	2.10	1.5	3.00	1.00	4.5	2.4
	<b>MFD (µm)</b>	20.80	22.20	19.6	21.30	21.20	19.9	21.1
	<b>SS (Nkt)</b>	35.80	34.50	32.1	33.80	36.30	38.6	34.3
	<b>SL (mm)</b>	85.60	87.60	86.3	89.60	88.60	85.3	87.0
	<b>MID-BREAK (%)</b>	52.00	50.40	51.8	50.60	42.80	50.3	51.0
<b>WSA</b>	<b>WEIGHT (%)</b>	-0.9%	7.1%	-7.7%	2.2%	2.6%	-2.9%	-0.1%
<b>DIFF. Key Test Data</b>	<b>YIELD (%)</b>	-1.1%	0.2%	-0.7%	-0.4%	-0.2%	-0.6%	-0.4%
	<b>VM (%)</b>	0.2%	0.4%	0.4%	0.3%	0.4%	0.5%	0.4%
	<b>MFD (µm)</b>	0.1	0.3	-0.6	0.0	0.2	0.0	0.1
	<b>SS (Nkt)</b>	1.0	0.8	-1.1	-0.7	2.2	4.3	0.3
	<b>SL (mm)</b>	-1.2	-1.3	-3.7	-1.2	-0.8	-1.3	-1.8
	<b>MID-BREAK (%)</b>	2.2	0.3	5.4	-1.3	-8.6	-0.9	1.7

AWTA data on wool test volumes for 2017/18 to March shows:

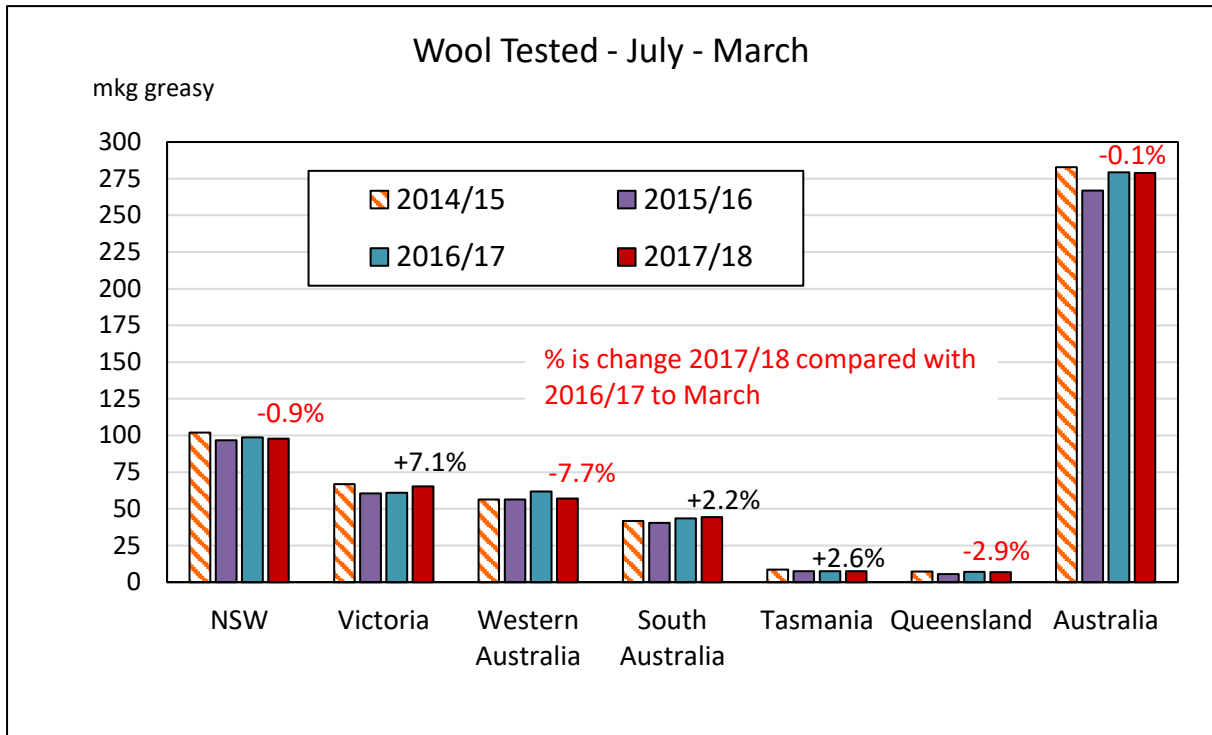
- The weight of wool tested for 2017/18 to March was on par with the same period in 2016/17 and with the five-year average between 2012/13 and 2016/17;
- Wool test volumes fell back in February and March after being up substantially earlier in the season. For example, wool tests in the five months to November 2017 was 5% higher than a year earlier.

- Based on data by Wool Statistical Area, Victoria, South Australia and Tasmania recorded increases in wool test volumes in the nine months of 2017/18 to March. The largest year-on-year increase was seen for Victoria, up by 7.1%. Tasmania recorded a 2.6% increase and SA was up by 2.2%. The volume of wool tested in almost all states has fallen back since November, with a particularly steep fall for Queensland. For the year to date, the weight of wool tested from Queensland was 2.9% lower than a year earlier (after being up by 16% in the five months to November). Western Australia recorded a 7.7% decline in the weight of wool tested in July 2017 to March 2018, while New South Wales saw a 0.9% fall.
- There was a significant fall in Merino wool tested of 16.5 microns and finer in 2017/18 to date. There was also a decline in wool tested between 20 and 26 microns. Wool volumes for fine and superfine Merino wool between 17 and 19 micron lifted and there was a substantial percentage increase for wool broader than 29 micron.
- The average mean fibre diameter for the season to March was 21.1 micron, up by 0.1 micron. New South Wales, Victoria and Tasmania all recorded a lift in mean fibre diameter for the season to date, while Western Australia has seen a fall of 0.6 micron.
- The micron profile of the Australian clip shows two clear peaks (figure 3): 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).
- The average staple length for Australia fell by 1.8 mm in the first nine months to 87.0 mm. All states recorded shorter staple length with the most significant decline seen for Western Australia, down by 3.7 mm.

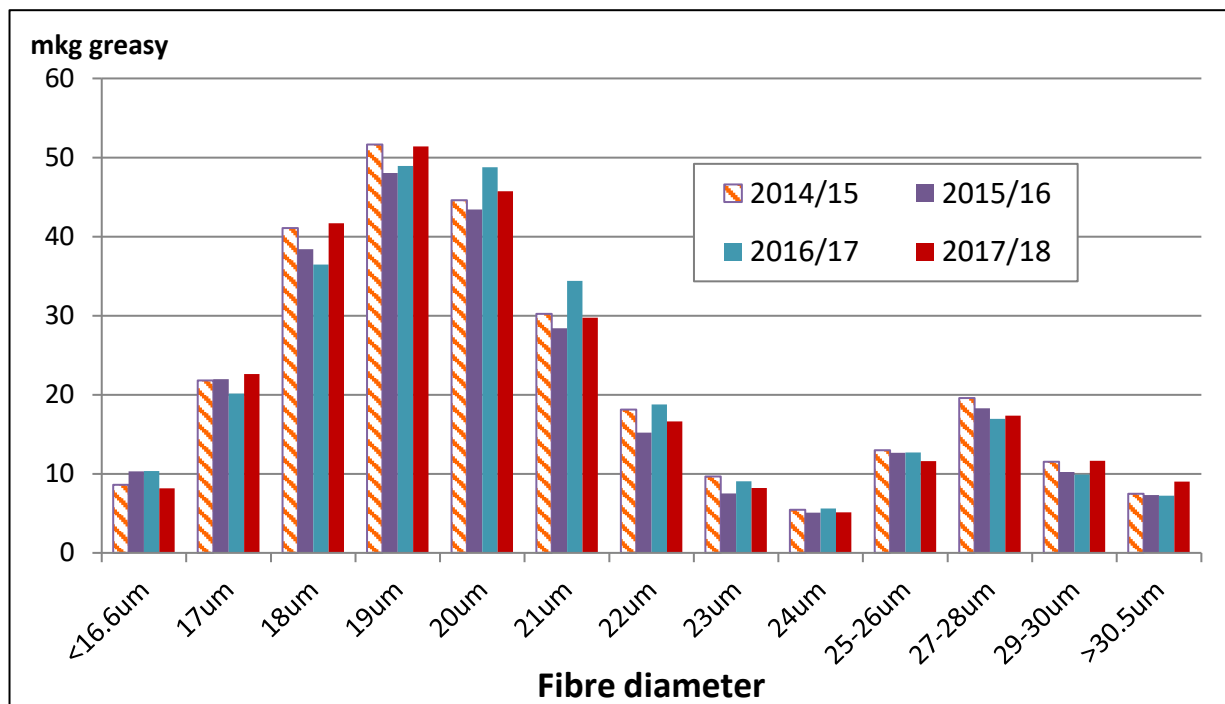
**Figure 1: Comparison of monthly AWTA key test data volumes**



**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

The AWEX auction statistics for the 2017/18 season to date show an increase in wool auction offering volumes compared with the flat year-on-year levels for the AWTA test data. Table 6 summarises the AWEX data.

- First hand bales offered (i.e. excluding reoffers) for Australia were 2.6% higher in the 2017/18 season to week 42 compared with the same period in 2016/17.
- The most significant increases were seen in Tasmania, Victoria and South Australia. New South Wales also recorded a small increase. First hand bales offered in Western Australia were down by 6.5% and Queensland recorded a 1.4% fall.
- There was a 0.7% increase in the volume of first hand Merino wool offered across Australia, and a 10.4% increase in first hand Crossbred wool offered. The share of Merino wool of all first hand offered wool increased to 78.7% in 2017/18 to week 42, compared with 80.2% 2016/17.

The AWEX data also shows a further increase in the volume and proportion of 'prem-shorn' Merino fleece wool in 2017/18 to 12% of the total Merino fleece wool offered, compared with 10% share nationally in 2016/17 to week 42<sup>1</sup>. Table 6 shows the weight of 'prem' shorn wool, the share of the total and the % change in 2017/18 compared with 2016/17 by state and nationally.

**Table 6:        AWEX Auction Statistics 2017/18 to week 242**

2017/18	NSW	VIC	WA	SA	TAS	QLD	AUST
First hand bales offered (% change on 2016/17)	1.2%	9.1%	-6.5%	8.1%	16.5%	-1.4%	2.6%
Merino first hand offered (% change on 2016/17)	0.6%	6.1%	-6.9%	6.0%	11.6%	-1.5%	0.7%
Crossbred first hand offered (% change on 2016/17)	3.4%	15.7%	-1.1%	17.5%	29.1%	1.2%	10.4%
Merino first hand offered (% share)	76.4%	66.8%	92.7%	80.0%	69.4%	96.2%	78.7%
Crossbred first hand offered (% share)	23.6%	33.2%	7.3%	20.0%	30.6%	3.8%	21.3%
<b>Merino First Hand 'Prem' Shorn Fleece</b>							
Weight (mkg)	5.2	1.9	3.4	4.5	0.1	0.4	18.4
% share of total	11%	9%	10%	16%	3%	9%	12%
% change on 2016/17	21%	36%	21%	25%	38%	31%	26%

Note: Data on 'prem shorn' wool from AWEX is based on the assessed length of the wool being offered

### Australian Bureau of Statistics (ABS) data

The ABS provides data on wool receivals, sheep flock numbers, and sheep and lamb turnover.

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<sup>1</sup> Data on 'prem shorn' wool from AWEX is based on the assessed length of the wool being offered. It is defined as <65-75mm, depending on micron and excluding weaners and lambs wool.



Wool receivals

Table 7 shows data on wool receivals for Australia and by state of receipt (note that this is not by state of production) in the first half of 2017/18 compared with previous seasons. According to this data, wool receivals for Australia rose by 1.7% in 2017/18 to December, which is line with AWTA test data for the first half of the season.

**Table 7:    ABS Wool Receivals data**

mkg	NSW	VIC	WA	SA	TAS	QLD	AUS
<b>2012/13</b>	64.6	51.4	38.0	29.9	5.6	4.0	193.5
<b>2013/14</b>	63.9	49.2	41.3	28.6	5.2	3.7	191.8
<b>2014/15</b>	64.6	53.9	35.9	30.6	5.1	2.7	192.8
<b>2015/16</b>	58.9	52.3	39.4	30.7	4.8	2.4	188.4
<b>2016/17</b>	60.5	53.6	46.4	31.3	3.8	2.6	198.1
<b>2017/18</b>	59.5	56.9	47.4	31.0	3.9	2.9	201.5
<i>% change</i>	-1.7%	6.1%	2.1%	-0.9%	3.9%	11.8%	1.7%
<b>Five year average 12/13 to 16/17</b>	62.5	52.1	40.2	30.2	4.9	3.1	192.9
<i>% change 2017/18 vs 5 year av</i>	-4.8%	9.2%	17.8%	2.6%	-19.5%	-6.8%	4.4%

Flock data

The ABS publish 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 30<sup>th</sup> June 2016 and later is not comparable with previously published data and understates the actual number of sheep and lambs. The ABS has provided data adjusted for the new EVAO for the previous four years. The Committee used this adjusted data to guide its estimates of the number of sheep shorn in each state and for Australia. To avoid any confusion, the Committee will not publish the historical flock size data in its reports, only its estimate of the number of sheep shorn.

Australian sheep and lamb turn-off statistics for the 2017/18 season to February, sourced from the ABS, are shown in table 8. This turnoff data covers sheep slaughter, lamb slaughter and live exports and is compared with the equivalent period in 2016/17 and the five-year average 2012/13 to 2016/17. As can be seen, there has been a sharp lift in the number of sheep slaughtered in 2017/18 to date compared with the same period in 2016/17. This is due to a combination of the dry seasonal conditions across Australia and high sheep and sheepmeat prices.

**Table 8: ABS Sheep turn off data for 2017/18**

Parameter	Financial year			5-yr FY	
	July 2016 to February 2017	July 2017 to February 2018	% Δ	Avg	%Δ
<b>Sheep slaughter</b> (‘000 hd)	4,567	5,691	25%	5,858	-3%
<b>Sheep weights</b> (kg/hd cwt)	25.1	25.0	0%	23.9	5%
<b>Mutton production</b> (tonnes cwt)	114,757	142,325	24%	139,738	2%
<b>Lamb slaughter</b> (‘000 hd)	15,047	15,233	1%	14,899	2%
<b>Lamb weights</b> (kg/hd cwt)	22.4	22.5	0%	21.9	2%
<b>Lamb production</b> (tonnes cwt)	336,886	342,460	2%	326,849	5%
<b>Live exports (to January only)</b> (‘000 hd)	1,087	1,218	12%	1,188	3%
<b>Total Turnoff</b> (‘000 hd)	20,700	22,143	7%	21,945	1%

**Bureau of Meteorology (BoM) seasonal rainfall seasonal outlook**

Seasonal conditions have in general been dry across much of the main sheep growing regions of Australia so far this season. This contrasts with the excellent seasonal conditions seen for the same period in the 2016/17 season. Conditions have been very dry through Summer and the first part of Autumn. While Tasmania and Western Victoria have experienced good seasonal conditions, many of the major sheep producing regions in New South Wales, eastern Victoria, South Australia, Western Australia and Queensland have been very dry.

Figure 4 shows the rainfall deciles for the October 2017 to March 2018 period, while Figure 5 shows the month-by-month rainfall declines for the past three months. As can be seen, conditions were particularly dry in the southern half of the country in March. The rain in Queensland in March was reported to be very patchy.

Figure 4: Australian rainfall deciles Northern Wet Season (October 2017 to March 2018)

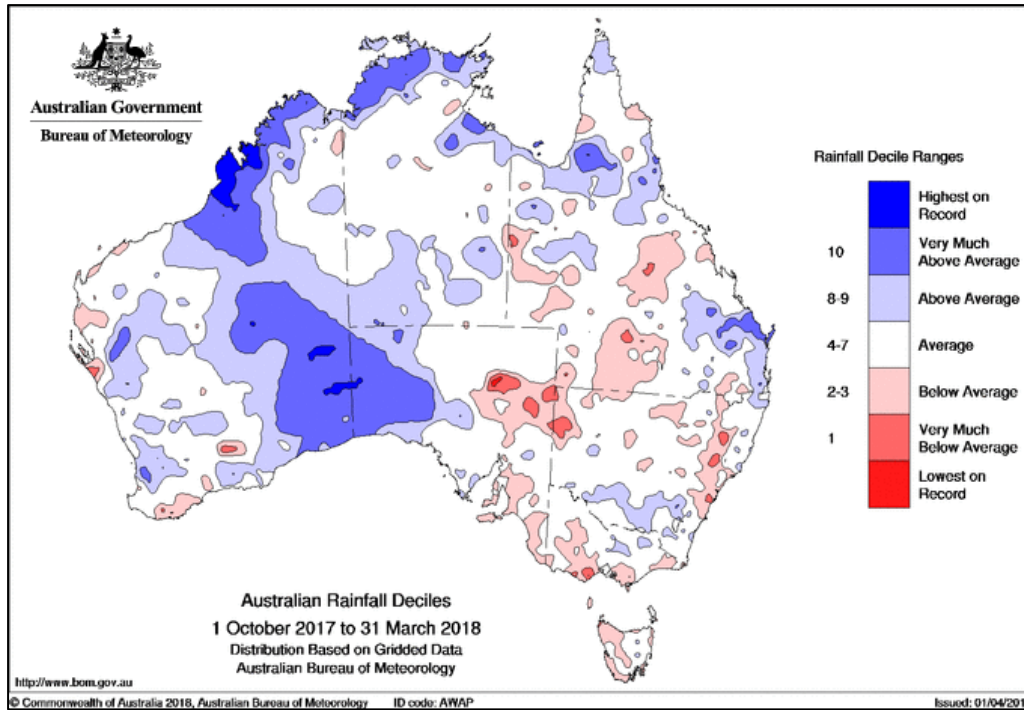


Figure 5: Australian rainfall by month – January to March 2018

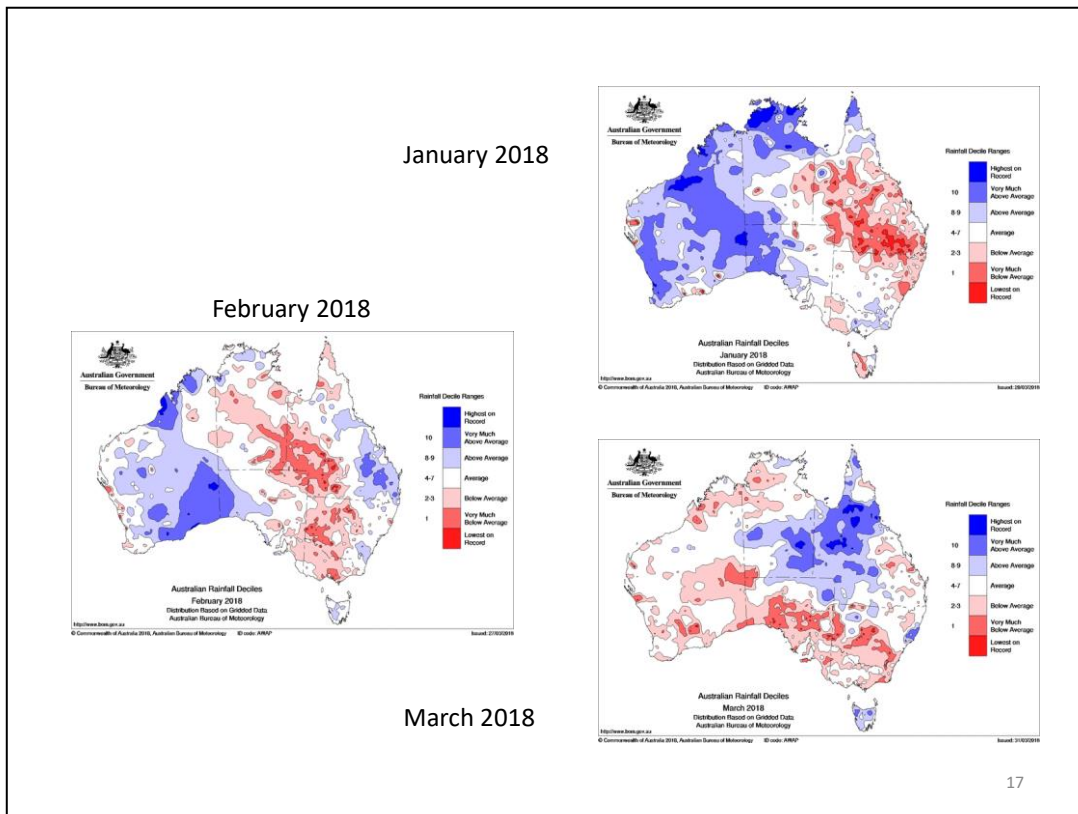
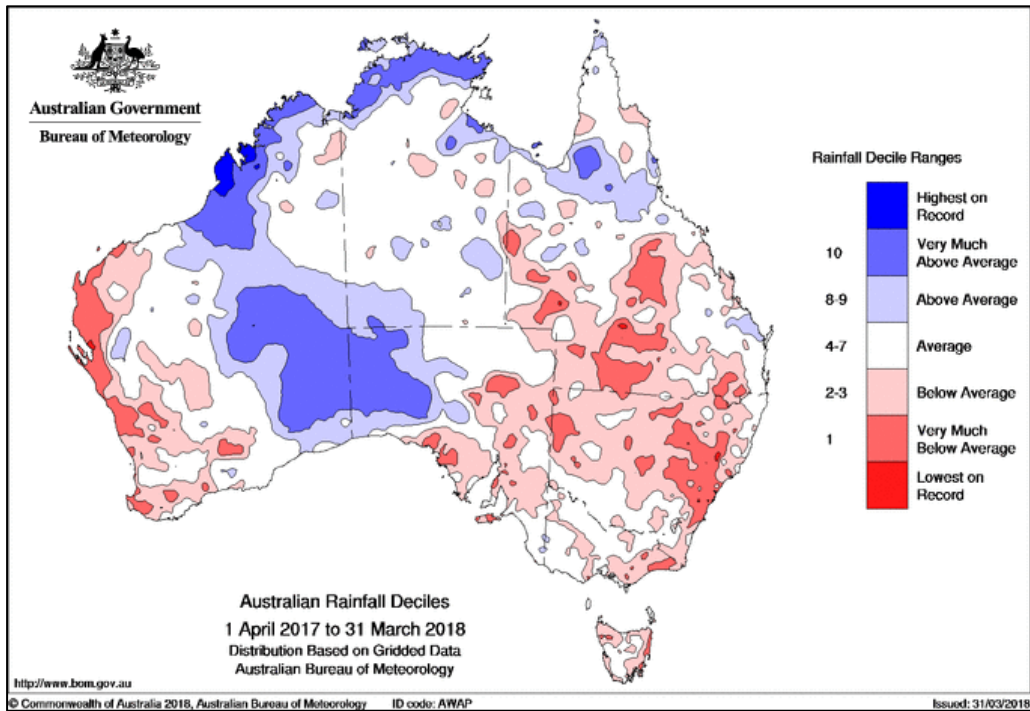


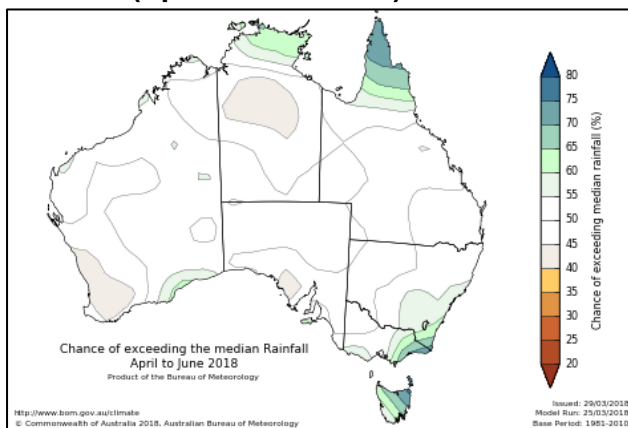
Figure 6 shows the rainfall deciles for the past 12 months (April 2017 to March 2018), showing how dry it has been across the country in the past year.

**Figure 6: Australian yearly rainfall deciles (April 2017 to March 2018)**

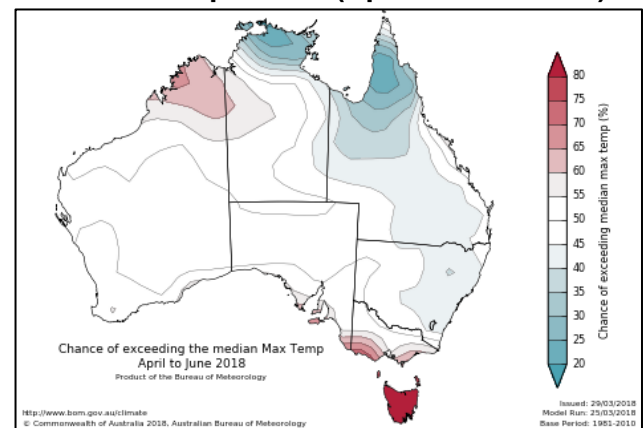


The Bureau of Meteorology’s outlook for the April to June 2018 period is that rainfall is likely to be average across much of Australia, with above average rainfall likely in Tasmania. The Bureau’s outlook is that it is likely to be warmer in southern Victoria and in Tasmania. The Bureau’s outlook for the next three months is shown in Figures 7 and 8.

**Figure 7: Chance of exceeding median rainfall (April to June 2018)**



**Figure 8: Chance of exceeding median maximum temperature (April to June 2018)**



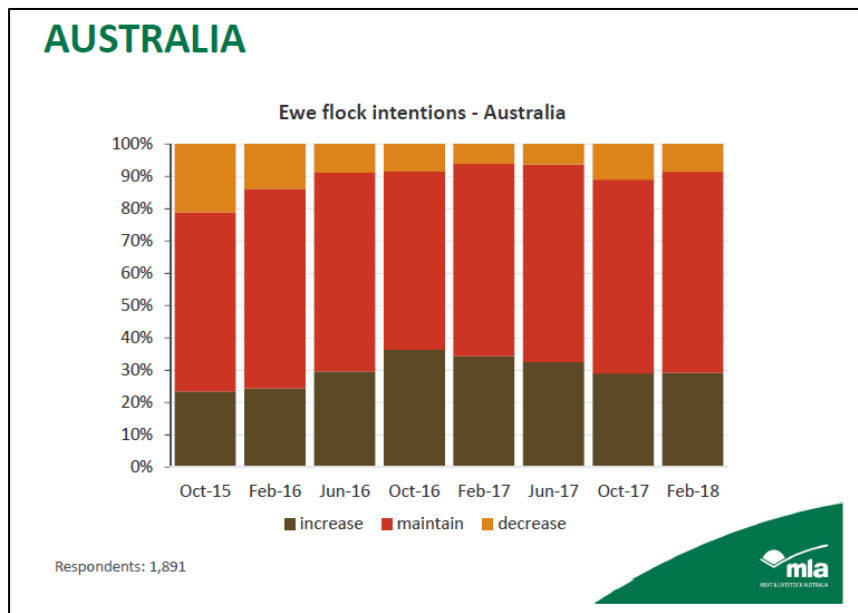
In its update on 24<sup>th</sup> April, the Bureau noted that the El Niño–Southern Oscillation (ENSO) in the tropical Pacific Ocean remains **neutral** (neither El Niño nor La Niña). International models surveyed by the Bureau indicate that it will remain neutral for the remainder of the southern autumn and winter. By September, two of the eight models suggest ocean temperatures may approach El Niño thresholds.

**Results from the AWI/MLA Lamb and Wool Survey**

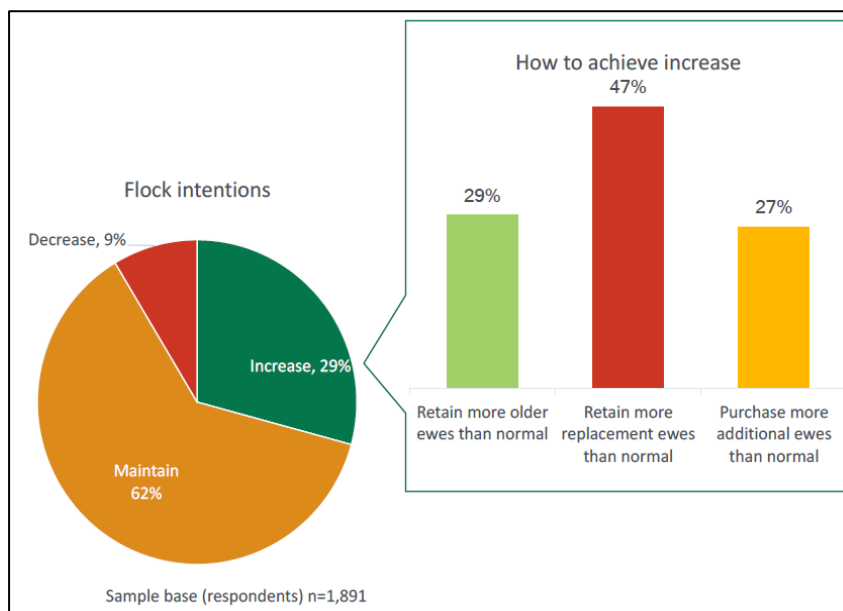
The results from the survey conducted in February 2018 shows that growers are keen to retain or even increase their ewe flocks. Around 29% of those intending to increase their flocks, most plan on retaining more replacement ewes than normal. The realisation of these positive intentions is being hindered by the dry seasonal conditions seen in many regions of Australia.

Figures 9 and 10 show the key results for Australia.

**Figure 9: Ewe flock intentions**



**Figure 10: Method of increase in ewe flock**



## State Committee inputs

The following provides a summary of seasonal conditions and wool production in 2017/18 in each state as reported by the AWPFC state committees in April 2018.

The state committees reported that seasonal conditions in the major sheep producing areas across Australia were mostly very dry since November. For some regions this continues the dry conditions seen since late Autumn 2017, notably large areas of New South Wales, Queensland, Western Australia, and the eastern parts of Victoria. Western Australia in particular, is being affected after the exceptional season in 2016/17. These dry conditions are having an impact on fleece weights from Autumn shearings from these regions. Tasmania and Western Victoria have experienced generally good seasonal conditions.

The fall in fleece weights from the large wool producing areas, combined with earlier than usual shearing and delivery of wool prior to Christmas due to the very strong wool market conditions, has caused wool volumes to fall sharply in recent months in many states. The Committee expected in December that the wool volumes in the second half of the season would be lower than in the January-June 2017 period, but the decline has been more than anticipated.

The Committee expects that the volume of wool tested in many states in the April to June 2018 period will be at or below the levels recorded in the same three months in 2017.

### New South Wales

Seasonal conditions across New South Wales were very dry in a number of areas of the state, notably the north-west of the state (and the Western Division generally) and in the New England region. The Riverina is seeing better seasonal conditions. While there have been some sizeable rain events in some areas of the state, it has been in narrow bands rather than widespread. Conditions then dried off in March. Furthermore, temperatures have been higher than usual. After being well ahead earlier in the season, shearing and deliveries have slowed as clips that would normally come in during the Autumn have already been delivered. There has been an increase in 'prem' shearing, possibly due to some growers shearing after 6-8 months to capture the good prices. As a result, sheep shorn numbers are expected to be 2.3% higher than in 2016/17. However, the dry conditions through much of the season is expected to see a 3.8% decline in wool cut per head. The autumn break is needed before the end of April/early May to prevent a significant sell-off of sheep which will affect production in 2018/19. **Shorn wool production in 2017/18 is now expected to decline by 0.8% to 125.1 mkg.**

### Victoria

The volume of wool being tested and coming on to the market from Victoria has slowed a little in the past two months, as expected by the Committee. There was some early shearing so wool that would normally be delivered during Autumn has already been received and sold. Seasonal conditions were very good to excellent in the western half of Victoria in Autumn and Spring 2017. Spring 'cut off' earlier than usual and it has been dry over Summer and into the first part of Autumn, with the Western District having half the normal amount of rain in recent months. This is having some effect on fleece weights over Autumn but will be seen more intensely in the Spring 2018 shearings. The north-east of the state was dry for much of Spring before a large amount of rain in December which helped the area through the dry period since then. Gippsland, on the other hand, is extremely dry. As a result of the lack of rain in the past



five months and earlier shearing (including 'prem' shorn), average wool cut per head for the season is expected to be only a little higher in 2017/18 (+0.7%). The ABS' preliminary estimate of sheep numbers at 30<sup>th</sup> June 2017 was much higher than the Committee expected, so the number of sheep shorn is expected to rise by 4.9%. Overall, **shorn wool production in Victoria is predicted to lift by 5.7% to 71.2 mkg in 2017/18.**

### Western Australia

The volume of wool tested in Western Australia fell by even more than the Committee expected between December and March. Fleece weights have clearly been affected by the very dry seasonal conditions in the April-September 2017 period and again in the past few months. Staple length was down by 3.7mm in the nine months to March, and hauteur (a measure of fibre length in semi-processed wool (called 'top')) was down by 4.3mm. These declines have rarely been seen. The drop is the result of the dry conditions now compared with the excellent seasonal conditions in 2016/17. Some areas of the state are doing well (notably around Esperance), but many other areas are suffering from the dry conditions, with extensive hand-feeding of sheep taking place. There has been a sharp increase in the number of adult sheep slaughtered in the state this season because of the lack of rain. Rain is needed by the end of April or more sheep will be turned off. After the exceptional season in 2016/17, the average cut per head in 2017/18 is expected to fall by 5.7%. Total sheep shorn numbers in 2017/18 are expected to be 1.7% lower compared with 2016/17. Overall, **shorn wool production in Western Australia in 2017/18 is predicted to fall by 7.3% to 65.9 mkg greasy.**

### South Australia

Seasonal conditions in many areas of the state have become more difficult this season, following very good seasonal conditions in recent years. This is particularly the case for the pastoral and agricultural regions in the north-east and east of the state. The south-east regions and Kangaroo Island have seen a decline in rainfall in recent months after experiencing excellent conditions previously. The north-west of the state is seeing very good seasonal conditions, in contrast to the dry conditions elsewhere. The tougher seasonal conditions in the pastoral and agricultural areas in the eastern half of the state will mean that wool volumes will be down in the next few months as fleece weights will be lower. Overall, average cut per head across the state is expected to be lower at 5.06 kg/head for the season, 2% below the historically high levels of 5.16 kg seen in 2016/17. Sheep are being shorn before sale and there is a continued shift to shearing every 6-9 months, so the Committee expects that the number of sheep shorn will rise by 3% as a result. The Committee notes that there has been an increased turn-off of adult sheep, which may accelerate if the season break doesn't arrive by the end of April. This will have an impact on production in 2018/19. **In total, shorn wool production in 2017/18 is forecast to increase by 1% to 58.4 mkg greasy.**

### Tasmania

The seasonal conditions in Tasmania were dry in Winter and Spring, which helped lamb markings but meant that feed availability was more limited, although there was good rainfall in November and December. It was a hot, dry Summer, but there were good rainfalls in March which is very encouraging for the remainder of Autumn and into Winter, with the Bureau of Meteorology predicting above normal rainfall in the April to June period and warmer temperatures. This should help pasture production and thus fleece weights and wool



production in the 2018/19 season. The volume of wool being delivered in recent months has been less than expected. It seems that clips that are normally delivered after Christmas were received prior to Christmas as growers took advantage of the excellent wool prices. The ABS' preliminary estimate of sheep numbers at 30<sup>th</sup> June 2017 was lower than the sheep numbers of a year earlier. The Committee had expected sheep numbers to be higher than at 30<sup>th</sup> June 2016. As a result, the number of sheep shorn in 2017/18 is now expected to fall by 2.2%. Wool test data suggests a rise in fleece weights, and so average wool cut per head in 2017/18 is likely to be 3.6% higher than in 2016/17, more than offsetting the decline in sheep shorn numbers. **For 2017/18, shorn wool production in Tasmania is predicted to lift by 1.4% to 9.34 mkg greasy.**

### Queensland

Wool test volumes have fallen sharply in recent months compared with a year earlier. This is due entirely to much more difficult seasonal conditions since the start of 2017 compared with the unexpected extensive rainfall in Winter 2016. The return to very dry seasonal conditions, notably with the failed Summer rains in 2017, has caused lower wool cuts per head for shearings since late Spring. The average cut per head in Queensland over the season is expected to fall by an average of 5.4%. The ABS' preliminary estimate of sheep numbers suggests a surprisingly large lift in opening sheep numbers at the start of the 2017/18 season. Growers are now selling-off sheep due to the dry conditions, which will have a more significant affect in 2018/19. Overall, the number of sheep shorn in 2017/18 is expected to increase by 2.9%. **Shorn wool production in Queensland in 2017/18 is therefore predicted to fall by 2.6% to 8.3 mkg greasy.** The crucial Summer rains were again largely absent this year, although there were excellent rains in some areas in March. Disappointingly, this rainfall was not widespread and key sheep growing areas, notably the south-west, remain very dry. The newly installed dog fences and high wool prices are boosting grower confidence, but good rains are needed to see a lift in wool production in the state in 2018/19.

## Appendix

**Table 1: Comparison of the fourth forecast for 2017/18 against the final estimates for 2016/17 and 2015/16**

2015/16	NSW	VIC	WA	SA	TAS	QLD	National
<b>Sheep Numbers Shorn</b> (million)	27.00	16.40	14.55	10.85	2.59	1.98	73.37
<b>Average Cut Per Head</b> (kg)	4.55	4.03	4.48	5.05	3.50	3.50	4.43
<b>Shorn Wool Production</b> (mkg greasy)	122.85	66.08	65.18	54.78	9.07	6.94	325
2016/17	NSW	VIC	WA	SA	TAS	QLD	National
<b>Sheep Numbers Shorn</b> (million)	27.40	15.98	15.07	11.21	2.48	2.13	74.28
<b>Average Cut Per Head</b> (kg)	4.60	4.22	4.72	5.16	3.72	4.02	4.58
<b>Shorn Wool Production</b> (mkg greasy)	126.04	67.43	71.11	57.87	9.21	8.54	340
Change (%)	NSW	VIC	WA	SA	TAS	QLD	National
<b>Sheep Numbers Shorn</b>	1.5%	-2.5%	3.6%	3.4%	-4.4%	7.3%	1.2%
<b>Average Cut Per Head</b>	1.1%	4.7%	5.3%	2.2%	6.2%	14.7%	3.4%
<b>Shorn Wool Production</b>	2.6%	2.0%	9.1%	5.6%	1.5%	23.0%	4.7%
2017/18 Fourth Forecast	NSW	VIC	WA	SA	TAS	QLD	National
<b>Sheep Numbers Shorn</b> (million)	28.27	16.76	14.81	11.56	2.43	2.19	76.01
<b>Average Cut Per Head</b> (kg)	4.43	4.25	4.45	5.06	3.85	3.80	4.45
<b>Shorn Wool Production</b> (mkg greasy)	125.08	71.24	65.92	58.45	9.34	8.32	338
Change %	NSW	VIC	WA	SA	TAS	QLD	National
<b>Opening Sheep Number</b>	1.5%	-5.9%	-1.3%	0.6%	3.4%	1.8%	-0.6%
<b>Sheep Numbers Shorn</b>	3.2%	4.9%	-1.7%	3.0%	-2.2%	2.9%	2.3%
<b>Average Cut Per Head</b>	-3.8%	0.7%	-5.7%	-2.0%	3.6%	-5.4%	-2.8%
<b>Shorn Wool Production</b>	-0.8%	5.7%	-7.3%	1.0%	1.4%	-2.6%	-0.6%

*Note: Totals may not add due to rounding*

**Historical Australian Production Figures**

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

**Table 2:        Australian wool production statistics since 1991/92**

<b>Year</b>	<b>Sheep Numbers Shorn (million)</b>	<b>Average Cut Per Head (kg)</b>	<b>Shorn Wool Production (mkg greasy)</b>
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	76.0	4.45	338
2018-19f	75.0	4.43	333

**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.