

August 2013

Australian Wool Production Forecast Report

Australian Wool Production Forecast Committee

Summary

- The Australian Wool Production Forecasting Committee (AWPFC) has maintained its estimate of shorn wool production for 2012/13 at 350 million kilograms (mkg) greasy.
- For 2013/14, the Committee's second forecast of shorn wool production remains unchanged at 345 mkg, 1.4% below 2012/13 production. Table 1 summarises the estimates and forecasts.

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

Parameter	2011/12 Final Estimate	2012/13 August estimate	Change y-o-y (%)	2013/14 2nd forecast	Change y-o-y (%)
Opening Sheep Number (million)	73.1	74.7	2.1%	73.9	-1.0%
Sheep Numbers Shorn (million)	76.4	78.8	3.1%	78.4	-0.4%
Average Cut Per Head (kg)	4.48	4.43	-1.1%	4.39	-0.8%
Shorn Wool Production (mkg greasy)	342	350	2.3%	345	-1.4%

- The forecast decline in 2013/14 seasonal production reflects the expected decrease in opening sheep numbers (-1.0%) due to increased sheep turn-off in 2012/13, and an expected reduction in average fleece weights (-0.8%) due to the dry seasonal conditions experienced in many wool growing regions in the first half of 2013. The opening sheep numbers for 2012/13 has been adopted from ABS' most recent figures, while for 2013/14 opening sheep numbers are consistent with those forecast by MLA.
- Regionally, year on year declines in 2013/14 wool production are forecast for New South Wales (-4.4%) and Queensland (-8.6%) which outweigh expected slight increases in wool production in Victoria (1.1%), Tasmania (1.3%), South Australia (1.7%) and Western Australia (0.6%). Table 2 summarises the estimates and forecasts. A more

FURTHER INFORMATION

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detailed comparison of greasy wool production by state can be found in Table 1, 2 and 3 in the Appendix to this report.

Table 2: Summary of wool production estimates and forecasts for individual states¹

Shorn wool production (mkg greasy)	QLD	NSW	VIC	TAS	SA	WA	National
2012/13 August Estimate	13.7	125.5	76.9	10.3	54.0	68.6	350
2013/14 August Forecast	12.5	120.0	77.7	10.4	54.9	69.0	345
Change y-o-y (%)	-8.6%	-4.4%	1.1%	1.3%	1.7%	0.6%	-1.4%

In keeping with normal Committee practice, this forecast for greasy wool production has been rounded to the nearest 5 mkg greasy.

Major data inputs

These forecasts are based on detailed consideration by the state and national committees of current seasonal conditions, information gathered on sheep producer and wool grower intentions, including the MLA/AWI Lamb Survey results, AWTA test data, ABS sheep and lamb turn-off, National Livestock Recording Service yardings data and AWEX auction statistics and matched brand analysis.

ABS data

Table 3 summarises ABS flock statistics. ABS opening sheep numbers for 2012/13 were revised at both the state and national level, the latter of which was revised to 74.7 million, an increase of 2% from the 2011/12 season.

Table 3: ABS National flock numbers

ABS data	2008	2009	2010	2011	2012	% Δ
Flock (million head at June):	76.9	72.7	68.1	73.1	74.7	2%
Breeding ewes:	45.4	40.9	42.3	41.8	44.9	7%
Lambs marked:	NA	32.5	31.9	33.3	35.4	6%
Ewes mated:	NA	37.7	NA	37.4	39.60	6%
Marking %	NA	85%	NA	89%	89%	0%

¹ During the course of August state meetings, ABS issued revised 2012/13 opening sheep numbers. These needed to be taken account of in deliberations at the national committee meeting, requiring some minor adjustment to previous state numbers

National ABS sheep turn-off statistics from Australian farms are shown in Table 4, for the full financial year 2012/13, compared to the equivalent period in 2011/12 and the corresponding full financial year average for the five years 2007/08 – 2011/12.

Table 4: ABS Sheep turn off data for 2012/13 (Full financial year)

Parameter	Full Financial Year			5 Financial Yr Avg	
	Full FY 2011/12	Full FY 2012/13	% Δ	Full FY	%Δ
Sheep slaughter (‘000 hd)	5,175	8,192	58%	7,901	4%
Sheep weights (kg/hd cwt)	23.13	22.36	-3%	21.96	2%
Mutton production (tonnes cwt)	119,713	183,157	53%	173,534	6%
Lamb slaughter (‘000 hd)	18,879	21,122	12%	19,432	9%
Lamb weights (kg/hd cwt)	22.21	21.64	-3%	21.28	2%
Lamb production (tonnes cwt)	419,329	456,997	9%	413,492	11%
Live exports (hd)	2,562	2,058	-20%	3,335	-38%

The ABS data show considerable year on year increases in sheep and lamb slaughter (58% and 12% respectively), and a decrease in live exports (-20%). When compared to the longer term (5 year) average – slightly increased adult sheep slaughter (4%), mutton production (6%), and significantly reduced live exports (-38%) are evident. There is also evidence of increased lamb slaughter (+9%) and lamb production (11%) when compared to the longer term average.

AWTA wool test data (Full financial year)

AWTA has developed a specific Key Test Data (KTD) report for wool production forecasting purposes. This report generates monthly greasy test volumes within diameter categories. Comparative full financial year results are shown in Table 5, and Figure 1 and 2, based on this new report. A historical comparison of the Australian micron profile percentage share can be found in Table 5 in the Appendix to this report.

Table 5: Comparison of full financial year AWTA Key Test Data wool test volumes

Parameter	Year	<16.5	17	18	19	20	21	22	23	24	24/25	25/26	28/30	>30.5	TOTAL
AWTA Key Test Data FY	2010/11	5,688	17,978	40,965	62,558	67,060	50,306	31,306	19,963	11,099	14,650	20,412	18,545	11,577	372,107
	2011/12	6,623	20,227	43,059	61,606	59,623	44,243	29,703	19,106	10,480	15,251	20,962	16,772	11,904	359,557
Total gr. Tons	2012/13	9,420	25,773	49,072	64,610	61,941	44,215	26,902	15,129	8,668	17,157	23,062	14,636	9,202	369,788
YTD - YOY%	2012/13	42%	27%	14%	5%	4%	0%	-9%	-21%	-17%	12%	10%	-13%	-23%	3%

The AWTA Key Test Data presented in Table 5, Figure 1 and Figure 2 indicate that:

- 2012/13 financial year wool test volumes were 3% higher than in 2011/12;

- Increases in year-on-year production volumes were greatest in Superfine, fine and medium Merino (< 20.5 µm) and cross-bred (24.6 – 28.5 µm) diameter categories; and
- Decreases are reported in medium (21.6 – 24.5 µm) and coarse cross-bred (>28.5 µm) diameter categories.

Figure 1: Comparison of monthly AWT Key Test Data wool test volumes

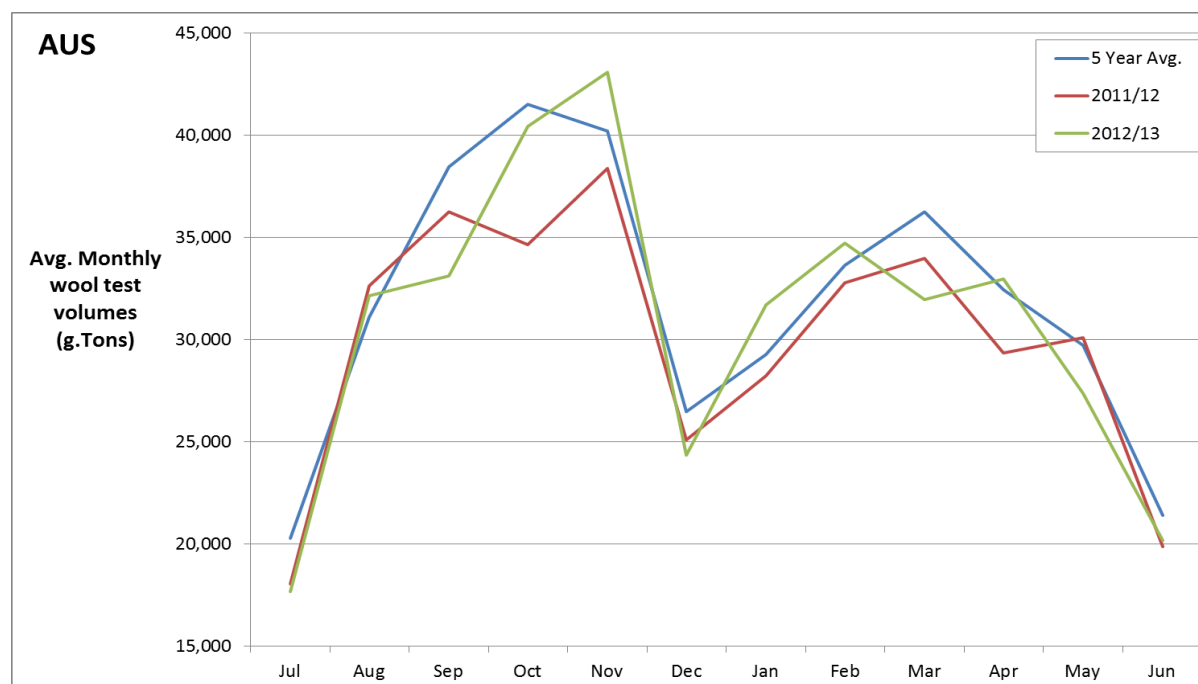
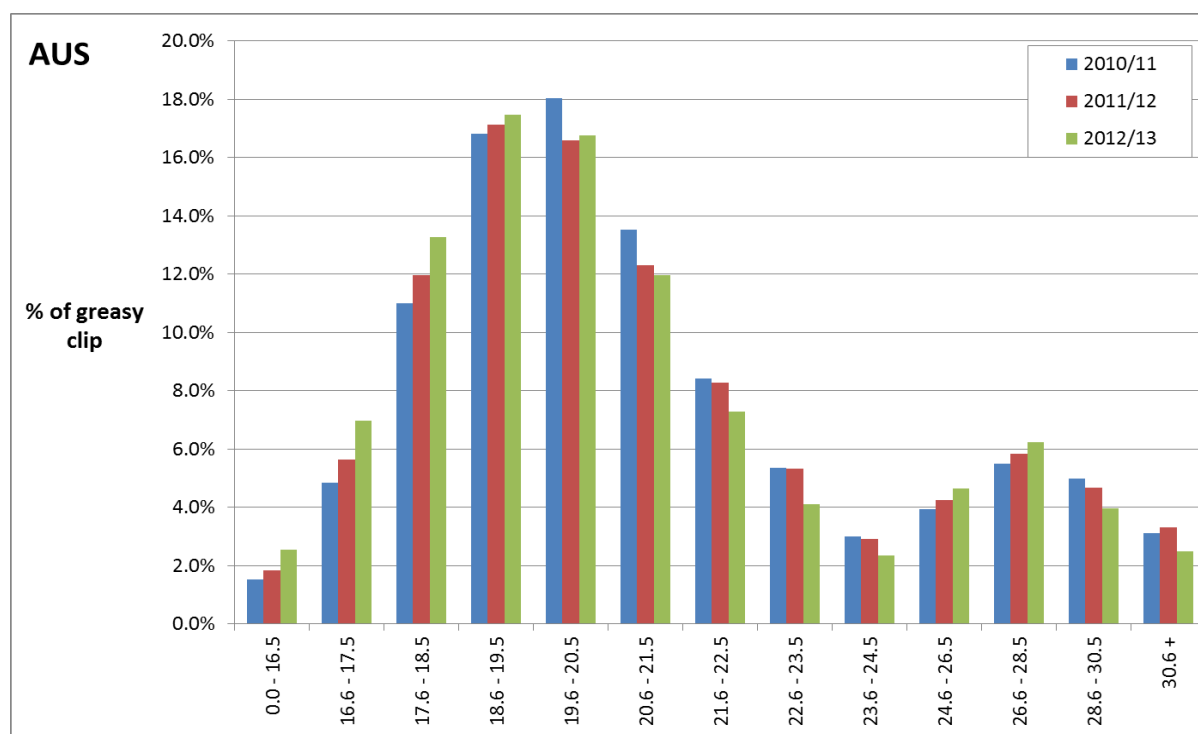


Figure 2: Across-years comparison of AWT Key Test Data wool diameter profile



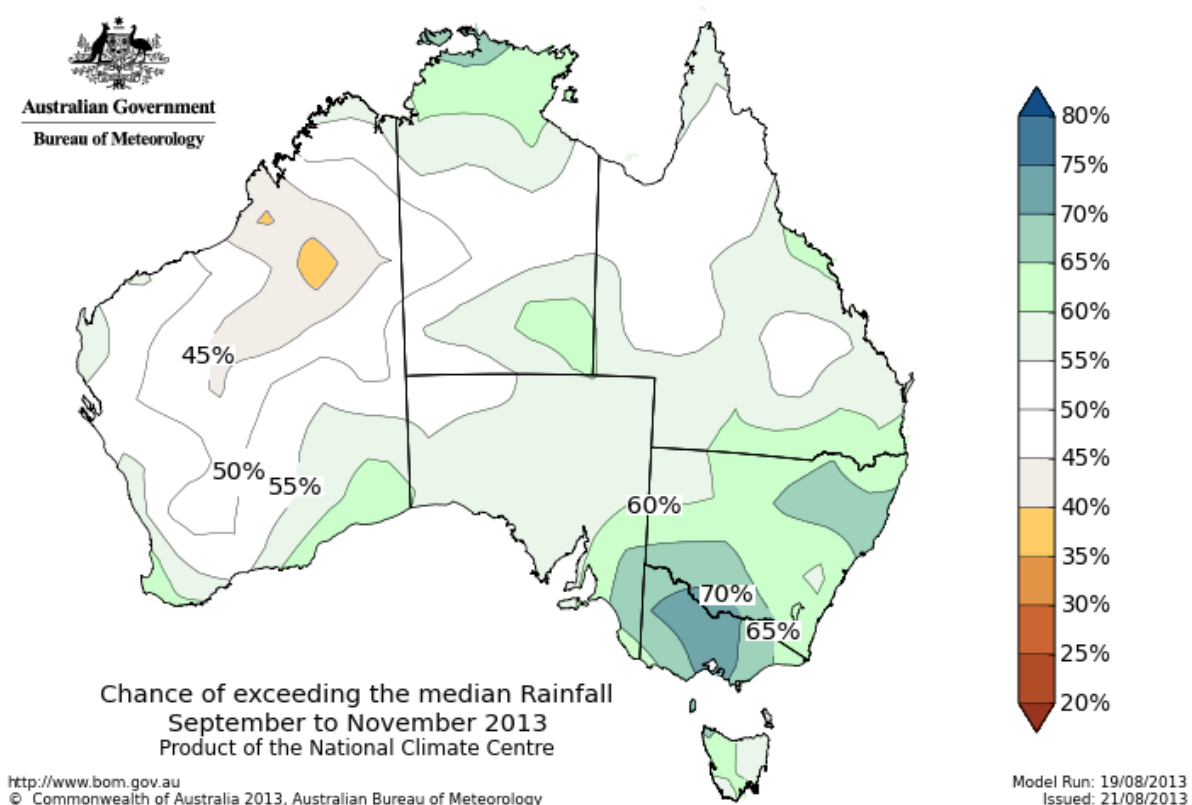
AWEX matched brand analysis

According to the AWEX matched brand analysis, overall, first hand bales offered were 1.8% higher in 2012/13 compared to 2011/12, with increases in Northern (+0.1%), Southern (+1.2%) and Western (+6.2%) centres.

Bureau of Meteorology (BOM) seasonal outlook

The transversal section of Australia from the northwest to the southeast received good rainfall from May to July this year, whereas Queensland and the Western Australia wheatbelt experienced very dry conditions. In the past month, the majority of Australia received very little rainfall with the exceptions of Victoria, Tasmania, southwest Western Australia, and southeast South Australia. Looking forward, the Bureau seasonal rainfall outlook for Spring 2013 is shown in Figure 3.

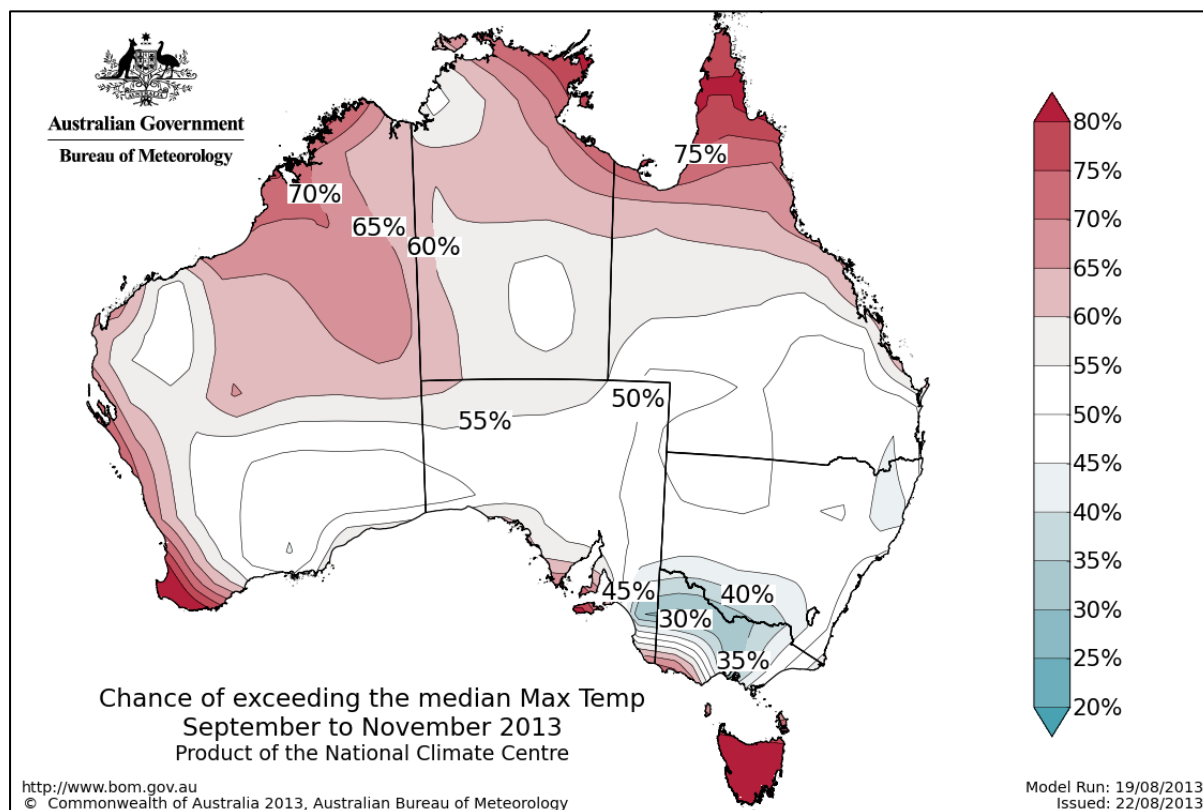
Figure 3: Chance of exceeding median rainfall (September to November 2013)



Southeast Australia, extending to the southern half of Queensland and the southern coastline of Western Australia, is forecast to have a wetter than normal season. The majority of Western Australia and the northern half of Queensland are forecast to have an average season of rainfall.

The BOM is predicting Tasmania, coastal Western Australia and the northern half of Queensland to have warmer than normal days and nights in spring. Cooler days are more likely for central and northwest Victoria, as show in figure 4.

Figure 4: Chance of exceeding the median maximum temperature (September to November 2013)



State Committee inputs

The following provides a summary of conditions in each state as reported by State Committees in August 2013.

Queensland

For 2013/14, a decrease is forecast for opening sheep numbers and number of sheep to be shorn, fleece weight and greasy wool production from 2012/13, to reflect the higher slaughtering in 2012/13 and the very dry seasonal conditions during 2013 which have left large parts of the state drought declared.

New South Wales

For 2013/14, a decrease in opening sheep numbers and number of sheep to be shorn due is expected due to increased sheep and lamb turn-off in 2012/13. A decrease is also forecast in fleece weight due to the dry seasonal conditions experienced up to May, despite good rainfall in the southern regions from June to August which likely came too late to have an influence before spring. This is expected to lead to a fall in shorn wool production.

Victoria

For 2013/14, a decrease in opening sheep numbers is forecast (but not sheep shorn numbers) from the previous season due to increased slaughtering in 2012/13. Fleece weight

is to remain unchanged from 2012/13 resulting in an expected slight increase in shorn wool production.

Tasmania

For 2013/14, opening sheep numbers remain largely static from 2012/13, while a slight increase in number of sheep to be shorn (and thus shorn wool production) is forecast. Fleece weight is expected to remain unchanged from 2012/13.

South Australia

For 2013/14, an increase in opening sheep numbers and number of sheep to be shorn is forecast to reflect a breeding up in the flock in 2012/13, while fleece weight is to remain unchanged from 2012/13. This is expected to lead to an increase in shorn wool production.

Western Australia

For 2013/14, an increase in opening sheep numbers and number of sheep shorn is forecast. Fleece weight has remained unchanged from 2012/13 due to above average seasonal conditions to the end of July along the south coast, excluding the wheatbelt, and early August rainfall across most sheep areas. As a result, an increase is expected in shorn wool production.

Appendix

Table 1: Changes to recent state level forecast for 2012/13 wool production

2012/13 4th Forecast (Apr-13)	QLD	NSW	VIC	TAS	SA	WA	National
Opening Sheep Number (million)	3.6	28.0	15.3	2.3	11.3	14.6	75.1
Sheep Numbers Shorn (million)	3.6	28.2	18.3	2.6	11.0	15.2	78.9
Average Cut Per Head (kg)	3.81	4.45	4.20	3.88	5.00	4.50	4.43
Shorn Wool Production (mkg greasy)	13.7	125.5	76.9	10.1	55.0	68.6	350

2012/13 August Estimate	QLD	NSW	VIC	TAS	SA	WA	National
Opening Sheep Number (million)	3.5	27.6	15.9	2.4	10.9	14.4	74.7
Sheep Numbers Shorn (million)	3.6	28.2	18.3	2.6	10.8	15.2	78.8
Average Cut Per Head (kg)	3.81	4.45	4.20	3.90	5.00	4.50	4.43
Shorn Wool Production (mkg greasy)	13.7	125.5	76.9	10.3	54.0	68.6	350

Change (%)	QLD	NSW	VIC	TAS	SA	WA	National
Opening Sheep Number	-3.1%	-1.5%	4.1%	3.5%	-3.6%	-1.4%	-0.6%
Sheep Numbers Shorn	-0.1%	0.0%	0.0%	1.3%	-1.8%	0.0%	-0.2%
Average Cut Per Head	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%
Shorn Wool Production	0.0%	0.0%	-0.1%	1.7%	-1.8%	0.0%	0.0%

Table 2: Comparison of the 2011/12 estimate against the 4th 2012/13 production forecast

2011/12 Final Estimate	QLD	NSW	VIC	TAS	SA	WA	National
Opening Sheep Number (million)	3.7	26.9	15.2	2.3	11.0	14.0	73.1
Sheep Numbers Shorn (million)	3.7	27.2	18.3	2.6	10.2	14.4	76.4
Average Cut Per Head (kg)	3.76	4.50	4.31	3.88	5.20	4.43	4.48
Shorn Wool Production (mkg greasy)	13.7	122.3	78.7	10.3	53.2	63.9	342

2012/13 August Estimate	QLD	NSW	VIC	TAS	SA	WA	National
Opening Sheep Number (million)	3.5	27.6	15.9	2.4	10.9	14.4	74.7
Sheep Numbers Shorn (million)	3.6	28.2	18.3	2.6	10.8	15.2	78.8
Average Cut Per Head (kg)	3.81	4.45	4.20	3.90	5.00	4.50	4.43
Shorn Wool Production (mkg greasy)	13.7	125.5	76.9	10.3	54.0	68.6	350

Change %	QLD	NSW	VIC	TAS	SA	WA	National
Opening Sheep Number	-4.5%	2.6%	4.7%	1.5%	-1.1%	2.8%	2.1%
Sheep Numbers Shorn	-1.6%	3.8%	0.3%	-0.6%	5.5%	5.7%	3.1%
Average Cut Per Head	1.3%	-1.1%	-2.6%	0.5%	-3.9%	1.6%	-1.1%
Shorn Wool Production	-0.3%	2.6%	-2.3%	-0.1%	1.4%	7.4%	2.3%

Table 3: Comparison of the 2012/13 estimate against the 2nd 2013/14 production forecast

2012/13 August Estimate	QLD	NSW	VIC	TAS	SA	WA	National
Opening Sheep Number (million)	3.5	27.6	15.9	2.4	10.9	14.4	74.7
Sheep Numbers Shorn (million)	3.6	28.2	18.3	2.6	10.8	15.2	78.8
Average Cut Per Head (kg)	3.81	4.45	4.20	3.90	5.00	4.50	4.43
Shorn Wool Production (mkg greasy)	13.7	125.5	76.9	10.3	54.0	68.6	350
2013/14 2nd Estimate (Aug-13)	QLD	NSW	VIC	TAS	SA	WA	National
Opening Sheep Number (million)	3.4	27.0	15.7	2.4	11.0	14.5	73.9
Sheep Numbers Shorn (million)	3.4	27.6	18.5	2.7	11.0	15.3	78.4
Average Cut Per Head (kg)	3.71	4.35	4.20	3.90	5.00	4.50	4.39
Shorn Wool Production (mkg greasy)	12.5	120.0	77.7	10.4	54.9	69.0	345
Change %	QLD	NSW	VIC	TAS	SA	WA	National
Opening Sheep Number	-3.4%	-2.0%	-1.6%	-0.8%	0.8%	0.5%	-1.0%
Sheep Numbers Shorn	-6.3%	-2.2%	1.1%	1.3%	1.7%	0.6%	-0.4%
Average Cut Per Head	-2.5%	-2.3%	0.0%	0.0%	0.0%	0.0%	-0.8%
Shorn Wool Production	-8.6%	-4.4%	1.1%	1.3%	1.7%	0.6%	-1.4%

Historical Australian Production Figures

Table below provides historical sheep numbers, wool production and fleece weight statistics since 1991/92 for background information.

Table 4: Australian wool production statistics since 1991/92

Year	Opening Sheep Number (million)	Sheep Numbers Shorn (million)	Average Cut Per Head (kg)	Shorn Wool Production (mkg greasy)
1991-92	163.1	180.9	4.4	801
1992-93	148.1	178.8	4.6	815
1993-94	138.0	172.8	4.5	775
1994-95	132.5	156.2	4.4	682
1995-96	120.8	145.6	4.5	655
1996-97	121.0	152.0	4.3	661
1997-98	120.1	150.0	4.2	633
1998-99	117.4	153.6	4.3	665
1999-00	115.4	144.2	4.3	619
2000-01	118.5	139.5	4.3	602
2001-02	110.8	118.6	4.7	555
2002-03	106.1	116.6	4.3	499
2003-04	99.2	104.7	4.5	475
2004-05	101.2	106.0	4.5	475
2005-06	101.1	106.5	4.3	461
2006-07	91.0	101.4	4.2	430
2007-08	85.7	90.2	4.4	400
2008-09	76.9	79.3	4.5	362
2009-10	72.7	76.2	4.5	343
2010-11	70.8	76.2	4.5	345
2011-12	73.1	76.4	4.5	342
2012-13 _f	74.7	78.8	4.4	350
2013-14 _f	73.9	78.4	4.4	345

Table 5: Australian micron profile of AWTA wool test volume statistics since 1991/92 (% share)

AWTA KTD Micron Percentage Split of Wool Production (um)													
Year	<16.5	17	18	19	20	21	22	23	24	24/25	25/26	28/30	>30.5
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%

Note: 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 AWI Production Forecasting Committee

The AWI 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, ABARE, ABS, MLA, DPI and The Woolmark Company.

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.