



Macdonald & Co

WOOLBROKERS

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“Talk about a mixed bag...from worst season on record to best in living memory and a wool market where the highs weren't that high and the lows not that low!”

Another season has come to an end, our third full season on our new site and a busy year it has been. We were hoping to touch on 40,000 bales for the year but fell short at 38,235 bales which was 143 bales better than last year so, under the circumstances, we are very happy with the result. Our best result since 2002.

The national wool production figure continues to decline falling a further 4.6% to 2,005,194 bales which was 96,955 bales behind last year. The bulk of the decline in production was principally Queensland with a massive 27% year on year drop and Victoria which was surprisingly down 7.4%. NSW fell a modest 3%.

For much of last year and all of this year drought hasn't been far away biting very hard in the north and north-west and, as we write this, many of our clients in the Brewarrina, Goodooga, Walgett and Cunnamulla districts are yet to get even the slightest of breaks with many properties virtually de-stocked. On the other hand many districts have enjoyed their best autumn/winter in years with parts of the central-west being the pick of the state. Our thoughts go out to those doing it tough at the moment and hope your turn comes soon.

Back to the wool market and wool production, despite a drop in production overall of nearly 100,000 bales, in some sectors production has increased and considerably so. No prizes for guessing that it is fine wool that has increased in production and it is fine wool that is suffering in the market place. Wool production finer than 19.5 micron now comprises 44.6% of the total wool clip. I remember the good old days when it was 12% and everyone was told to go fine!

The staggering statistic from this year's AWTA test figures is the increase of wool production finer than 16.5 micron. Year on year it has risen 44% or (in quantity) an extra 4,135 tonnes. That is a lot of extra fine wool garments to

sell. 17 micron production over the 12 months rose by 15.5% or another 4,000 tonnes. So it is no surprise that this end of the market is struggling, and genuine fine wool growers are questioning their future. The other side of the coin, according to AWI, is that consumption at retail level of fine wool is rising as a very competitive price ratio with other fibres like cashmere help wool gain market share.

The largest sector of production now is 19.5 micron (the new bread and butter wool), and on our recent trip to China at Spin Expo almost every swatch of woollen cloth we saw at trade stands was 19.5 micron. The gap between microns at present has never been closer, a mere 40 cents clean separates 18 from 23 micron. Many growers must be thinking why don't we go back to growing 22 micron wool? Well according to AWI, consumption of these types at retail point is falling, but obviously not as quickly as production has, so there is still strong demand. It is almost certain that if there was a general swing back to 22 micron then prices would fall.

When you take out the dismal price for sub 18 micron and add a reasonable market for 19-21 micron with a strong oddment sector then clip averages aren't too bad. Crossbred wools are having a good run and again the oddments there are also very strong.

On to more domestic matters, it was a very busy year for us all here particularly those involved with the establishment of Macdonald Rural CRT. The new business at Brewarrina is going well despite continuing drought with the town and rural sector embracing a new shop with a wide range of products of both a rural and urban nature.

More recently we have started stocking a wider range of animal health products here at the woolstore carrying not just the normal shearing requirements but a range of drenches and lice/fly products. We would welcome the



Ian McKellar and Louella Steele inspecting noil at Kunsun carbonising plant

opportunity to quote on all your animal health requirements. In fact anything from the CRT range can be sourced and sold from our Dubbo store.

Stuart and Michael at Brewarrina have put in a huge effort over the last 8 months to establish things but special mention goes to the behind the scenes efforts of Isobel in accounts and Brian, Walshy and Sharon in logistics and administration. Over the next year we will be remodelling the counter and display area and also improving the point of sale register.

Overall, we look forward to next season as market analysts are predicting an improvement for wool towards Christmas. No doubt supply will be a key driver and the improved seasonal conditions in the higher rainfall areas will see microns shift coarser which will hopefully ease some pressure off fine wool.

Our client base has been very solid and supportive and we are grateful for your continued support. On behalf of myself, Andrew, Luke, Hunter and Sharpy and the rest of the Macwool Team we thank you and hope you have a good 2014/2015.

Don Macdonald.

MacWool Farmers China Tour continued...

We could only deduce that his tack was one of softening us up for a lower price and that trading conditions are fairly tough at the moment and there is no doubt that China is quickly reaching a point where they are losing the competitive edge that they have enjoyed for the last 15-20 years. Since returning Mr Zhu's negativity has

been felt, particularly the following six or seven weeks after we returned.

I don't think there was anyone from our group who was not amazed and impressed with China's affluence and standard of living and, from my own experience, it is nowhere near as cheap to travel in as it was on previous visits.

AWI in their recent "Beyond the Bale" magazine featured a full page story with interviews with Penny Holland and a picture with Louella

Steele, Sue Dwyer and Christine White at the Hong Kong Polytechnic University.

General consensus was that this won't be our last trip; in fact the majority of the group have put their hands up already for wherever it is we want to go! From our experience a group of twenty was ideal, certainly no larger. At this stage we have no current plans for the next trip but if you think you would be interested, please let us know and we can start a short list for wherever the destination may be!

From the Showfloor



With Ian Sharp

Well another year has flown by - my third with MacWool. Being based at the wool-selling centre at Yennora has allowed me to inspect every sample of wool offered through our catalogues prior to sale.

During the past 12 months I have made the following observations: normal fleece wools of twelve months growth that are over long have become a problem to the

exporters and they are discounting these wools in the saleroom. Wools from 105 to 115mm in length receive approximately 20 cents per kilo greasy discount; from 116 to 120mm, 40 to 50 cents discount; and over 121mm up to 60 to 90 cents discount.

If growing longer fleece wools fits your management strategy growers should continue to do so but need to be aware your clip could be exposed to the above discounts in the saleroom. For exporters the optimum length range for fleece wools is between 75 to 100mm, these wools are the most suitable for processors to use.

In all markets, low or high, good preparation is critical to receiving the best price on the day. Often we see higher than average prices for well-prepared lots in the saleroom. Keep in mind all merino fleece wools should always be skirted. Any savings on staff in the shed is visible but never outweighs the loss of cents per kilo we see in the market place even if you think your unskirted fleece wool sold well.

Growers also should ensure all cotted wool and jowls are kept separate from the pieces and stain lines. These wools have different and greater processing requirements than straight lines of pieces and stains. Another item that is becoming increasingly important is the National Wool Declaration at the bottom of the Classer's speci. More and more buyers are carrying orders requiring either non-mulesed, ceased mulesed or pain relief. Nearly every sale some buyers call us for certain lots that aren't declared asking if they might be pain relief. These lots, if declared, could mean extra competition on your wool.

Over the years I have seen some major changes with buyers around the Yennora showfloor. Gone are the days of the big canteen and most brokers today leave the buyers to fend for themselves when it comes time for a cuppa or a snack. A great initiative from our showfloor offices, for those who haven't been there, are the luncheons we supply the buyers with. On sale days during the sale

recess there may be as many as 30 buyers in our kitchen/lunchroom mingling with our clients for a chat and a bite to eat. Many a time wool buyers have complimented us on this service and we are sure from the results in the room that this small gesture, along with one of the lowest Buyers Post Sale Charges about, ensures your wool the maximum price on the day.

One aspect of being on board with Macwool that I really enjoy is the opportunity to get back out in the bush every few weeks. Of recent times I have visited the Louth Field Day, the Duck Creek Races and Enngonia Picnics, just to name a few. Ange and I really enjoy catching up with clients out in the bush and I have also been able to get around to many shed starts and follow the clip right through to the fall of the hammer.

Growers wanting to discuss clip preparation or would like more information on the market pulse from the show floor can contact me anytime on 0429 037 187.

Regards "Sharpy"

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