

Prince Charles - our greatest ambassador

The Patron for the Campaign for Wool, Prince Charles has disclosed how, in a curious experiment to establish the comparative qualities of wool and synthetic fibre, he buried two jumpers in a flower bed at Clarence House 2 years ago. His aim was to illustrate wool's virtues as a material that is not only endlessly versatile but also eminently recyclable and totally biodegradable.

To demonstrate the biodegradability of wool, the Prince of Wales buries two sweaters, one made from wool and another made from a synthetic fibre. The Prince recalled how "six months later, a ceremonious exhumation revealed an intact synthetic jersey, fit indeed to be washed and worn, while the woollen jersey had quietly and usefully biodegraded itself away to nothing".

Not content with that, the Prince set fire to a pile of jumpers - one synthetic, the other woollen - to test their fire retardant qualities. "Synthetic jerseys produced a dramatic and disconcerting blaze," he concluded, "While their woollen counterparts merely smouldered in relative safety."

The Prince has long been credited with popularising the use of organic produce. Since then he has

turned his attention to the wonders of wool. "I want to encourage a much greater understanding of wool not only as a global environmental resource - versatile, sustainable, renewable and natural - but also as a global fashion resource of the highest quality," he writes.

He adds pointedly: "These may not be entirely welcome propositions in some part of an industry

that is sadly dominated by mass-produced chemical fibres but today's environmentally aware consumers do seem to be seeking out quality and durability in fashion, lifestyle and interiors. And that is exactly what wool provides."

Australian wool growers recently received a letter through AWI for the Prince showing his concern for Australian farmers battling drought.

MUJI 無印良品

Muji is a Japanese retail company which sells a wide variety of household and consumer goods through some 400 stores in Japan and

another 100 globally including several in Australia. Muji is distinguished by its design minimalism, emphasis on recycling, avoidance of waste in production and packaging and no logo or "no-brand" policy. The name Muji is derived from the first part of Mujirushi Ryōhin, translated as No Brand Quality Goods.

Through their wool

processing partners Motohiro and Schneider Australia two of our wool clients were approached to supply wool to Muji telling their story. Gullengamble at Yeoval and Kapunda at Nyngan were the two properties invited to feature in their campaign and were visited earlier this year by representatives of both Muji and

Motohiro. Despite the current climatic conditions they were impressed by the animal husbandry practices and the care taken to deliver a quality product. The first delivery of wool has been processed into tops by Schneider in China with Motohiro fulfilling the spinning and weaving roles.



Muji and Motohiro executives enjoy morning tea with Mark and Kym Karth at Gullengamble

Australian Wool Production Forecasting Committee Estimates to Fall Due to Tough Season

The AWPFC has updated its forecast for the 2018/19 season to 305 mkg greasy, down 10.8% in the previous estimate (Fig.1). Continuing dry conditions have prevailed across many sheep producing areas across Australia have resulted in a high turn-off of sheep and lambs. It will also mean lower average fleeces weights in several states. The volumes of wool tested by AWTA for the season to date were 12.6% lower than at the

Parameter	2015/17 Final Estimate	2017/18 Final Estimate	Change yo-y (%)	2018/19 Second Forecast	Change yo-y (%)
Sheep numbers shorn (million head)	74.3	76.8	+3.3%	71.7	-6.6%
Average cut per head (kg/head)	4.58	4.45	-2.9%	4.25	-4.4%
Shorn Wool production (mkg greasy)	340	341	+0.3%	305	-10.8%

Note: Totals may not add due to rounding

same time in the 2017/2018 season - NSW had the largest decline (16.8%) followed by SA (down 15.5%). The total volume of wool tested is the

lowest in the past 5 seasons. How the season progresses over the next couple of months will be very important for overall production levels

this season. Figure above: Summary of Australian Wool Production Estimates and Forecasts

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WOOLBROKERS

The best and the worst of it

2018 will go down as the best year for wool prices in a generation and as bad as any year in a generation for seasonal conditions.

The wool market has certainly been a highlight with the year commencing at an EMI of 1699 cents and closing at 1846 (Dec 5). The peak of the market was on August 15 when the EMI stood at an historical 2116 cents with 17 microns at 3007, 20 microns at 2376 and the merino carding indicator a staggering 1515 cents clean per kilo.

All sorts of theories abound as to whether this year was a product of strong demand or diminishing supply. The truth lies somewhere between the two. In my opinion it was demand that drove the market through the first half of the year and as the drought bit hard across a greater area then supply fears took over, which makes for

a more fickle environment as we've seen more recently.

Just before the close of sales the amount of wool offered since July 1 was 136,000 bales less than last year (-17.3%) or equivalent to around 4 selling weeks. The quantity of available 21 micron wool was down by 42%, conversely 16.5 and finer was up by 73%! There were no surprises that when the market did filter mid September it was the fine sector and the carding indicator which bore the brunt. The extent of the retreat certainly surprised most and it took nearly eight weeks to turn around. Over that period the

EMI lost 313 cents (15%), 16.5 lost 610 cents or 19.4%, 21 microns lost 231 cents or 10% whilst the cardings gave back 543 cents or 34.7%.

One must remember that we have a market where one destination takes between 75% and 80% and the second largest buyer comes in with 6%! Any hesitation or nervousness with China can cause much concern. There are a couple of issues of concern with China that players are watching closely. Firstly, there are the US V China trade relations and diplomatic relations that put us in a tricky situation. Whilst there is an enormous

amount of capital tied up in wool processing and thousands of workers employed, ultimately China is still a communist country and the government has the final say on credit and trade. Secondly, China has become not only our largest customer for greasy wool but the largest customer for the finished article and they are now looking for the next fashion cycle to follow. Over the recent years wool has featured well in Chinese fashion, particularly the double sided wool jacket - a boom for the carding market. These jackets were selling to the young affluent at around \$600-\$700. It

appears that this fashion item has exhausted itself and you can now buy them for under \$200 and the industry is now searching for the next "double sided jacket". Meanwhile, whilst greasy stocks are low, stocks of yarn and cloth apparently aren't that low so this, in part, explains why the market fell longer and further than expected. Whilst this was happening our more long term regular customers like the Italians took advantage of grabbing some cheaper stock and rode it down.

The positive aspect of this was that even at the bottom of the recent trough the EMI stood at 1781 cents almost 100 cents above where the year started.

CONTINUED ON
PAGE 3

Athleisure trend is here to stay

Courtesy WTN Publications

The emerging fashion concept was the focus of a conference organised by the Association of Suppliers to the British Clothing Industry (ASBCI) in Nottingham, UK, on 14 November.

Recent reports spell worrying news for the future of the high street as a growing number of businesses who have fallen victim to e-commerce and larger retailers announce store closures but amongst the fashion industry is a glimmering ray of hope in the form of the athleisure market. Despite analysts predicting the decline of this category the recent ASBCI Autumn Conference suggested otherwise.

The conference provided a forum to discuss the background of this cultural phenomenon as well as key performance features associated with athleisure garments and the future direction of the industry.

Setting the scene of the conference, Graeme Moran, head of fashion and features content at Drapers, began by discussing the factors that led to athleisure – a term that has now taken its own rightful place in the English dictionary. To quote Oxford, it refers to “casual, comfortable clothing designed to be suitable for exercise and everyday wear”. The term ‘athleisure’ was coined in 2014 in a news story about Nike’s sales going through the roof – something which the sports giant attributed directly to athleisure. Referring to industry statistics Moran says that in 2015 more than

half of UK customers bought athleisure active wear and, by 2016, sales of women’s trainers in the UK surpassed high heels for the first time. In 2017 Global Data predicted that the UK sports and athleisure market would climb another 8% and, according to Moran, ‘it’s still climbing’.

So what led to this trend? “Cultural and lifestyle shifts, social changes, and evolutions in fashion itself. Exercise and being fit and healthy became cool,” he says. Social media continues to play a huge part in this movement with people regularly promoting their active wear on Instagram. The main advocates for this are celebrities who broadcast their daily fitness routines and product preferences to their millions of followers – giving birth to the phrase ‘social influencers’. As a result, the Instagram hashtag #fitness has had 3.1 million posts in the last month, says Moran.

Another driving factor is the so-called ‘casualisation of fashion’. “There’s been a big shift in fashion – which has meant that dress codes have relaxed. People are dressing for their lifestyles and they want functionality and versatility so that they can easily run to the gym, drive to school to pick the kids up, take the dog for a walk and just sit down and be comfortable,” says Moran.

Sportswear has become more trend-led, he adds, with technical fabrics becoming more readily available and part of people’s everyday lives.

Athleisure has also played an important role in

redefining the female wardrobe. “Once upon a time, sportswear was very male orientated. But brands have now capitalised on female-orientated sports wear, including Lululemon and Sweaty Betty. They stormed the market with bright colours, prints and patterns,” says Moran. And there’s certainly a demand for it. Lululemon reported that its revenue had soared 25% in the second quarter of this year.

Sustainability is also becoming fundamental for the athleisure industry, notes Moran, with various retailers launching environmentally-friendly athleisure collections (including H&M) and the plus-size market will also open up lucrative opportunities, catering for different sizes – particularly for those who want to lead healthier lifestyles, he says.

Addressing the question of whether the athleisure bubble will burst, Moran believes it won’t. “Athleisure has a healthy future. In fact, it is no longer a trend – it is a lifestyle shift that fashion has capitalised on,” he says, adding that Generation Z will be the next important influential shopping generation taking the baton from millennials who, according to Claire O’Neill, marketing manager for Lycra, were ‘the real spearhead for getting athleisure started’.

She adds: “There are 1.7 billion millennials in the world today. In Europe, they account for 21% of the demographic and, next year, they will account for the largest proportion of people

in the workplace. That means they are mobilised have a greater share of disposable income and have a big say in the garments they are buying.”

She continues: “Most millennials are less about buying and, instead, about having more experiences. That’s why athleisure is the perfect pairing for that particular consumer cohort. Athleisure provides a lack of restriction. Fashion gives sports apparel credibility and sports gives fashion functionality, so it’s a win-win situation for this compilation.” Also it’s not just younger consumers who are buying into the trend. “Athleisure has a broad appeal. Potentially everyone could be athleisure consumers,” says O’Neill. “These products are available on all retail channels and at all price points; it’s accessible to everyone. People can approach athleisure in whatever way they want and at whatever price point they feel comfortable.”

In research conducted by Lycra, focused on the female athleisure consumer, O’Neill says that comfort was considered the most sought-after attribute in athleisure garments. The second one was anti-fluid performance, followed by style. “There’s an overwhelming desire for comfort and there’s this interest in health and well-being that will drive this attitude to wanting to get out and do more things,” she continues.

Meanwhile, speaking about what makes a garment athleisure, or ‘outleisure’ as it was also referred to during

the conference, Helen Colebourn (technical consultant at Bureau Veritas, an international certification agency) listed the key performance properties of comfort and fit, moisture management, breathability, protection from the elements, antibacterial and odour control.

“As soon as you start

claiming that your product has got a particular function, you need to prove it by consolidating it with evidence,” says Colebourn. Making technology visible through design features, co-branding, or point-of-sale marketing helps the consumer understand how a garment will enhance their life and that’s what athleisure is all about, she adds.

Continued from front page

My first year on the Board of AWI has been challenging and interesting. Being part of a company that is not for profit, R & D, marketing and being beholden to government and 23,000 shareholders (many who have differing views) is a new dynamic and an enormous challenge. Many of you may have seen presentations during WoolPoll or even at the AGM and I can tell you that only a fraction of the company’s activities can be covered during these brief presentations. The change a few years back to allocate 60% of its budget to marketing has, in my opinion, proved a real winner with noticeable traction being made in traditional and emerging markets favouring wool. In addition to the normal business of the company, this year has seen the triennial WoolPoll vote accompanied by the usual Review of Performance (ROP). As the company has statutory powers to receive levies and is also co-funded by government R & D funds, the ROP is a normal thing every three years. This year was different in that the terms of reference were greatly expanded to satisfy several unhappy stakeholders who were unhappy with how the company was run by its

Board. It’s fair to say I was elected last year with the help of that sentiment.

There has been much publicity surrounding the ROP and its 82 recommendations and the adoption or non-adoption of those recommendations. In short, the reviewers were quite complimentary about the achievements of the company and how it is run. Unfortunately that doesn’t make headlines and for months now and for the next few months the media has and will focus on the few key areas of Board structure and governance on which the Board disagrees with the review. At this stage there are five contentious items that the Board feels is better decided upon by shareholders and this will happen at an Extraordinary General Meeting in mid March next year. As one who did have concerns about the process surrounding Director elections you might feel that I would welcome the ROP recommendations but I have to say whilst I see merit in some part of these, as a whole I cannot see how the Board could just accept these changes on behalf of shareholders and look them in the eye and say that it’s for the better.

The major strength AWI has over other agricultural R & D entities is its democracy. Share-holders have the right to vote on how much wool levy they want to pay and

Wool is well positioned within this sector with countless brands lining up to use wool in what was otherwise a sector where little wool was used. The collaboration by AWI with Adidas for the Boston marathon has been a great example of our marketing dollars being used to piggy back with an iconic brand to promote wool in this sector. The latest sector gaining

momentum is wool runners, first kicked off by Allbirds, now being copied by the larger, better known brands with their own branded versions using wool.

There is little doubt that the “Athleisure” phenomenon has substantially contributed to the wool market being able to sustain these higher prices and good news that it’s here to stay.

they have the right to elect who represents them on their Board. I believe we have to protect that above all else. In an environment where public scrutiny of corporations is at an extreme level, AWI accepts that it can do better and the ROP has been a wake-up call to make some changes to bring the governance of the company in line with modern expectations but it has come at a very time consuming and costly price.

The recent grower vote on wool levy saw 15% attain a majority after preferences were distributed. This was the first time ever that 2% did not achieve a clear majority. There are several theories about why 2% did not get up even though the Board recommended it. These theories range from dissatisfaction with the company around the issues I’ve just mentioned in the ROP to financial reasons and keeping 0.5% of gross earnings at home. When the data was broken down to a state by state figure it showed that 2% won the day in every state except WA where the 15% was double that of 2%, and 0% was easily the highest in the country at 14%. So Western Australia’s 22% of the vote was enough to get 15% over the line. One significant Italian wool industry identity, who is obviously also a soccer fan commented to me that Australian

growers had scored an “own goal”. Be that as it may, I don’t believe it’s the end of the world. We are fortunate that AWI has substantial well managed reserves, well above the necessary reserves that are kept to wind up the company should 0% be voted in. The company will have to cut its cloth somewhat but not substantially enough to threaten key projects particularly in the areas of marketing which is, of course, key to our overseas partners concerns.

Of greater concern to us right now is the drought and how much further will production fall. Here in Dubbo, YTD our wool receipts are back by 30% and in most areas no end in sight as yet. The official production forecast just released has NSW estimated to be down 20% on last year.

Whilst wool prices this year have been great and this cycle of good prices has allowed everyone to share in it, it has been a very tough and costly year for farmers. I would like to thank all our clients for their support during the year and on behalf of our staff would like to wish you all a safe and happy Christmas and we all look forward to a change of fortunes in the weather.

Regards

Don Manslow