



Macdonald & Co.

WOOLBROKERS

www.macwool.com.au



Time to kick goals, weather permitting

As we head towards the season break and look back over the first half of the wool selling season, one feels very confident that the next half will be every bit as good if not better.

One would hope the seasonal conditions would be better, as it has been a pretty tough six months. Many parts of our area have had a particularly tough run which has affected lambing percentages and wool cuts, and will no doubt impact production over the coming season.

The Eastern Market Indicator at the beginning of July was 1507 cents and has risen steadily to be 1669 at the end of November. Year on year it is 306 cents higher or up 22.5%.

Gross sales for the season are of course well up on last season with an additional \$311 million dollars spent just for the July to November period. The 742,997 bales sold so far have grossed \$1,361 million averaging \$1832 a bale. This has become an issue for wool exporters who finance the Australian wool clip within 7-9 days of fall of the hammer. Exporters working within the normal constraints of finance availability this year have 22.5% less buying power, unless they have renegotiated their limits with their bankers. The flow of money is very heavily dependent on the speed at which they can fill orders, process those orders and have wool delivered, dumped, containerised and loaded at port to be able to open letters

of credit which the banks lend against. Everyone in that section of the pipeline (including us) is integral to ensuring everything runs efficiently and quickly so the buyers can turn it around and continue buying more wool. The last few weeks of larger offerings around 50,000 bales have certainly tested buyer's credit limits and this has been one factor in the slight softening of the market.

Trivia time...our first wool sale was held on the 15th of March 1988. The first lot in the catalogue was from Tony Knight's "Berrumbuckle", Coonabarabran clip. The ten bale line of 20.2 micron fleece wool made 1450 cents greasy or 1915 cents clean. That same wool today would make about 1310 cents or 1735 clean (180 cents less!). Closer inspection of the rest of the catalogue back almost 30 years ago showed the majority of fleece wools in the 22-25 micron category about 350 cents clean below today's values. All other types were worth considerably less than today. In particular the oddments, showing today's values well and truly at all time highs.

At the recent AWI election of directors, I was honoured to be successfully elected to the Board for a four year term. I am excited to be able to provide input into the direction of the woolgrower owned company at such an exciting time for our industry. There are many challenges in front of

us and growers have shown over the last decade or so how resilient and adaptable they are. There is no doubt that the fibre being produced now is far superior and much more consumer friendly than that of the previous few decades. AWI is charged with using our wool levies to best advantage in marketing, and on and off farm R & D. They have somewhere in the vicinity of 300 projects on the go, and every one of them has to show measurable benefit to wool growers. It will be a challenging time, but one that will be relished at a time when prices are strong, production is stable at historically low levels, and world consumers are indicating they like wool, not only in the traditional areas but emerging new sectors and regions.

I would like to thank all our clients who took the time to vote and showed their confidence in me to represent them on the Board.

In finishing, I trust you have been under some worthy falls and you can enjoy the festive season with family and friends. Thank you again for your support this year and entrusting us to market your clip to its best advantage.

Kind regards

Don Macdonald
Don Macdonald.

New home grown wool exporting company launched

In September this year a new wool exporting company Endeavour Wool Exporters (EWE) was launched by former Cobar and Tilpa lad Josh Lamb. Josh, along with his mother and brother still have pastoral interests in the Tilpa district - in fact are neighbours of mine.

Josh has worked in the industry since the early nineties covering all aspects of wool trading, exporting and processing. More recently he worked for Techwool as trading manager based in Melbourne. The experience he has gained throughout his career has been invaluable and all indicators point to EWE being a significant player for years to come. Since commencement in early September EWE has purchased just

over 20,000 bales and is already in the top ten buyers nationally. Currently they are number three Room 2 buyer nationally. Their specialty will be for wools destined for the knitwear and leisure wear sector where there is strong growth. These are mostly carding types and skirtings and the bulk of these are destined for mills in China where Josh has forged strong relationships over the past ten years. We wish him and his team well during



Josh Lamb pictured with Endeavour Wool Exports first container to China

this difficult consolidation phase and have no doubts they will be a success well into the future.

New core and grab machine up and running

After a two year build phase on the outskirts of Adelaide, in August we finally saw the installation of our new \$500,000 O'Connor Wooltech Automatic Twin Head Grab and Four Core machine. This piece of machinery is the most modern piece of wool handling equipment available with the latest in technology, efficiency and current WHS compliance. At full speed it processes a bale from one end of the conveyor, grabbed, weighed and cored delivered to the pusher in 18 seconds. With larger lots at full speed it requires two forklifts to keep up. Its installation was not without teething problems and it required some new systems to be developed to cater for differences between this and the old machine. Our old machine was built



An impressive sight in full swing.
The new automatic twin grab and four core machine

in 1990, about the last time the industry was investing in new equipment! There have been substantial changes in WH & S rules since then and this was a major factor in our decision to upgrade. This machine is much harder to access whilst operational, with many safety gates,

cameras and sensors.

One issue that has become a bigger headache than in the past is under and over weight bales, and long bales. We cannot stress enough the importance of adhering to minimum and maximum bale weights (120-204kg).

Minimum bales are a particular worry as we need another bale to add wool to bring them up to weight. Long bales play havoc with the sensors and sometimes interfere with the machines ability to move onto the next bale. They of course also cause problems for transport causing over width loads.

Cameras are used for AWTA to identify the bale from head on. This increases the importance of branding or labels being clear and correct. It also increases the need for classer's identification to be marked on the head, either stamp or stencil.

You are most welcome to call in and view the machine in operation, which is mostly about three days a week. Please call to arrange a time when it will be operating.

Macwool will be closed between Christmas and New Year. We will reopen Tuesday 2nd January.

Have a Happy New Year!