



CRC

for

Premium

Quality

Wool

Market Outlook

Produced for the CRC for Premium Quality Wool undergraduate program by;
Dr. Peter Auer, The University of New South Wales.



Time Scale

- **short-term**
 - monitoring the wool market day-to-day
 - woolgrower wants to sell
- **medium-term**
 - seasonal variations
 - processor planning for next year
- **long term**
 - consumer trends & preferences
 - industry bodies' strategic planning

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Price Forecasting

- **Moving Averages**
 - insert 5 and 10 year average trends in wool market prices (EMI)
 - MARK BUY & SELL signals on graph
 - SELL when 10 year average cuts below 5 year curve
- **Regression**
- **Cycles**
- **Seasonal**
- **combine for price forecasting**

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Wool Market Model

- global economic model of wool trade
 - ABARE (1992)
- variables
 - elasticity response
 - $\Delta Q / \Delta P$
 - supply
 - stocks + production - consumption
 - demand
 - GDP, population
- used by industry bodies

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Drivers of Supply

- **agricultural price relativities**
 - competitive land usage
 - long term
- **environmental conditions**
 - medium term
- **stocks**
 - whole pipeline
 - medium term
 - on-farm
 - short term

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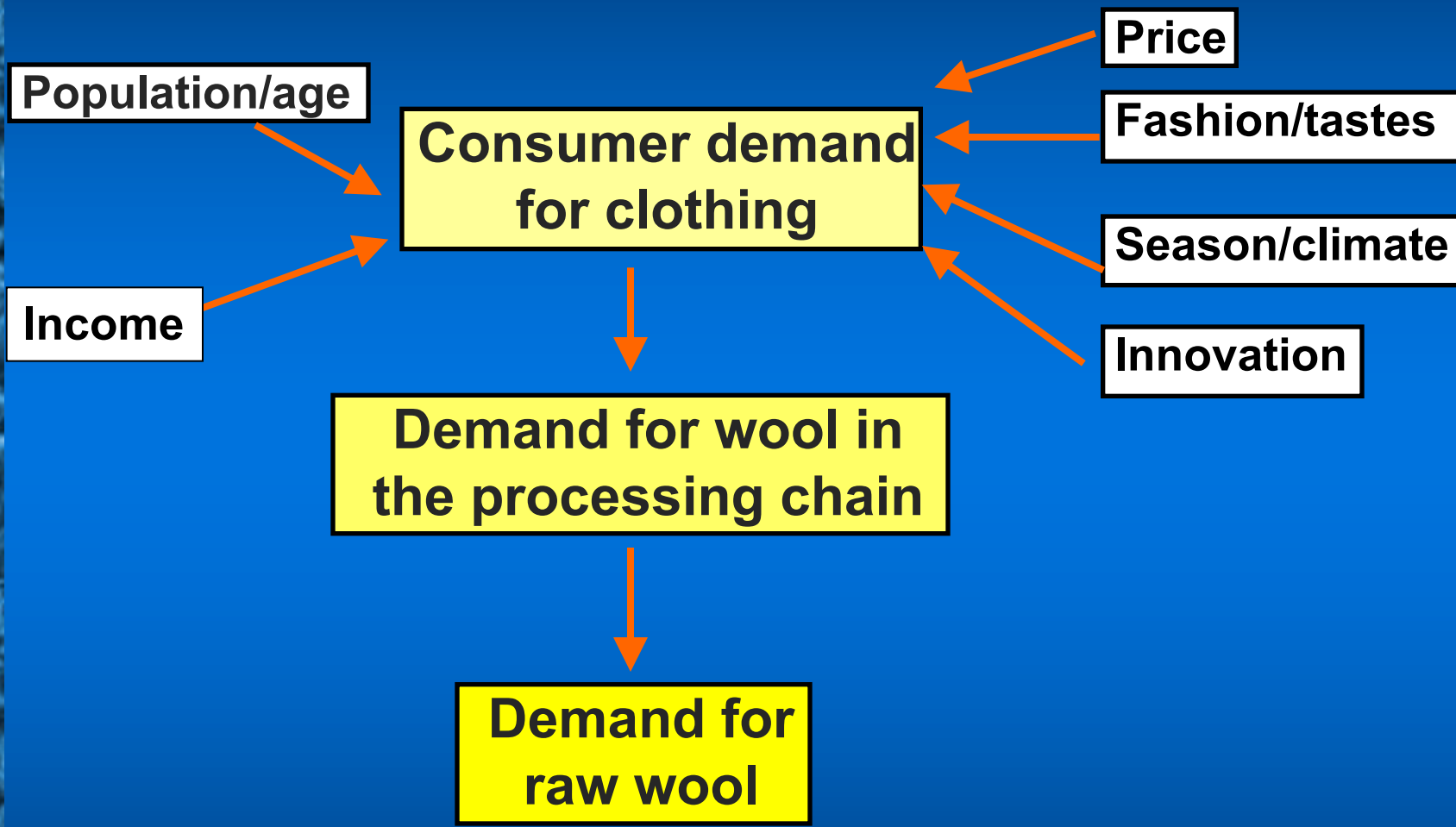
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Drivers of Derived Demand

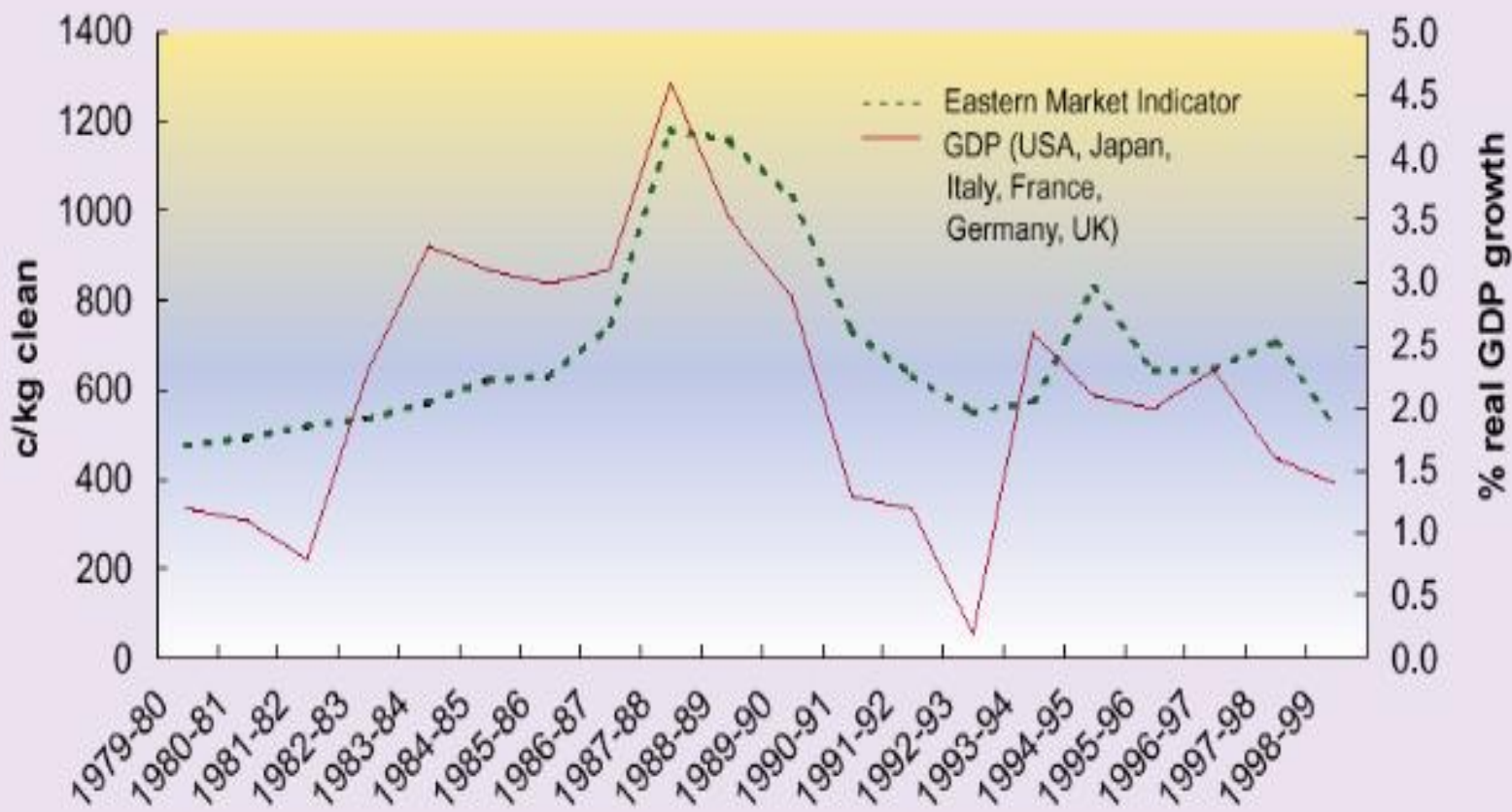


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GDP Growth

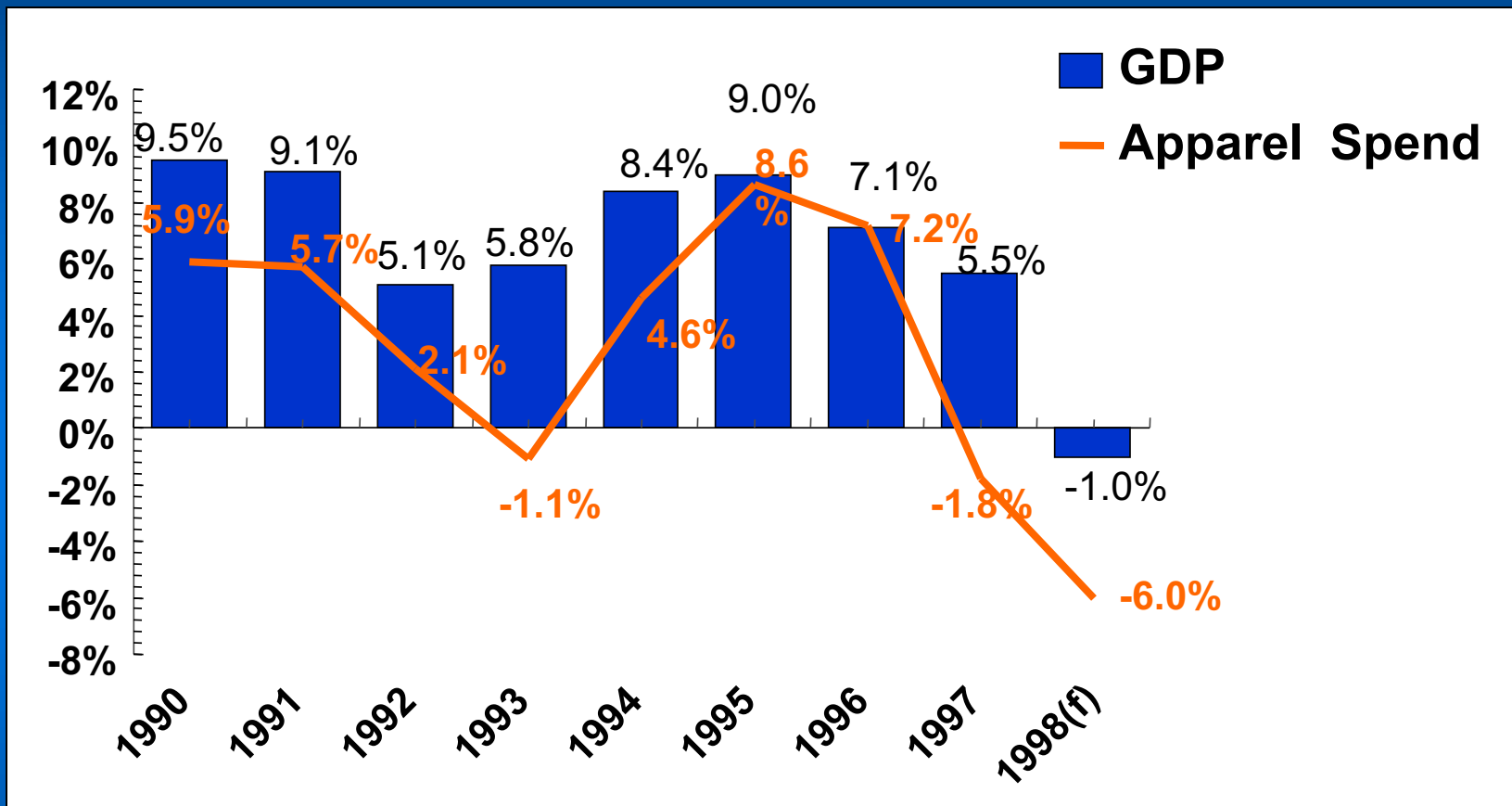
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Source: AWRAP



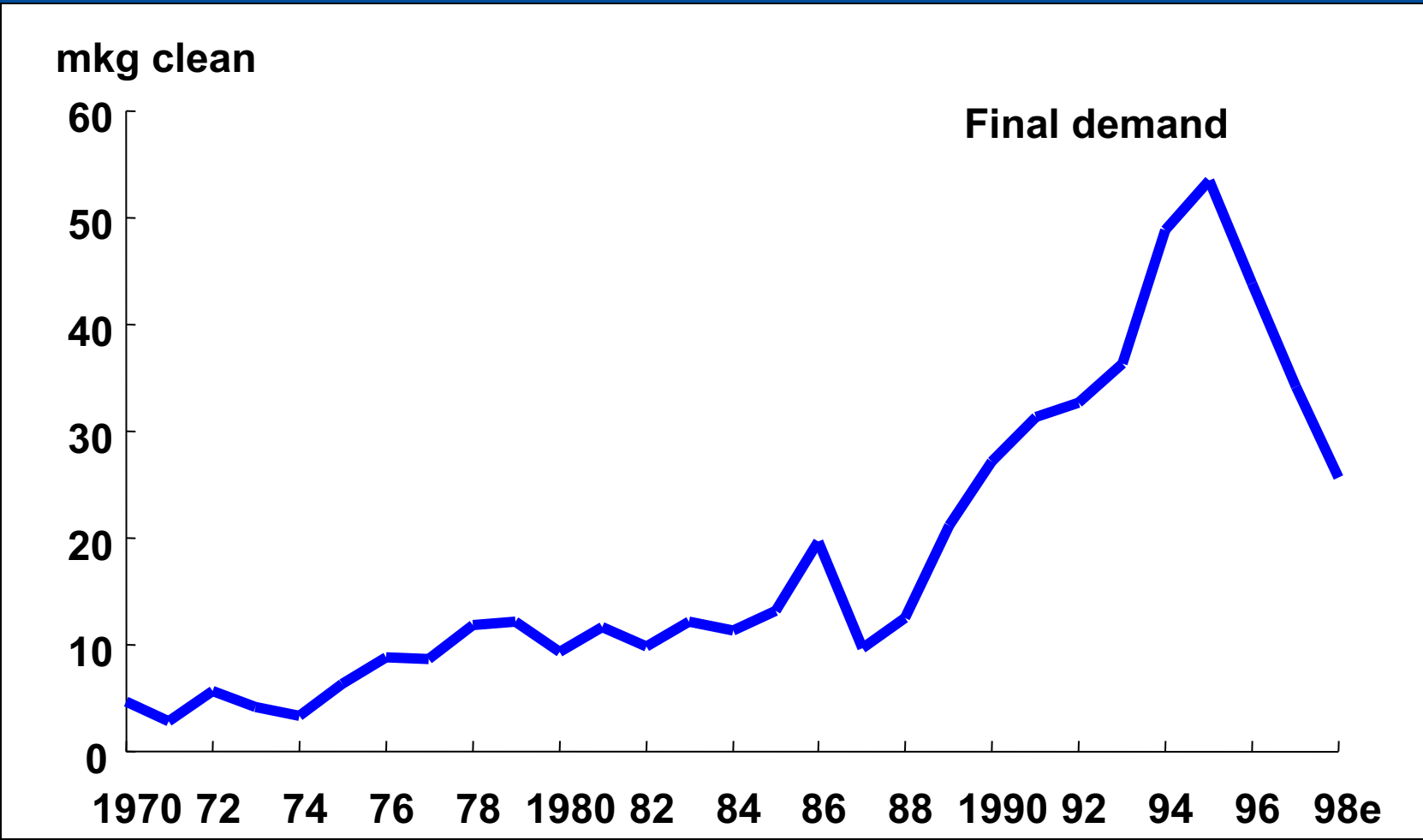
Korea: GDP and Apparel Expenditure



Real % Change Year-on-Year



Retail Wool Consumption South Korea



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Consumer Demand

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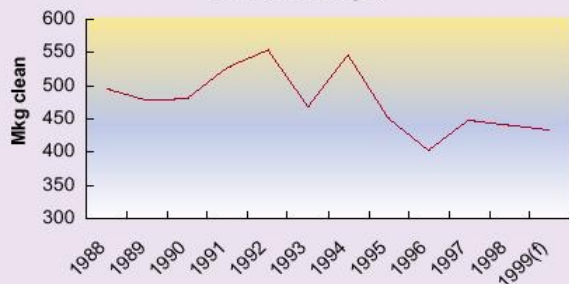
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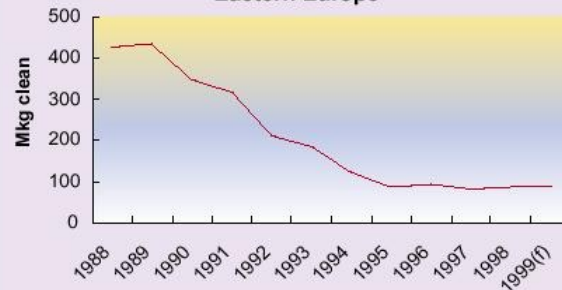
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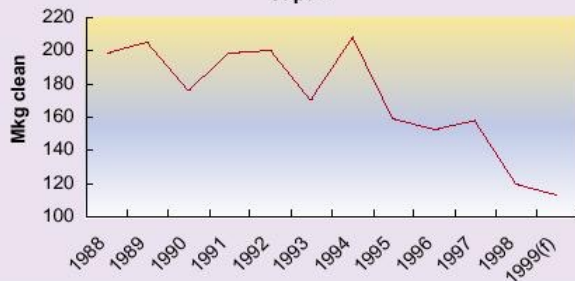
Western Europe



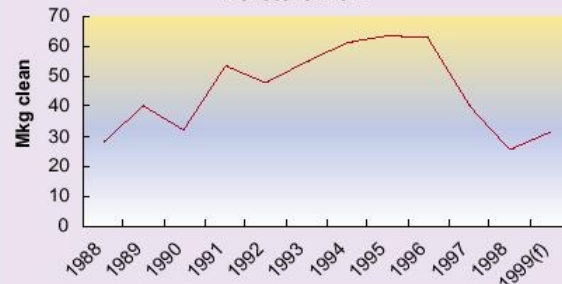
Eastern Europe



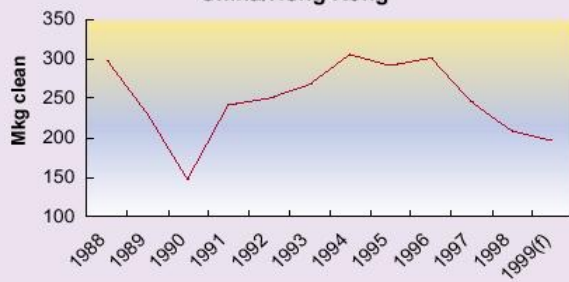
Japan



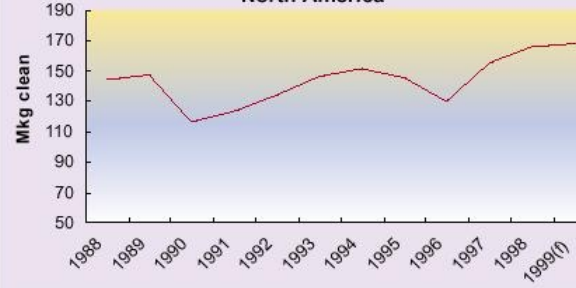
Korea/Taiwan



China/Hong Kong



North America



Source: AWRAP

Peter Auer

Source: The Wool Industry Taskforce (1999)



Factors affecting Consumption

- price of competing fibres
- economic growth in consuming countries
- climate
- population
- competing fibre innovation
- consumer spending patterns
- trading environment

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Market Information Sources



CONSUMER DEMAND

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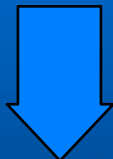
TEXTILE PIPELINE

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COMPETING FIBRES

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WORLD WOOL SUPPLY



Assessment of Market Outlook

- Retail Conditions
- Consumer Purchase Research
- Wool Consumption & Availability

- General Textile Activity & Trends
- Wool Pipeline Activity, Orders, Stocks, & Production
- IWS Business Conditions Survey
- Wool Trade Flows & Barriers

- Price Levels & Trends
- Supply & Demand

- Production & Stocks
- Raw Wool Price Research
- Wool Fibre Exports

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Woolmark Information

- **Woolmarket Research Group**
 - World Wool Supply to 2002
 - Wool Business Conditions Survey
 - 300 wool manufacturers
 - Monthly Market Briefing
 - Pricemaker
 - premiums & discounts
 - Wool Trade Watch
 - international trade policy
- **Woolmark Consumer Research**

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Further Information Sources

- **Wool WWW Virtual Library**
 - http://www.dpie.gov.au:80/agfor/wool_vl/whome.html
 - Marketing, Prices, Statistics
- **Wool Conferences**
- **Wool Courses**
- **Wool Marketing References**

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