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CCWG UPDATE FALL 2016

International Wool Market

As the 2016 wool marketing year has progressed, conditions have not been as positive as we would have hoped when compared to the past couple of years. The main driver accounting for this situation is that China's imports of greasy and semi-processed wool have dropped significantly in 2016 because mills are holding higher than usual inventories.

Fine wools have been less affected by this market situation, crossbred wools in the range of 26 to 35 micron have had the greatest exposure. There is excess stock in China of products made from this micron range which includes wool top, yarn and fabric. Until these stocks are reduced it is unlikely that there will be any upward movement in the wool market for the remainder of this year and possibly well into 2017.

On a positive note, the Chinese government are in the process of replacing uniforms for railway, postal, military personnel etc. These uniforms contain up to 80% wool content, but again the finer micron wools will benefit most from this procurement. Global wool production remains stable in most major wool producing countries. Australia has experienced much improved seasonal conditions with wide spread rain in many regions that had previously been in drought for up to four years.

This past September I once again participated in the 28th Nanjing Wool Marketing Conference which was held in Wuxi, China. Over 500 delegates from the Chinese and International wool trade attended. There was a lot of interest in our Canadian wool trade show booth. This venue has always proven to be an excellent opportunity to promote Canadian wool. As well, I visited a number of mills with our agents and was able to conclude some business, we have a number of other sales pending.

Domestic Wool Market / Retail Business

In terms of the 2016 Canadian wool clip we are approximately 70% sold at the time of this writing. Our wool volume is stable in 2016 but the drought this past summer in Eastern Canada will likely have an impact with less ewe numbers to be shorn in 2017. The relocation of our Lethbridge branch to Broxburn Park is off to a slower than expected start, but it is now well underway with all approvals and permits now received. We are very excited about this project and the prospects of developing new business opportunities in Western Canada.

I am pleased to report that our retail livestock supplies and clothing business are on target to meet or exceed budget expectations for the fiscal year ending February 28, 2017.

Thank you to all CCWG staff and directors for contributing to the continued success of our organization.

Respectfully submitted,

Eric Bjergso
General Manager

