

Woolly outlook for PE auction

South Africa's wool season opens this Wednesday when about 13 000 bales will be on auction in Port Elizabeth amid uncertainty caused by the Eurozone crisis, which is expected to have a damping effect on prices.

In Australia, where the new season has already begun, prices have declined sharply.

South Africa's 2011-12 season was one of the best in decades, with prices rising despite difficult trading conditions. The Cape Wools Merino indicator reached its highest level on record and the average indicator was 37% higher than the previous season's average.

In total, 289 689 bales were sold on auction and a 100% clearance rate was recorded in 2011-12. The total sales value amounted to R2,27-billion, an increase of 36% compared with the previous season.

Prices were to a large degree supported by the low world offering of apparel wool, which has fallen to its lowest level in 60 years.

Local buyers expect prices to remain relatively stable this season although trading conditions are expected to remain difficult as analysts expect continuous low production to support prices.

The offering from Australia, the world's largest supplier of apparel wool, is expected to remain unchanged at 345-million kilograms, while South Africa's production is likely to be down by 4% to 44,2-million kilograms.

China remained the largest importer of South African wool in 2011-12, buying 48% of the total value of wool exported. The second largest importer was the Czech Republic, followed by India and Italy.

According to local exporters who have just returned from China, clients have expressed concern about the high level of contamination by non-wool fibres in the South African clip.

Polypropylene bale partitions still used by some farmers remain a serious problem. According to the guidelines of the Code of Practice for Clip Preparation, only paper partitions may be used since these do not contaminate the wool.

Cape Wools chairman Geoff Kingwill and exporters have appealed to wool producers to prevent contamination at all levels and to adhere strictly to the guidelines for the preparation and packing of wool.