

Finally superfine wool pays – ABC

By Sarina Locke from Canberra 2600

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Superfine wool producers are finally seeing the heavenly combination of good feed and great prices.

"We haven't seen the indicator as good since 1988-89," says Richard Buckmaster of the beautiful Mullion area west of Canberra.

The Buckmaster's superfine wool will come off in three months and it's a nervous wait for the cheque.

Richard Buckmaster grows 17.5 micron wool, the type that makes luxurious fine suits and dresses.

He remembers too well selling good ewes just 5 years ago for \$10. Late last year the same type fetched \$90/head.

He recently paid \$108 for wethers, thinking he's 'gotta have a go. Don't want to die wondering.'

For 10 years wool has cost producers dearly.

Across Australia, half have left the industry.

In the year 2000, we produced 800 million kilograms. This year the clip will be less than half that.

President of the Australian Superfine Woolgrowers Helen Cathles welcomes the prices for superfine wool.

"They're certainly better than what they have been, for 10 years they've been below the cost of production.

"Now they range from 1100 to 2200 c/kg depending on the micron."

It's somewhat surprising that wool has bounced back, after the banks went belly up globally and the business world stopped buying suits.

"This Global financial crisis has been quite unusual in that retail sales have recovered quite well despite 10 per cent unemployment in the Euro-zone and US " says Graeme Lean.

Graeme Lean has been advising farmers in Victoria's western district for more than 25 years.

He says the drought put sheep on a starvation diet making the wool finer, while demand was actually quietly rising.

"The fundamentals of the wool market have been masked for some years to market participants.

"Firstly we've had a series of poor seasons, severe droughts that depress wool production.... and nationally the wool clip has become finer.

"There was a massive increase in production of wool finer than 18 to 19 micron wool - so in other words we've flooded the market for quite a few years.

"But behind that there was a general improvement in demand of those fibres, the price was masking that improvement in demand, because despite the increase in the level of production of those particular wools the demand has been steadily improving.

"The supply - now we've had a better season, the clip has broadened up a bit, the supply of under 18-19 micron has fallen."

The woollen mills in Italy and China have begun to improve their technology, now Helen Cathles says superfine woolgrowers have to do the same.

"We have infrastructure that we need to update, so it's now our turn that we invest instead of making do.

"We need to have up to date environmental programs, up to date repairs and maintenance programs and up to date embracing of technology.

"Particularly for superfine wool, your shearing shed has to be A1, you need to have all your sheep micron tested before you shear and you cull anything that doesn't fit within your program.

"It's not only the visual. Its got to come up with the figures."

Richard Buckmaster has mobile yards and fences that need repairs.

He just hopes the bubble doesn't burst.

One of the world's largest buyers and superfine topmakers doesn't think it will.

"The fundamentals are very strong," says Don Bellgre managing director of G Schneider Australia.

Schneider buys 80,000 bales of mostly superfine wool from Australia a year, and is about to increase that for a new topmaking plant in Egypt.

He says the price rise has been a while coming and should stay high.

"There's strong demand all over Asia, parts of Europe and production is low.

"Even allowing for strong Australian dollar, current levels could be maintained for a period.

"The bubble could always burst, but the industry is quite confident that these levels are reasonable.

He says people are being attracted back to wool, both producers and consumers.

Australia's commodity forecaster ABARES says wool prices will stay relatively high for the next five years, with the competition from high lamb prices keeping wool supply tight.

Helen Cathles says finally the prices are good enough for a new generation of superfine woolgrowers.

"It will give us a sustainable industry, we've got young people turning around saying, yeah we can grow it for this."

As Richard Buckmaster prepares his 8000 sheep for shearing, at \$60 worth of wool per sheep, for 1200c/kg, he suddenly realises he could be looking at a wool cheque of half a million dollars.

"500,000 that could be unbelievable.

"We're all optimists.

"We've never seen it with the market the way it is, the season the way it is. Being a super-optimist - must be paying finally."



Richard Buckmaster (Sarina Locke)

