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A return to more stable wool prices

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If you've been keeping a keen ear to wool reports, you'll know there's been a dip in prices.

But Allan Wang, Analyst with Australian Wool Innovation says its a matter of perception, "it's a very bright future looking forward, and not focusing on the short term fluctuations".

He says that the last two years of strong prices have been a market anomaly and that the prices we are experiencing now are a return to stable prices - and those are gradually increasing over time. "It's a return to an upward trend that is fundamentally pinned to a 5% increase per annum" says Allan Wang.

Australia provides a quarter of the world's wool - but our stand out market is in finer microns - for those fibres with 19 and a half microns or less, Australia provides 90% of the market. This look set to continue, with Australia's biggest wool producing competitors - South Africa, Argentina and Uraquay looking towards cropping and cattle production.

"Demand from Europe is luxury side, and demand from the emerging markets is all through the sectors, and at the same time, supply continues to be very low" says Allan Wang " we are in a good position, and a stable position going forward."

Audio http://mpegmedia.abc.net.au/rural/vic/countryhour/201208/r996061_11039993.mp3