AWI Breech Strike R&D Technical Update
Maritime Museum, Sydney
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Overview:

Wool market premiums and discounts – “Mulesing Status”

- New insights from the study—The economic value of wool attributes by Elizabeth Nolan, University of Sydney

- “Mulesing Status” wool declaration progress

- Premiums and discounts for “Mulesing Status”

- Take home messages

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The Study

- Analysed data from five selling seasons (2008/09-2012/13) for all fleece, pieces and bellies sold at auction
- Six categories, extra fine (<14.5), ultrafine (14.5-16.5), superfine (16.5-18.4), fine (18.5-20.4), medium (20.5-22.4), broad (>22.4)
- It is not a price prediction model; it is only a model to explain the variation in price

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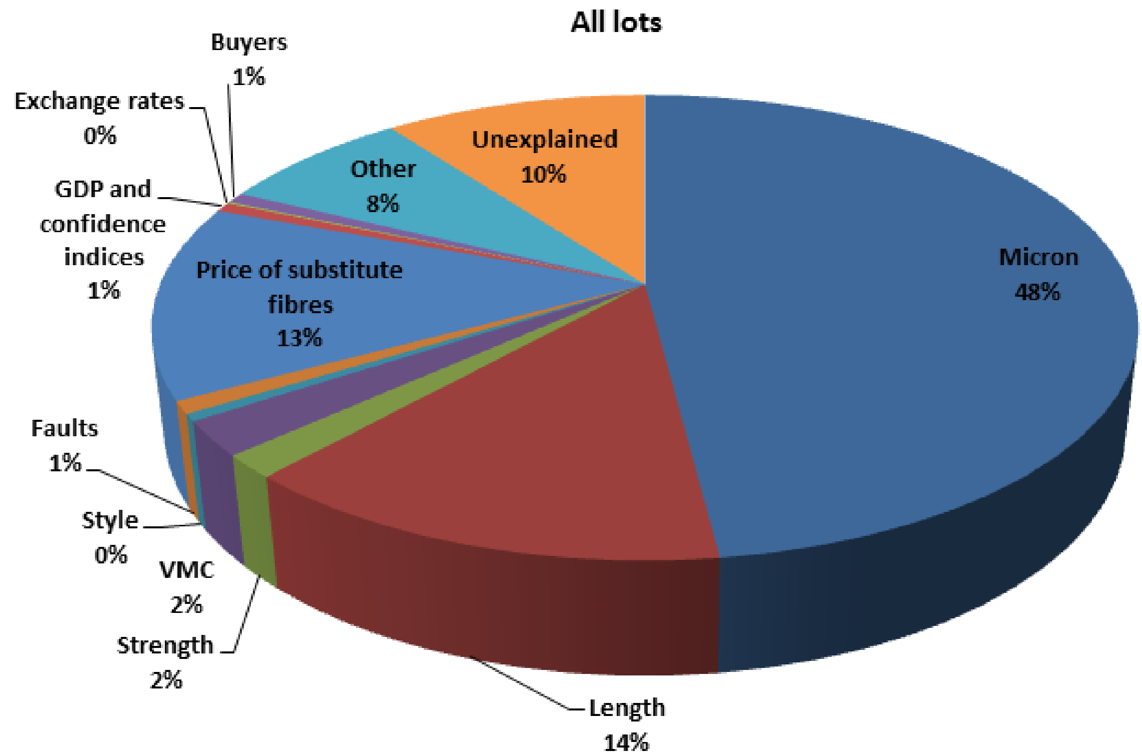
New insights



With the inclusion of the last 2 years fleece data, 5 years bellies and pieces data

- Micron is less important in explaining variation—from 64% down to 48%
- Length is more important in explaining variation—from 4% up to 14%
- Substitute fibres more significant in explaining variation—from 1% up to 13%

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New insights

- Premiums for a one-micron change have declined, however premiums for micron in the ultrafine group have increased
- No clear conclusion on the effect of relative curvature on price
- No significant premium for wool stronger than 38 Nkt
- All certificates types attracts a discount when compared with P; certificate Ds attracts the smallest discount

	Wool Source	Prepared	Classed
P	Single	On farm	Registered woolclasser
D	Single	On farm	not registered woolclasser
Q	Multi/unknow	Off farm	registered classing house
B	Multi/unknow	Off farm	not registered

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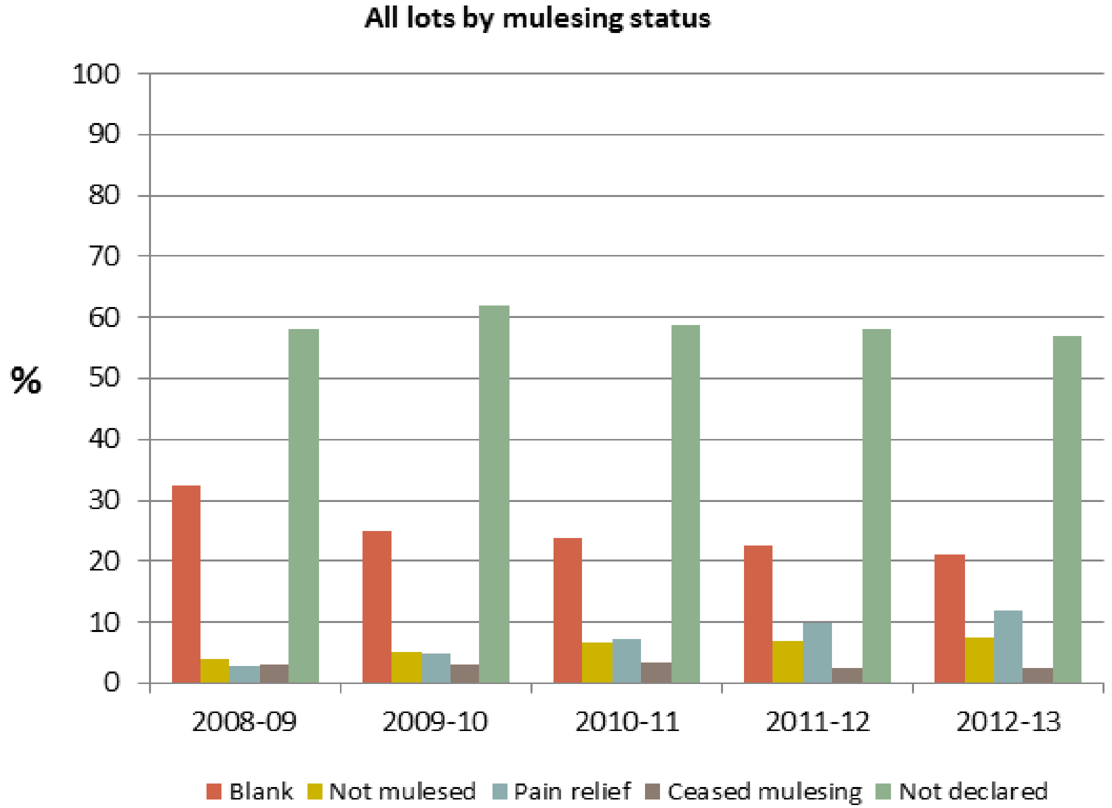
“Mulesing Status” declaration %



Blank—mulesed

CM—ceased mulesing

NM—Not mulesed

PR—pain relief

Not declared

- Overall declaration remained static, however, there is a strong increase in NM, CM and PR.
- The NM, CM and PR categories have increased from 9.6% to 22%
- Medium and Broad categories are lagging behind in declaration

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Premiums and discounts for Mulesing Status declaration

All Wool	5 yr avg	2 yr avg (2012-13)
Ceased mulesing	0.6%	1.0%
Not mulesed	1.3%	1.5%
Pain relief	0.4%	0.4%
Blank		0.2%

Bellies	5 yr avg	2 yr avg (2012-13)
Ceased mulesing	0.8%	0.7%
Not mulesed	0.4%	0.8%
Pain relief		
Blank	-0.1%	

Pieces	5 yr avg	2 yr avg (2012-13)
Ceased mulesing	0.8%	1.0%
Not mulesed	0.7%	0.9%
Pain relief		
Blank		

- Empty cells, "not statistically significant" More difficult to assess "commercial significance"
- However..
- Overall there is a premium for declaring your wool
- The premiums have increased since 2008/09

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Premiums and discounts for Mulesing Status declaration

Fleece	5 yr avg	2 yr avg (2012-13)
Ceased mulesing	0.5%	0.9%
Not mulesed	1.4%	1.5%
Pain relief	0.6%	0.4%
Blank		0.1%

Fine (18.5-20.4)	5 yr avg	2 yr avg (2012-13)
Ceased mulesing		
Not mulesed	0.3%	0.2%
Pain relief	0.1%	0.2%
Blank	-0.2%	

Ultrafine (14.5-16.5)	5 yr avg	2 yr avg (2012-13)
Ceased mulesing		
Not mulesed		
Pain relief		
Blank	-0.3%	-0.4%

Medium (20.5-22.4)	5 yr avg	2 yr avg (2012-13)
Ceased mulesing	0.3%	0.5%
Not mulesed	0.5%	0.5%
Pain relief	0.2%	
Blank	-0.1%	

Superfine (16.5-18.4)	5 yr avg	2 yr avg (2012-13)
Ceased mulesing	0.3%	0.8%
Not mulesed		0.2%
Pain relief	0.2%	0.4%
Blank	-0.1%	0.1%

Broad (20.5-22.4)	5 yr avg	2 yr avg (2012-13)
Ceased mulesing	0.8%	0.8%
Not mulesed	0.9%	0.9%
Pain relief	2.1%	1.5%
Blank	-0.2%	

- Overall, comparing the five year average figure to the two year average figure:

—There is a slightly increase in premiums for CM and NM

—There is a slight decline in premiums for PR

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Take home messages

- Substitute fibre prices has a larger impact on wool prices
- Length is more important for bellies and pieces
- Certificate types matters
- It pays to fill out your Mulesing Status on the NWD form
- The Full analysis report will be available on www.wool.com in coming weeks

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