

**IWTO**

**Wool Market Report**

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Watching the New Year firework displays unfold around the world, we hold our breath with cautious optimism for economic indicators to share our celebratory mood. In October 2018, the International Monetary Fund (IMF) downgraded prospects for GDP growth in China to 6.6%, continuing the downward trend since 2010, when it was at 10.6%. Escalating trade tensions are listed as the main culprit and the IMF warns it currently threatens the entire global growth outlook, which was also adjusted downward from 3.9% to 3.7%. Global economic and political uncertainty remains the biggest potential stumbling block, according to market analysts. ([Bloomberg](#), [gbtimes](#) and [knect365](#))

China remains the biggest consumer of wool textiles and the above indicators therefore are key when we speculate about 2019 raw wool prices and trade activities. The crystal ball seems even more opaque than normal, due to enormous uncertainty in the global political arena. Uncharted waters are not conducive to financial investment in manufacturing, agriculture or retail infrastructure.

Wool production figures have been in decline since 2000, with global warming and lower rainfall patterns causing the lowest wool sheep numbers since 1920. Estimated wool stock figures have dropped from 400 mkg in 2000 to less than 100 mkg in 2017. The current predictions are that global wool production will remain stable or contract slightly during 2019, depending on the rainfall received during the first six months of the year.

The fine wool price (19 - 24 micron) has been on a constant upward trend during the past 5 years, from an average of around 10 USD/kg to peaking at just over 20 USD/kg in 2018. ([wool.com](#) and [IWTO News](#)) The opposite remains true of the strong wool sector, with prices still well below average and stocks remaining high. Reasons seem varied, but innovation remains key. The significant investment made in the R&D of wool in sportswear during the past 5 years, has resulted in an appreciation for wool's natural benefits in this sector. As décor trends moved to hard floor coverings, wool carpets fell out of fashion and attributed to the decline in value of the strong wool market. New innovations in strong wool applications are starting to bear fruit, with companies like [Woolcool](#) promoting wool's effective insulation properties and sport shoe manufacturers finding wool to be the ultimate performance enhancer, with the added benefit of being biodegradable. Science has caught up as well and wool's high performance can now be measured and quantified, which makes the final application less price sensitive and of higher value to informed consumers.

The challenges for 2019 are varied, with wool farmers struggling to keep hooves on the ground during prolonged droughts and manufacturers having to deal with a high raw material input costs. At the end of the pipeline, textile retail managers are under pressure to reduce microfibre pollution but have not been trained in the complexities of natural fibres. Wool education and targeted communications should remain high priorities for the wool industry. The recently published Wool Notes 2019 has been well received by CSR managers, as it deals with the most frequently asked questions and offer practical answers to technical questions. (<https://www.iwto.org/resources/publications>)

In the words of the Chinese philosopher, Lao Tzu: 'Dig the well before you are thirsty'. The focus in 2019 will remain on research and innovation in support of the full pipeline, from farm to fashion.