



Wool exports snapshot

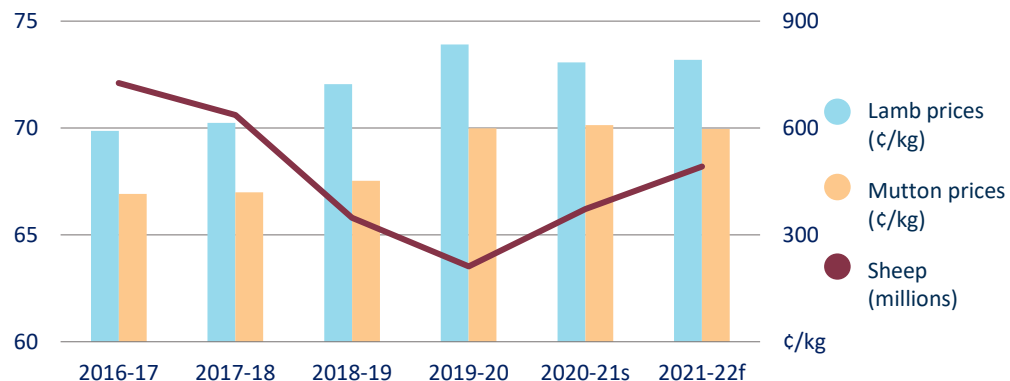
December 2021

Favourable seasonal conditions are leading to sheep flock rebuilding. Increased flock sizes are expected see increased wool production and exports in 2021-22. The global recovery from COVID-19 will likely support wool prices.

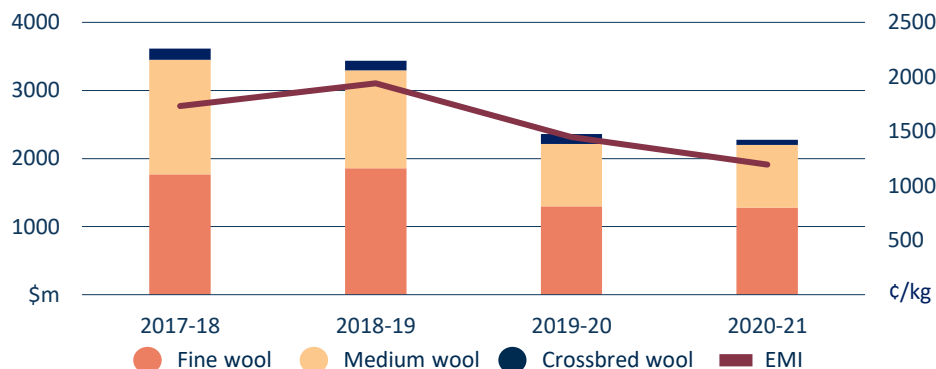
Australian wool overview

- > Australian is the world's largest producer and exporter of wool.
- > Australia exported an average of \$3.8 billion of wool between 2017-18 and 2019-20. Reduced production and the COVID-19 pandemic led to wool exports falling to \$2.7 billion in 2020-21.
- > Most Australian wool is high-quality fine and superfine merino. Australian wool exports trade at a premium price due to its unique and high quality characteristics.
- > Drought conditions and high sheep meat prices caused the national sheep flock to decline from 72 million in 2016-17 to 63.5 million in 2019-20. This led to a decline in the number of sheep being shorn. Australian wool production fell from 414 kts in 2016-17 to 355 kts in 2019-20.
- > The COVID-19 pandemic and low oil prices reduced demand for wool because apparel demand declined and synthetic oil-based substitutes became cheaper.
- > Production and exports are recovering. The national sheep flock is rebuilding after a La Niña event caused high rainfall in 2020-21. It is highly likely the value of wool exports in 2021-22 will be higher than in 2020-21.

Australian sheep meat price vs sheep numbers (2016-17 to 2021-22)



Australian wool exports by types (2017-18 to 2020-21)



Australian wool export markets

- > Between 2018-19 and 2020-21, most Australian wool was exported to China (82%), India (4%), Italy (3%) and the Czech Republic (3%).
- > Demand for Australian wool is driven by demand for wool apparel products like sweaters, suits and coats in markets like China, US and EU.

Future prospects

- > Another La Niña event in 2021-22 is driving favourable seasonal conditions across Australia and is encouraging sheep flock building.
- > The global economic recovery from COVID-19 and rising oil prices are driving demand for wool.
- > ABARES expects wool exports to reach \$3.5 billion in 2021-22, the highest since 2018-19.
- > The eco-credentials of Australian wool production offers long-term growth opportunities for the sector by leveraging wool's renewable and biodegradable characteristics.