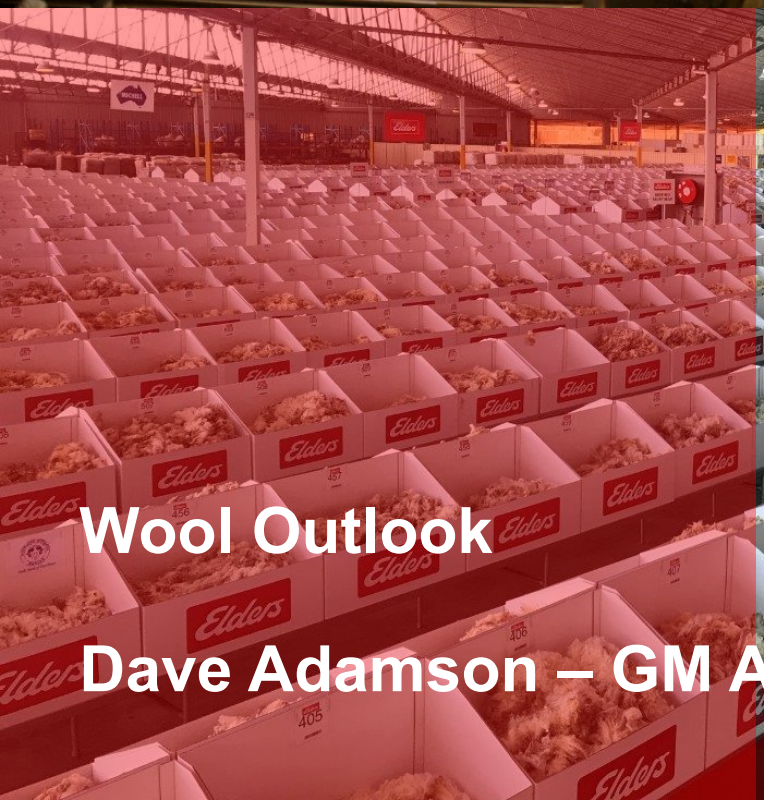
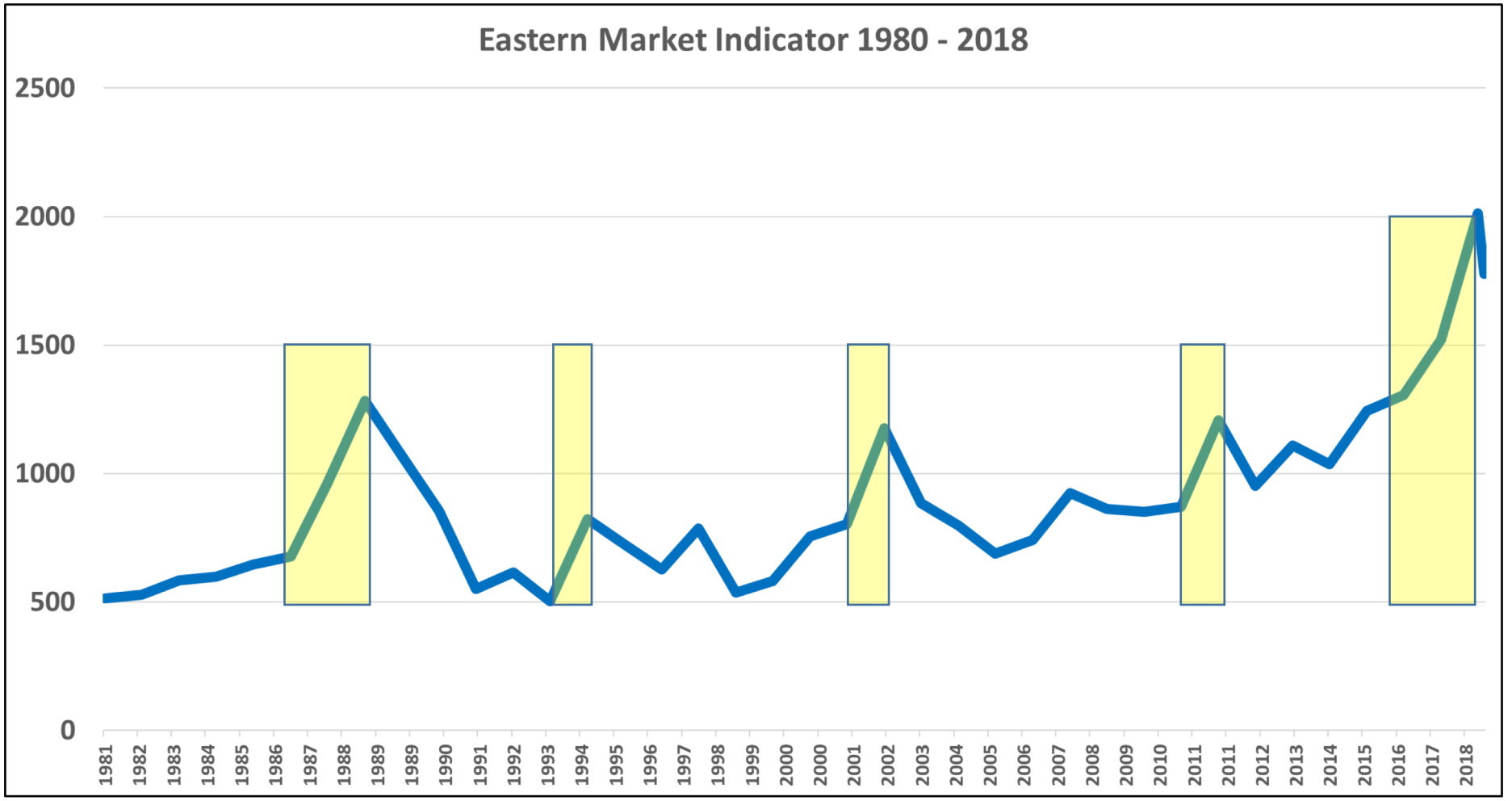
AAAC Outlook 2018 Conference



Wool Outlook

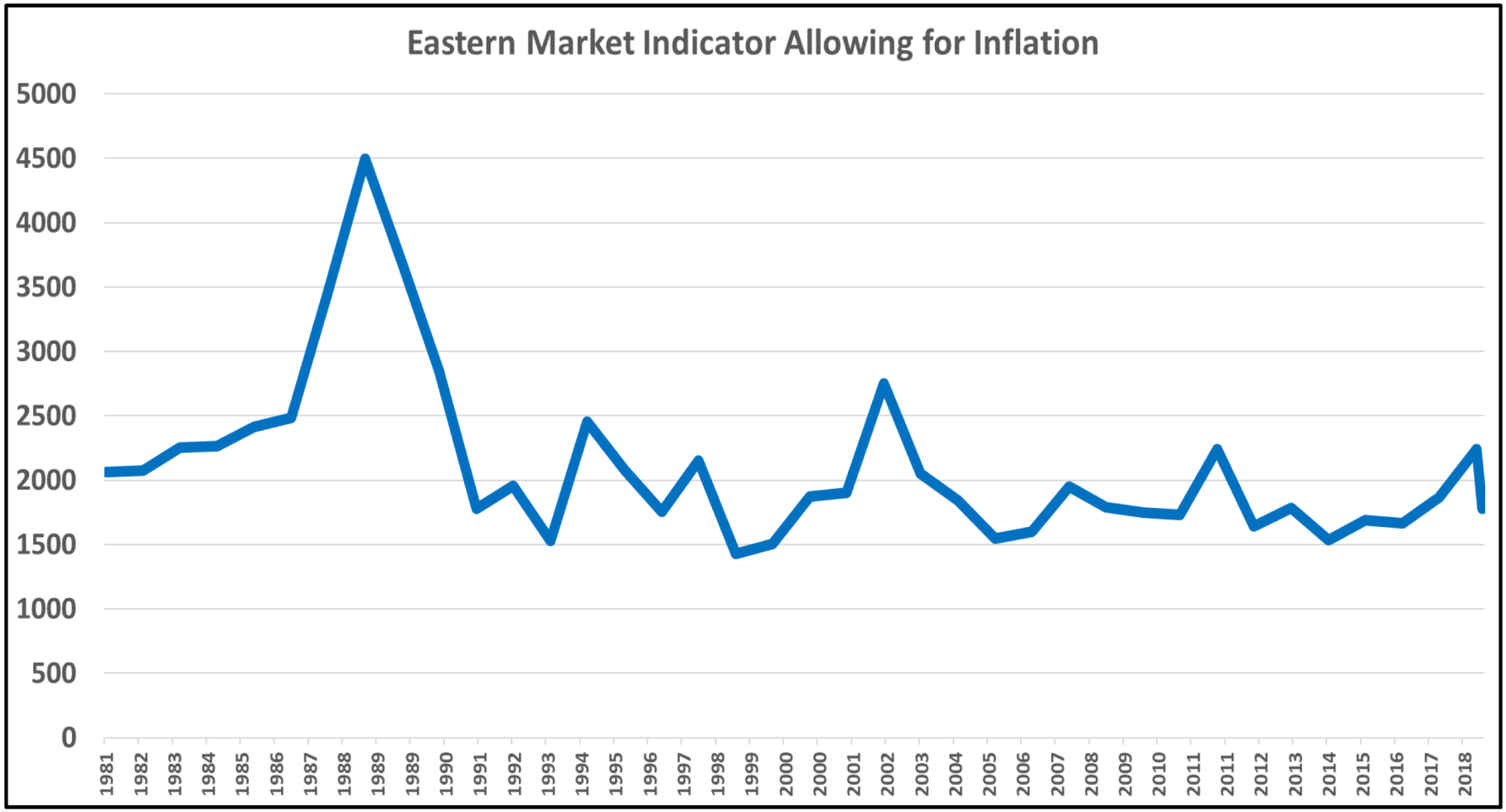
Dave Adamson – GM Agency Elders Ltd

Wool Price



Source: AWI & IWTO

Wool Price

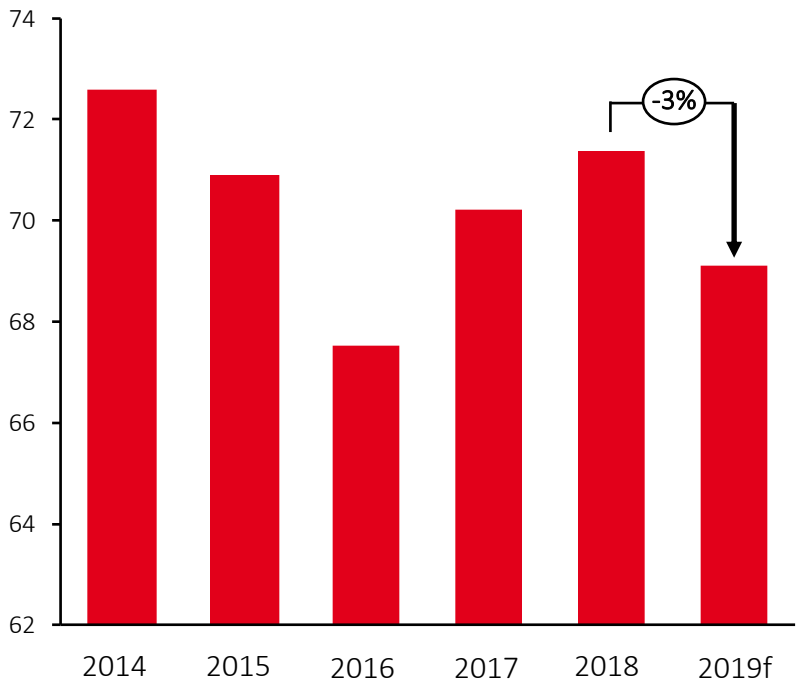


Source: ABARES & AWEX

Australian Wool Production

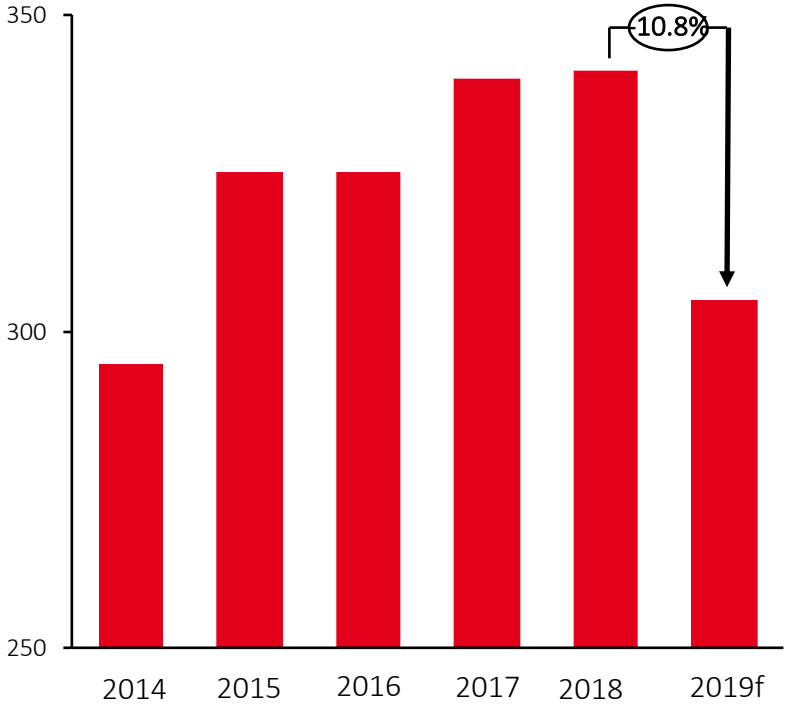
National Sheep flock

Million head



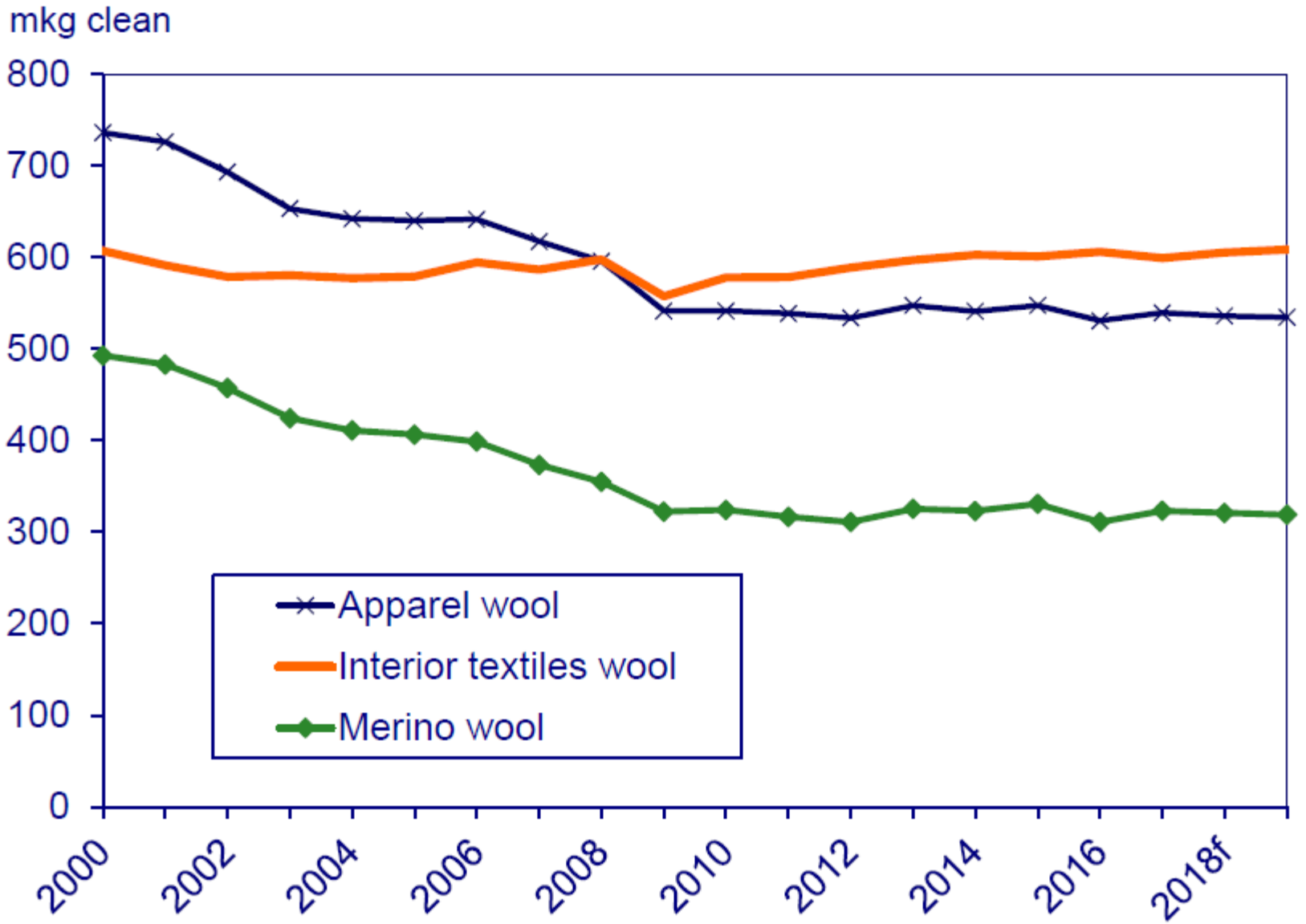
Shorn wool production

Thousand tonnes greasy

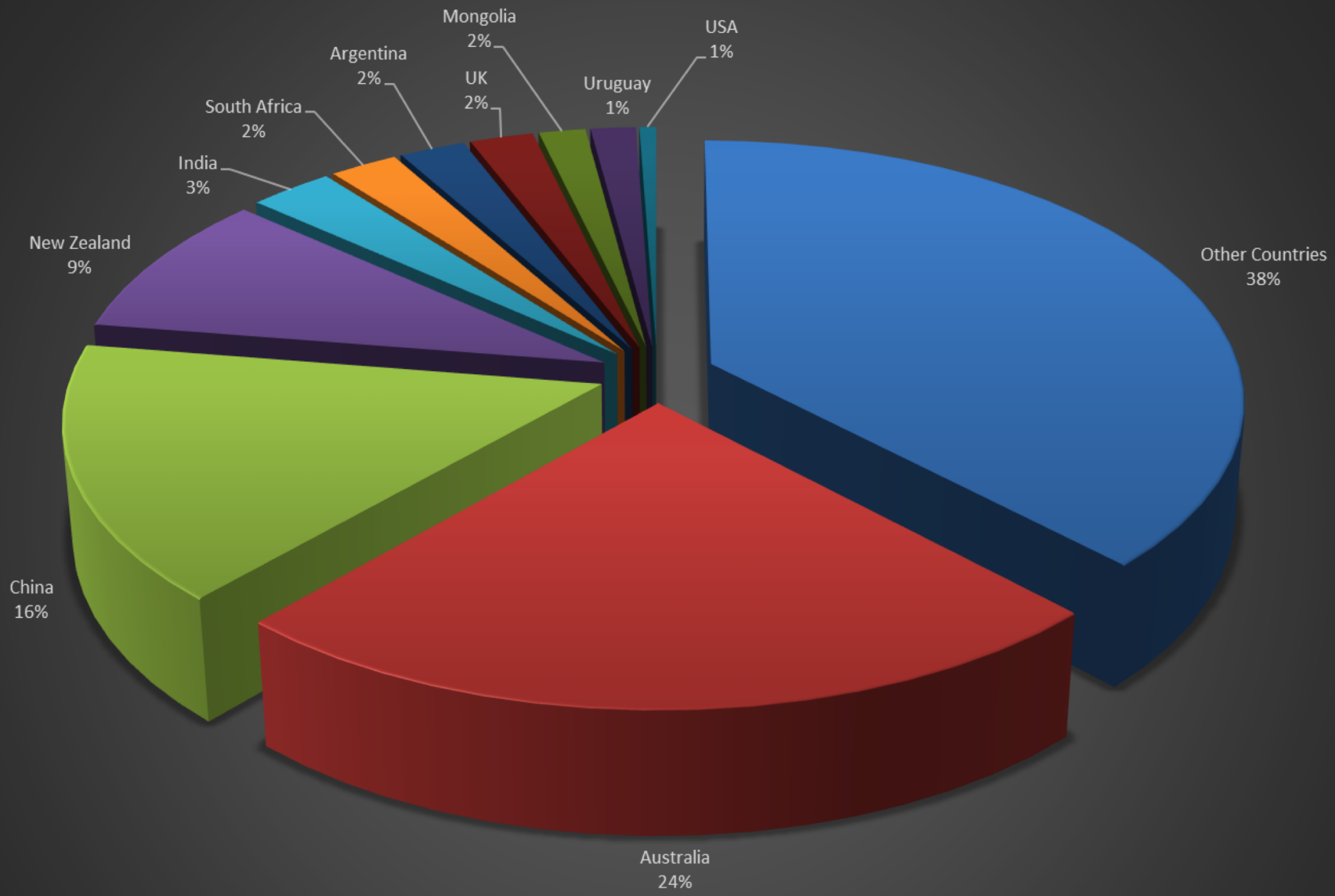


Source: ABARES Agricultural Commodities Outlook September 2018

Global Wool Production at Stable Lows



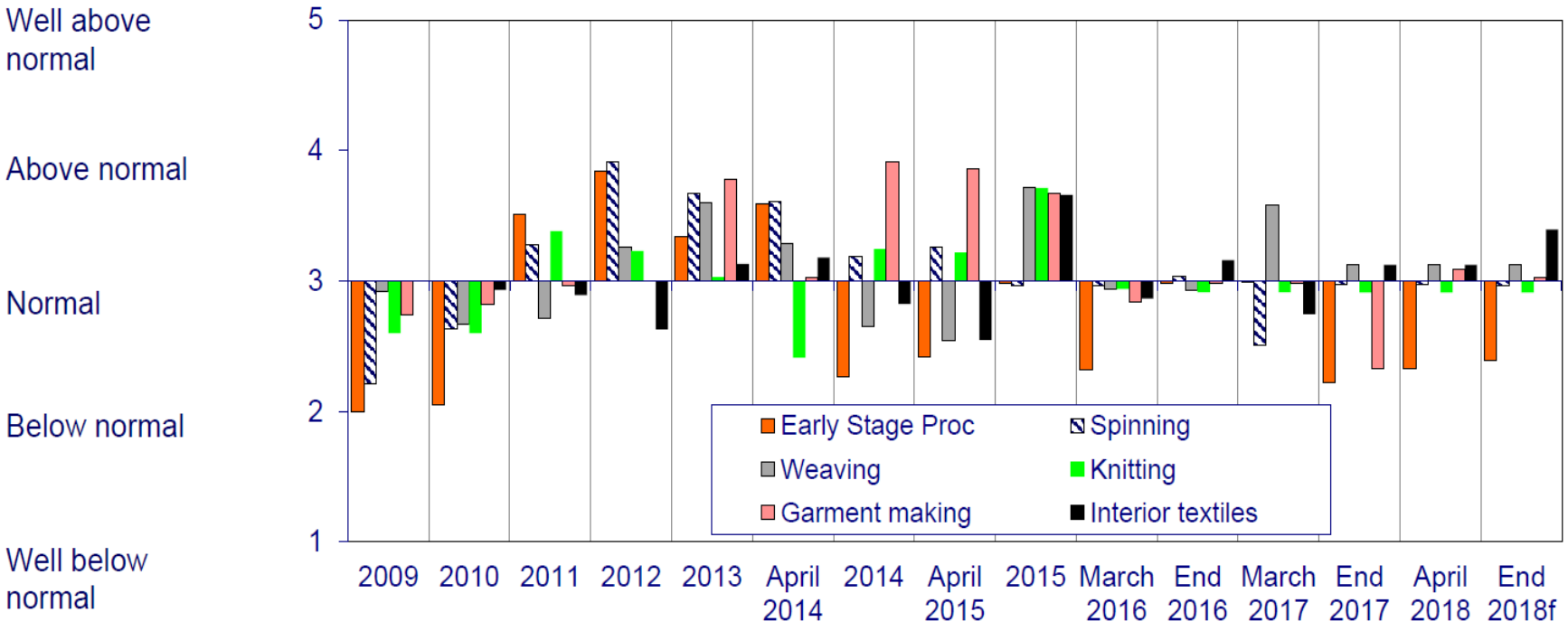
Source: IWTO



Source: ABARES

Demand Outlook

Wool Textile Industry Stock Levels
Below Normal in Early Stage Processing

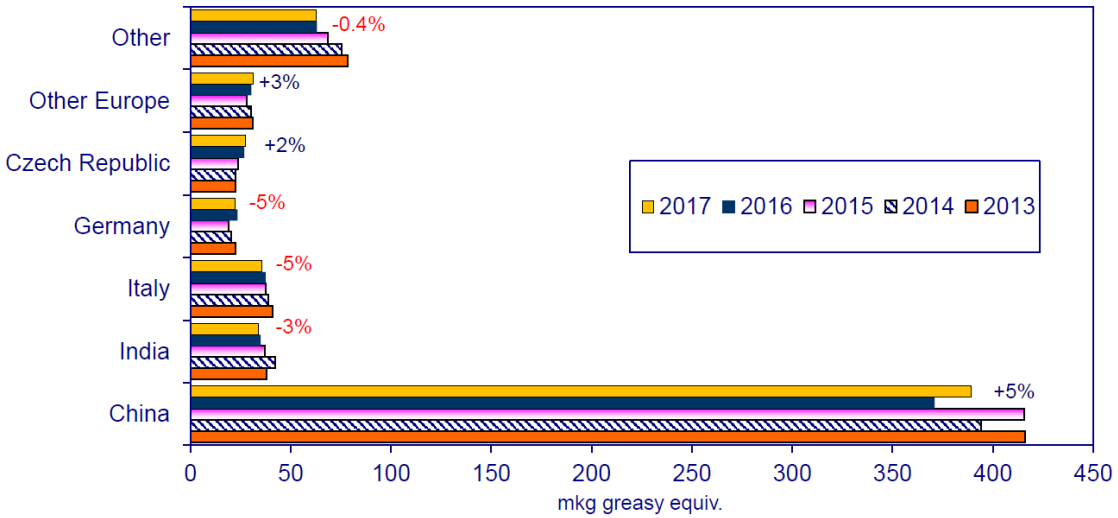


Source: IWTO

Demand Outlook

China Drives the Increased Demand for Wool

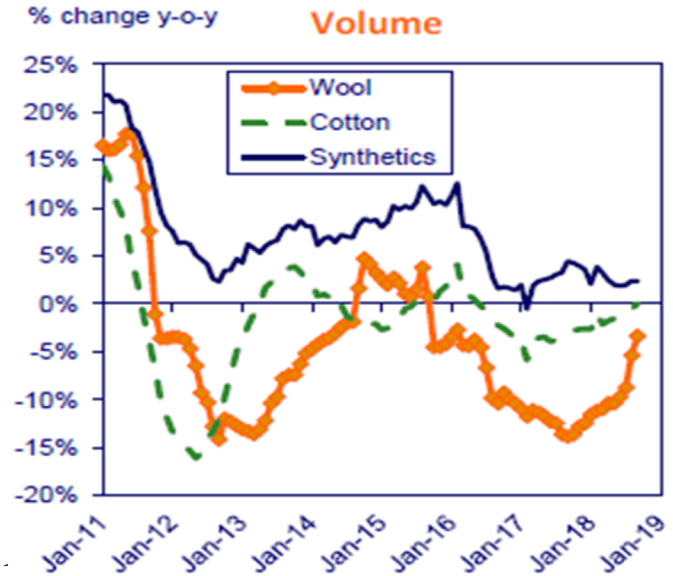
Calendar Year



- China key player
- Some demand increase in parts of Europe

US Imports of Clothing by Fibre

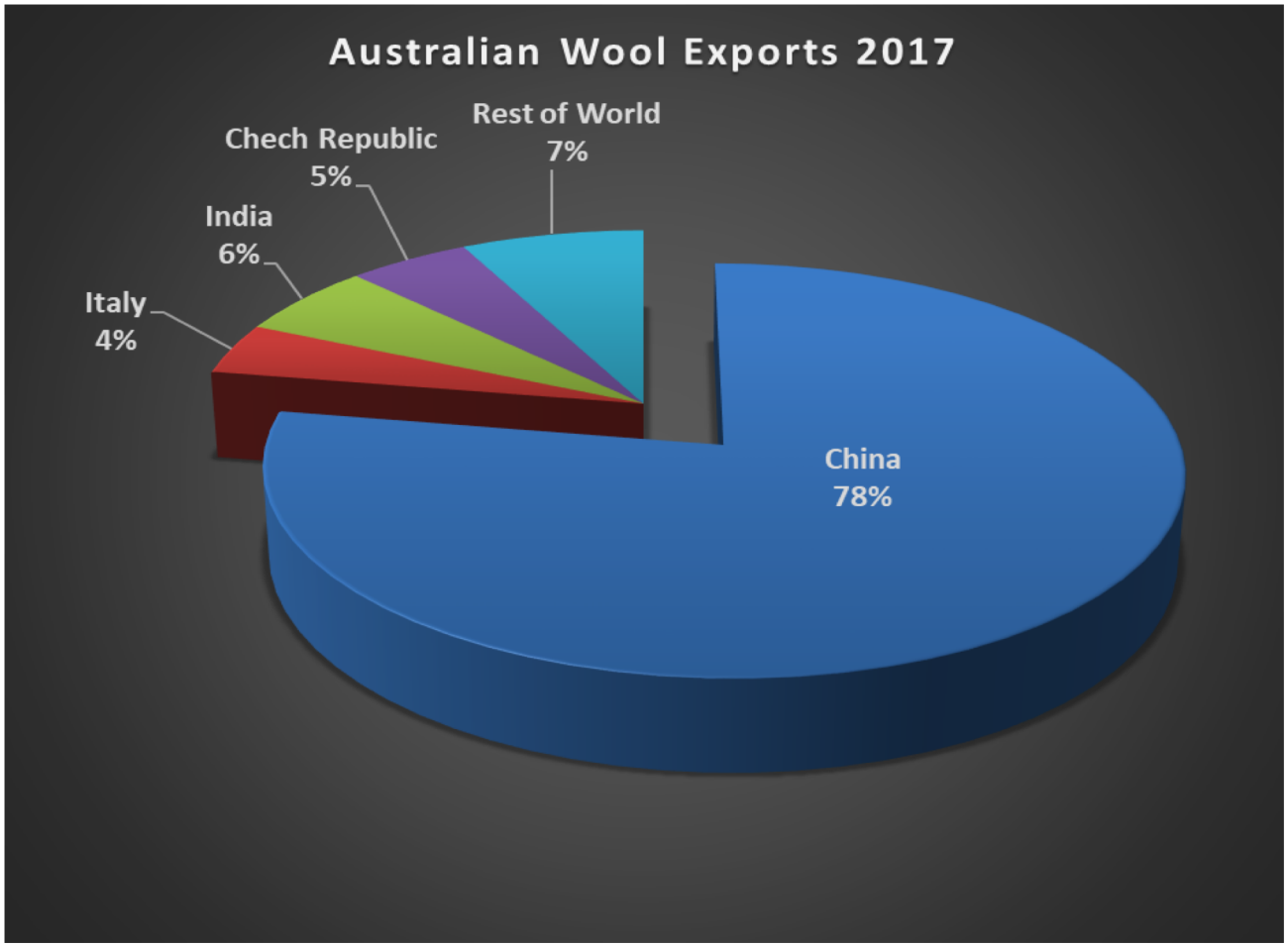
12 month moving average



- Improved economic growth forecasts – US and China
- US importing more wool apparel

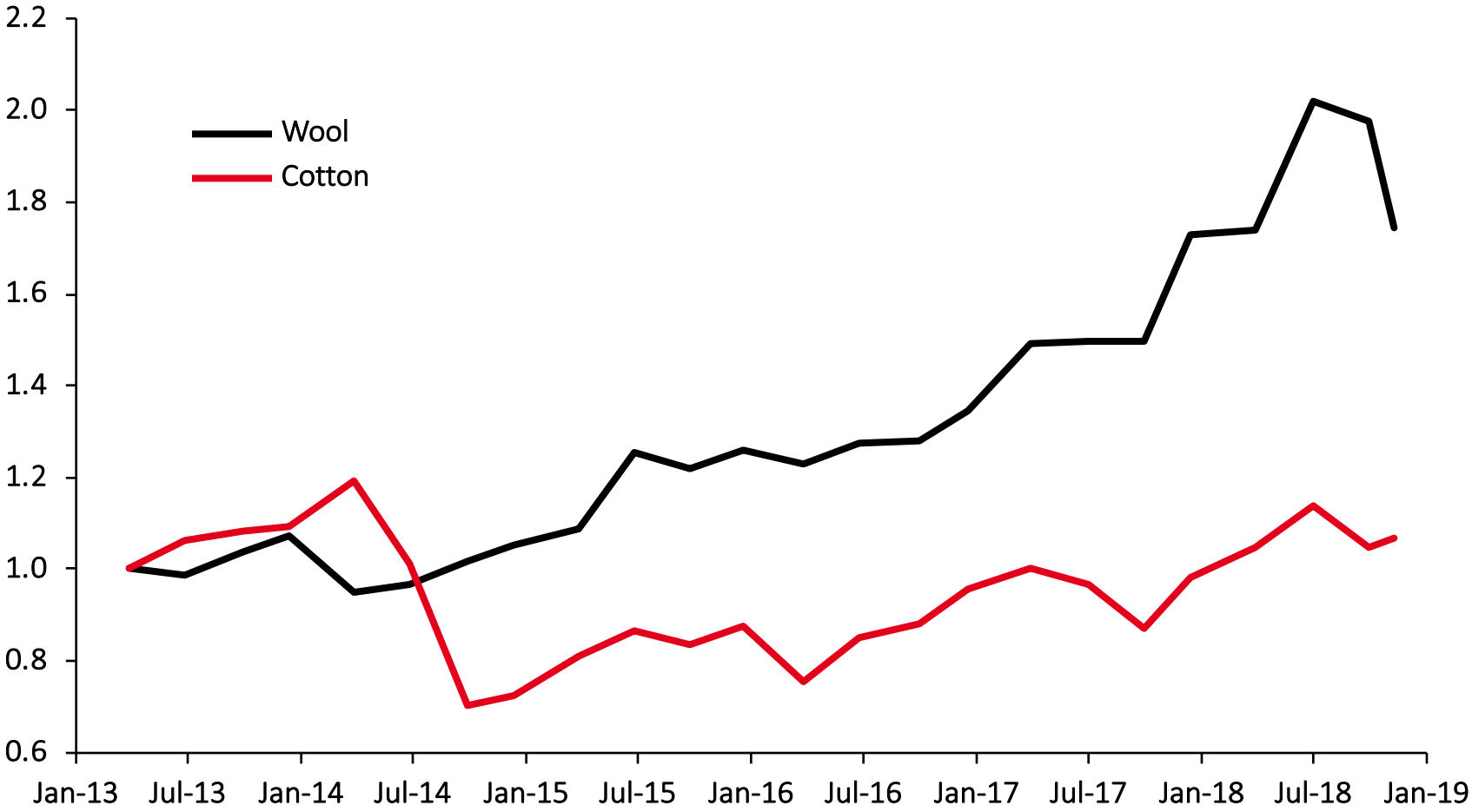
Source: IWTO

The China Influence



Source: ABARES

Wool vs Cotton



Source: AWEX and ABARES

Market Drivers

Apparel Wool

Tailwinds

- Low Production
- Low Stocks
- Chinese demand
- Increased use of Merino wool in active/leisure wear
- Relatively low $AUD

Headwinds

- China/US Trade War
- Relatively high price

Broad Wool

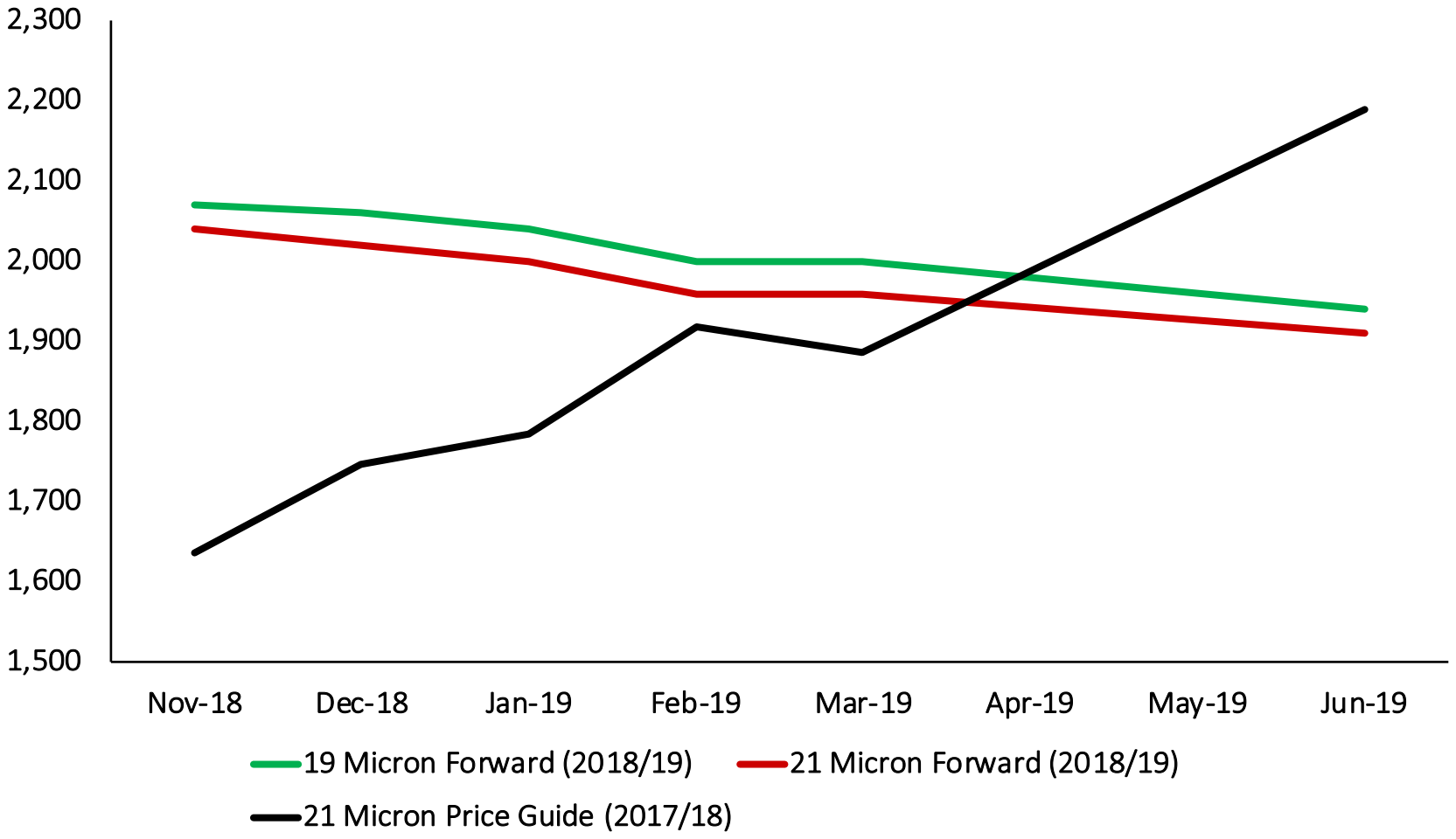
Tailwinds

- Relatively low price
- Consumer confidence in key countries
- New product development

Headwinds

- Increased production
- High Stocks (NZ)
- Substitution of acrylic and nylon

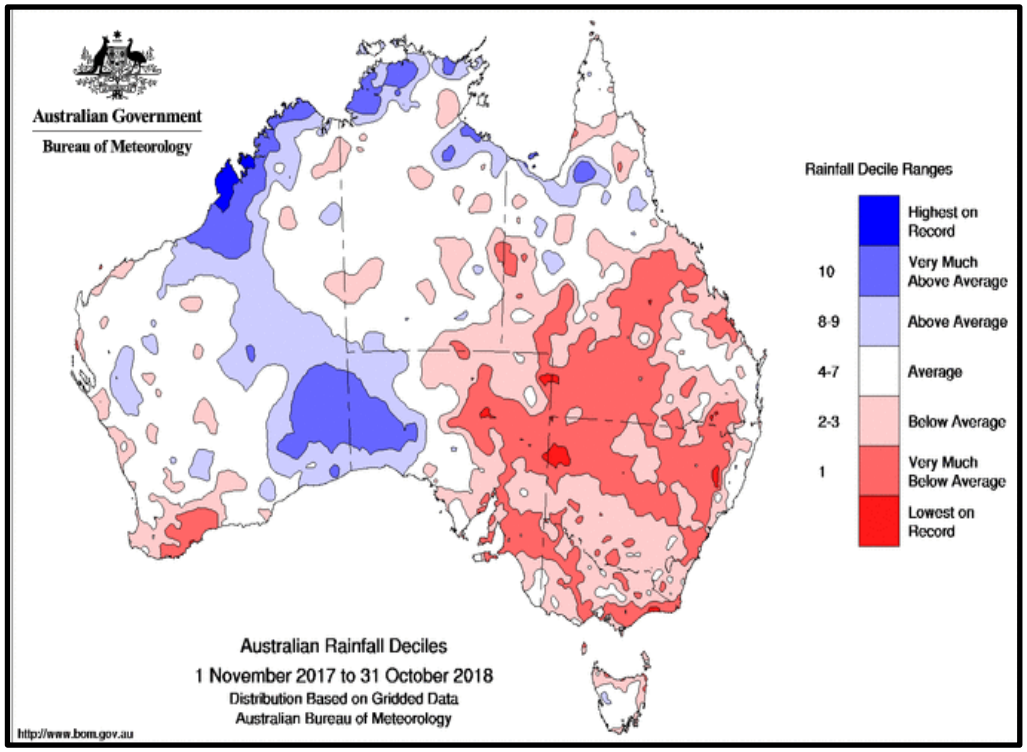
Forward Market



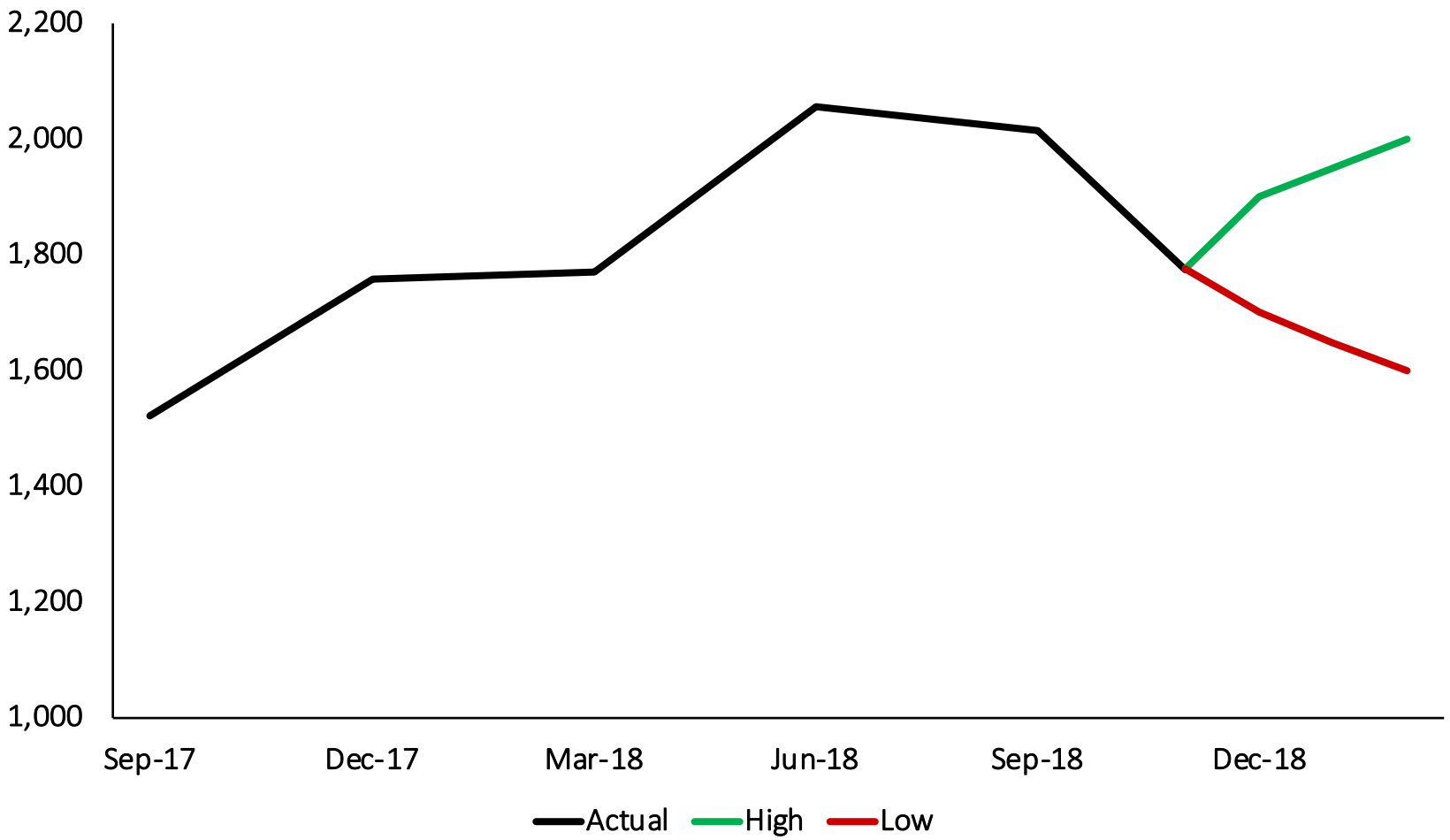
Source: AWEX & Southern Aurora

Impact of Continued Dry in East

- Further sell down of flock
- Further pressure on supply
- US/China trade negotiations will have greater bearing in short term
- Ability for processors to transfer pricing given competing fibres



EMI Forecast



Elders
Live it.