Wolmarkte en tendense: Wat beteken dit vir die skaapboer?

Herkouersdag

Isak Staats

OVERBERG

Overberg

Market Information

Review of 2024 and 2025 • Outlook for 2026-27

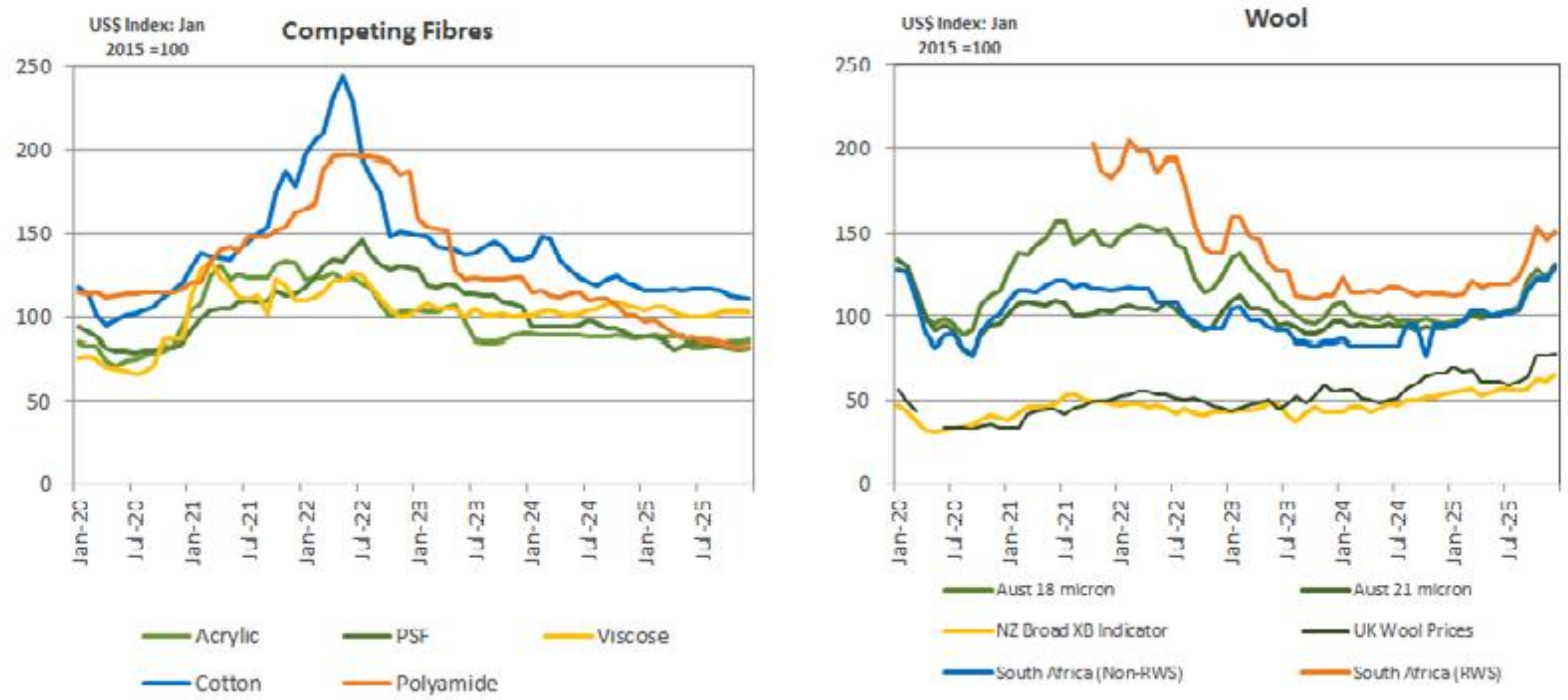
20th Edition | IWTO Conference, China 2026

2025 at a Glance: The Turn in the Market

+39%	+75%	−7%	−2%
19 micron wool price in 2025 (USD, vs late 2024)	28 micron crossbred price in 2025 (USD, vs late 2024)	world clean wool production vs 2023	world sheep numbers in 2025 vs 2023

- After several years of sustained difficulty, the industry has reasons to be cautiously optimistic: crossbred prices picked up in 2024, merino followed strongly in 2025.
- Supply is the story: natural fibre production is constrained while polyester and cellulosic volumes keep growing.
- Geopolitics clouds the outlook — conflict in the Middle East and US tariff uncertainty dominate 2026-27 demand prospects.

Wool Breaks Away from the Fibre Pack



Source: AWEX, Cotton Outlook, Wood Mackenzie Chemicals, Mecardo & ICS
Monthly average to December 2025

- Major apparel fibre prices trended lower from 2023 through 2025, aided by weaker oil prices.
- Wool followed until 2024-25, when falling supply, low greasy stocks and firm relative demand pushed prices higher.
- The divergence between wool and other fibres in 2025 has been maintained into early 2026.
- History suggests wool prices ultimately move back into line with the wider fibre market.

Chart: Trends in textile fibre price indices (USD, Jan 2015 = 100). Source: AWEX, Cotton Outlook, Wood Mackenzie, Mecardo & ICS

World Wool Production Keeps Contracting

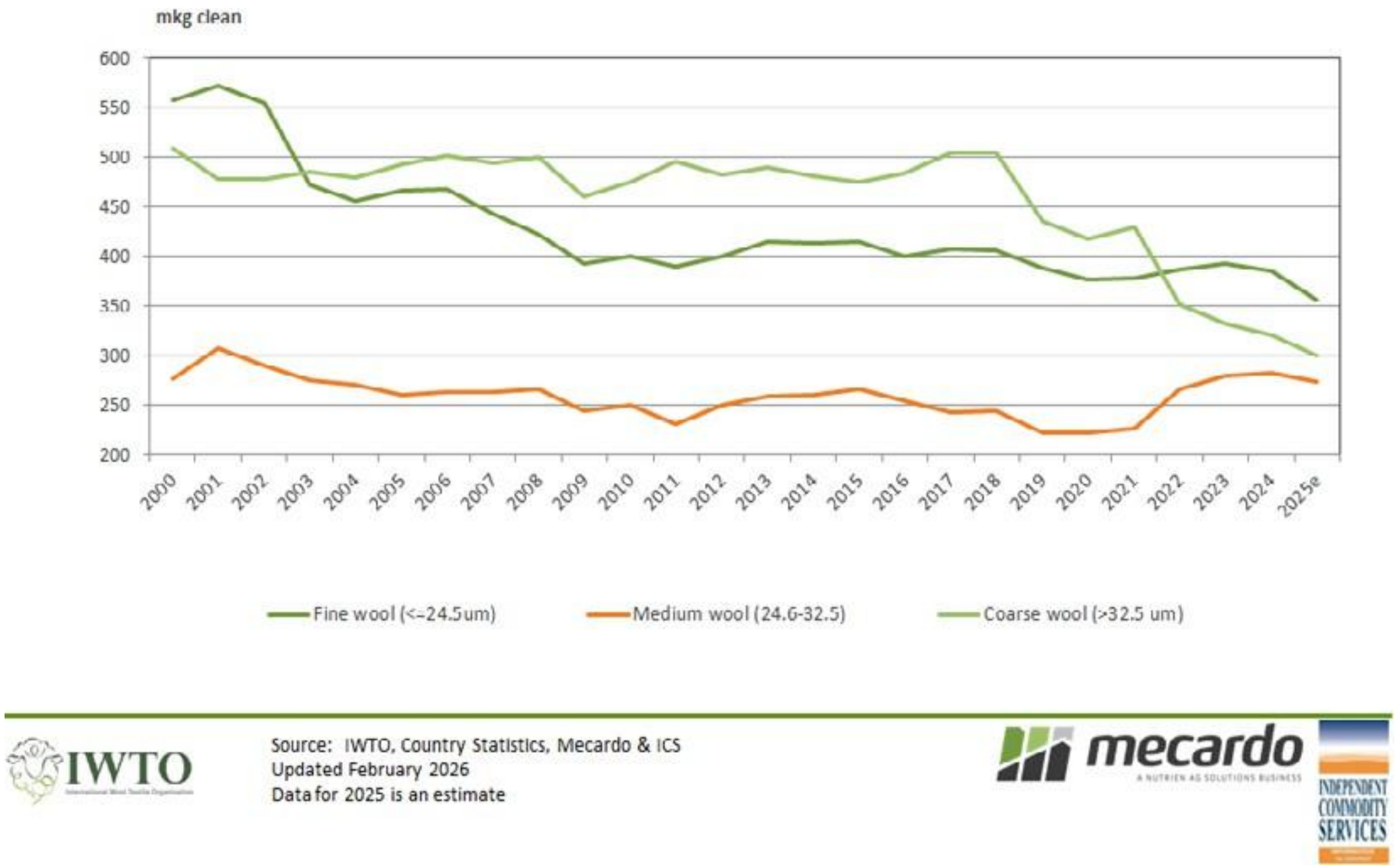


Chart: World wool production by micron category (mkg clean). Source: IWTO, country statistics, Mecardo & ICS

- World sheep numbers in 2025 estimated 2% below 2023; the major southern hemisphere exporters are down 8%.
- World clean wool production estimated down 7% on 2023; southern hemisphere exporters down 13%.
- Total 2025 production: ~1,778 mkg greasy / ~941 mkg clean (–5.1% year-on-year).
- Competition from cropping and sheep meat keeps squeezing wool's share of farm resources.

The Merino Clip Gets Finer

−50%

very broad merino volumes (23 micron+), 2023–2025

−7%

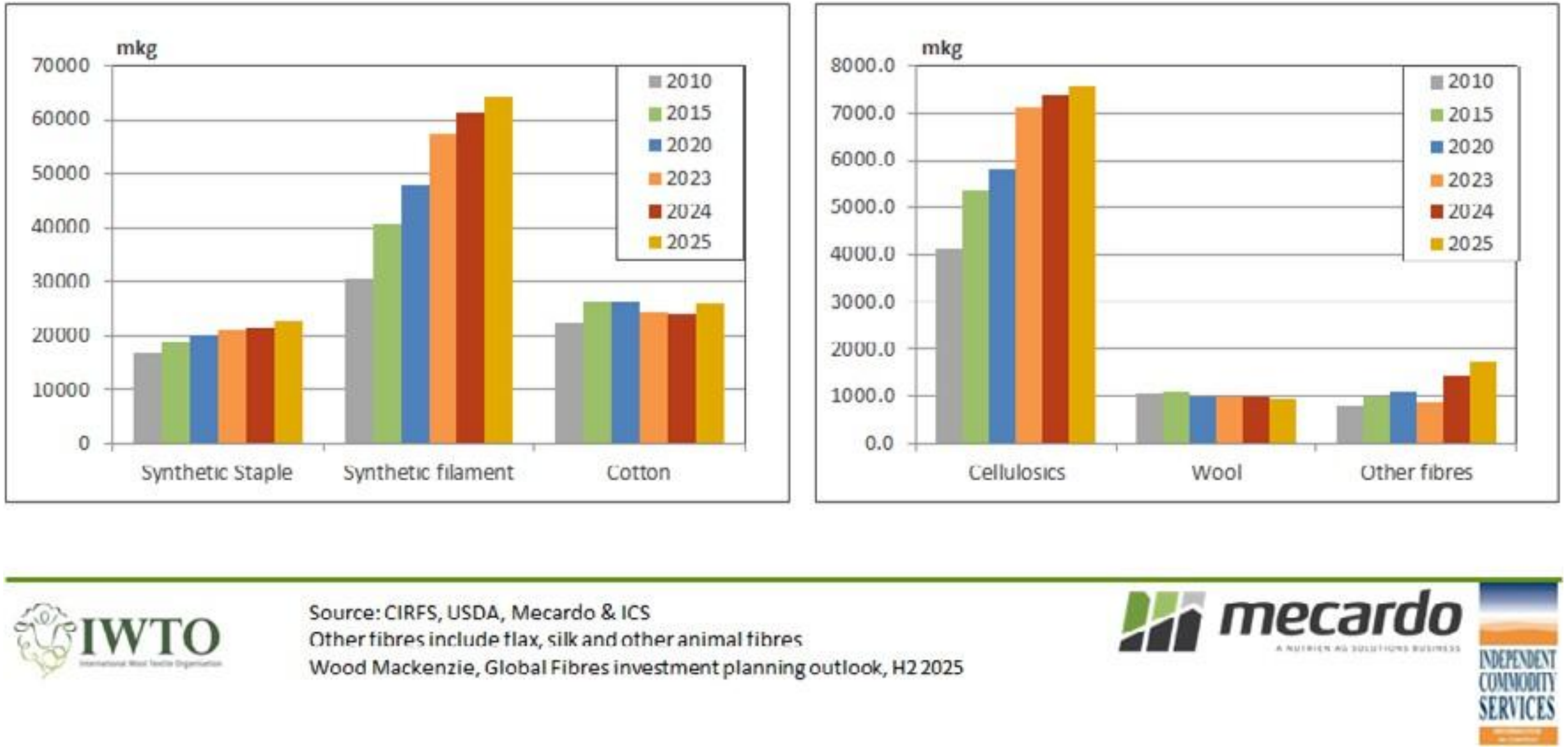
core 18–20 micron category volumes

UP

17 micron and finer volumes increased

- Crossbred (24.6–32.5 micron) producers were caught out by extraordinary price lows in 2022–2025 and have shifted to finer wool — or out of wool altogether.
- A finer clip changes the supply mix available to processors, concentrating volume in fine merino categories.
- Seasonal conditions still drive year-to-year micron swings: a failed spring means finer wool and lower cut per head the following year.
- Matching farm production with processing demand remains a structural challenge for the pipeline.

Wool in the Global Fibre Landscape



- Overall fibre production rose 5.1% in 2025; ten-year compound growth of 2.9%.
- Clean wool's ten-year compound growth rate is –1.3%.
- Polyester and polyamide keep growing 3–4% per year; acrylic is shrinking rapidly (–3.9% CAGR).
- Natural fibre production overall has not grown in two decades — cotton flatlines near 25 Mt.

Chart: World production by fibre type (mkg). Source: CIRFS, USDA, Wood Mackenzie, Mecardo & ICS

Prices Above the Five-Year Average

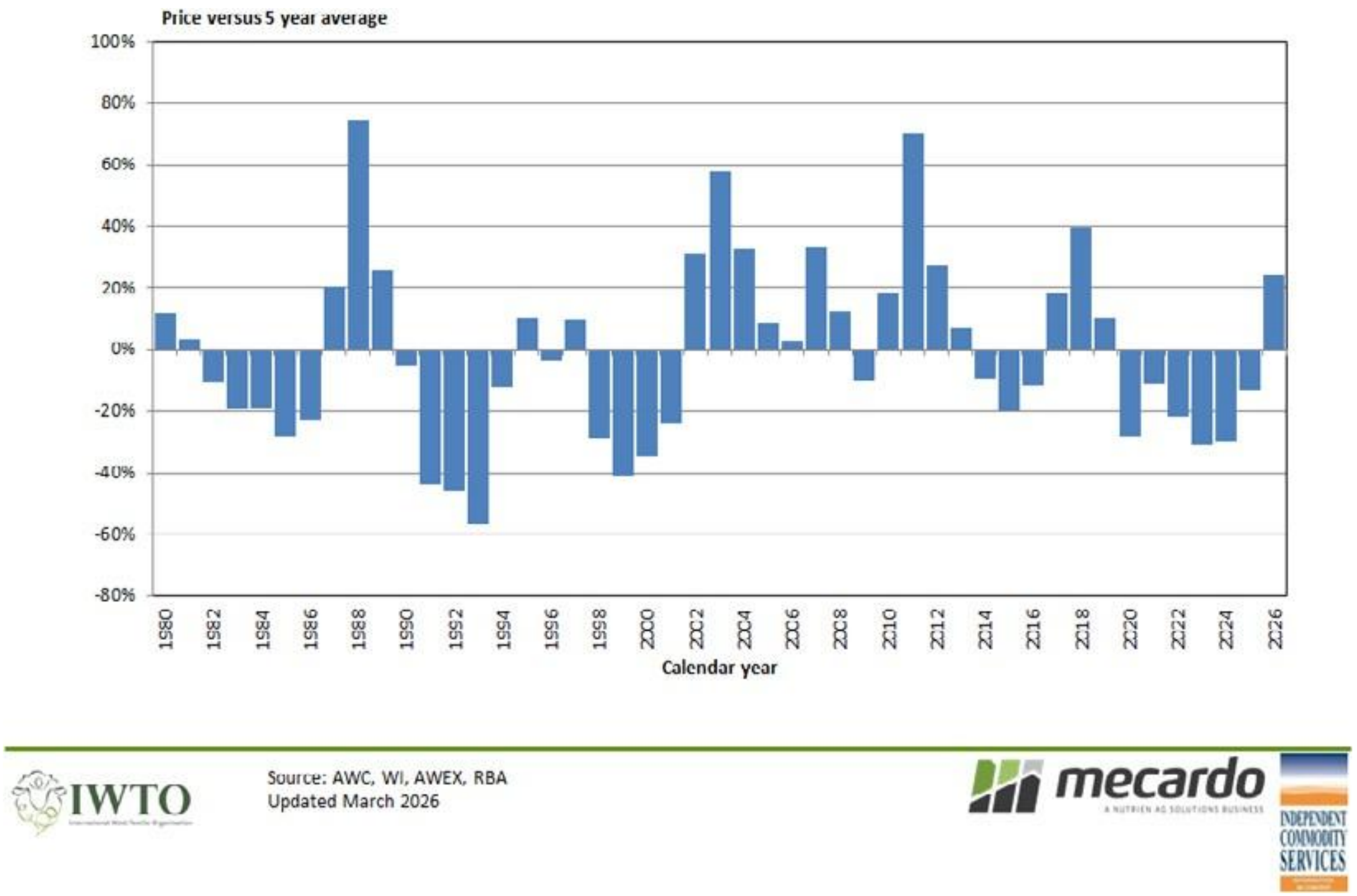


Chart: Deflated USD merino price vs rolling 5-year average. Source: AWC, WI, AWEX, RBA

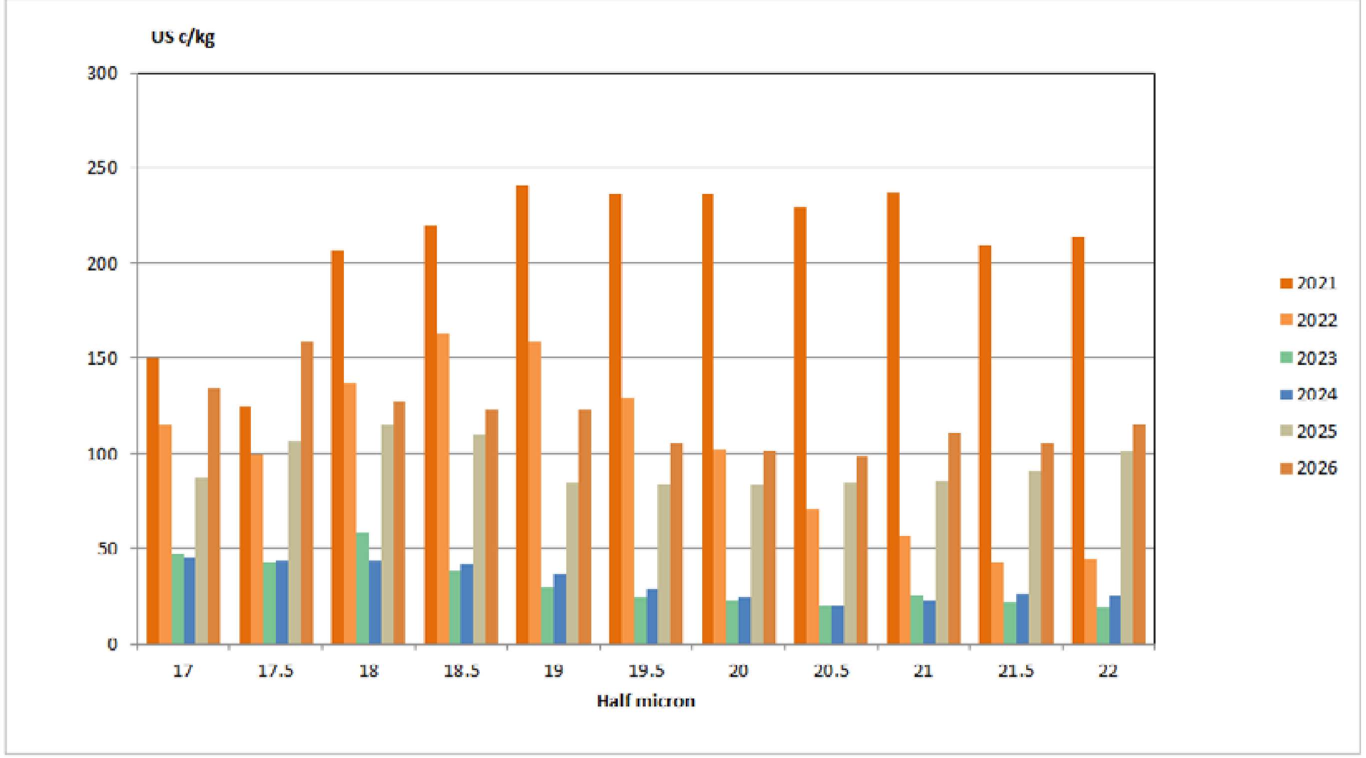
- Wool prices spent most of the past six years below their rolling five-year average.
- Early 2026 merino prices are 25% above the 2021–2025 average — welcome relief, but growers have only seen better prices for about six months.
- A run of above-average years is needed to rebuild farmer confidence and commit resources back to wool.

Structural Challenge: Labour Efficiency

Chart: Dry sheep equivalents per FTE by enterprise. Source: Agrista benchmarking data (2019–2025)

- Wool enterprises run far fewer stock units per full-time worker than beef or cropping.
- Lower labour efficiency adds cost and is a structural weakness at the farm level.
- The industry default of waiting for higher prices is no substitute for on-farm productivity gains.

Sustainable Wool: Premiums Recovering



Source: CapeWools
Updated March 2026

- RWS premiums burst onto greasy markets in 2021, shrank to small levels in 2023-24, and have been recovering since mid-2024.
- The RWS share of national clips fell in 2024 as premiums fell — supply of certified wool is sensitive to the premium paid.
- Australian crossbred RWS premiums rose from ~US20¢ to US100¢+/kg clean by early 2026.
- South Africa remains the only market with regularly published RWS premiums.

Chart: Cape Wools SA annual RWS merino fleece premiums by micron (US c/kg). Source: Cape Wools

Dangers and opportunities that come with being the biggest supplier of certified wool

Dangers
- PETA
- INTEGRITY

Opportunities
- Scale
- Nature-friendly farming
- Market access
- Laws

Building Trust: Digital Traceability in Australia

eBale

Unique eBaleIDs (QR / RFID) now embedded in all Australian wool packs — bale-level identification from property of origin to first processing.

WoolClip

On-farm digital capture of clip details, National Wool Declarations and eBaleID scans at the point of preparation.

AWTH

Australian Wool Traceability Hub run by AWTA, linking growers, brokers, test labs and exporters — end-to-end pathway for greasy wool.

- Rapid trace-back capability strengthens biosecurity readiness against an Emergency Animal Disease incursion.
- Brands and regulators get secure access to verified origin, testing and handling data — supporting provenance claims and trade continuity.

Feature: Strong Wool Turns the Corner

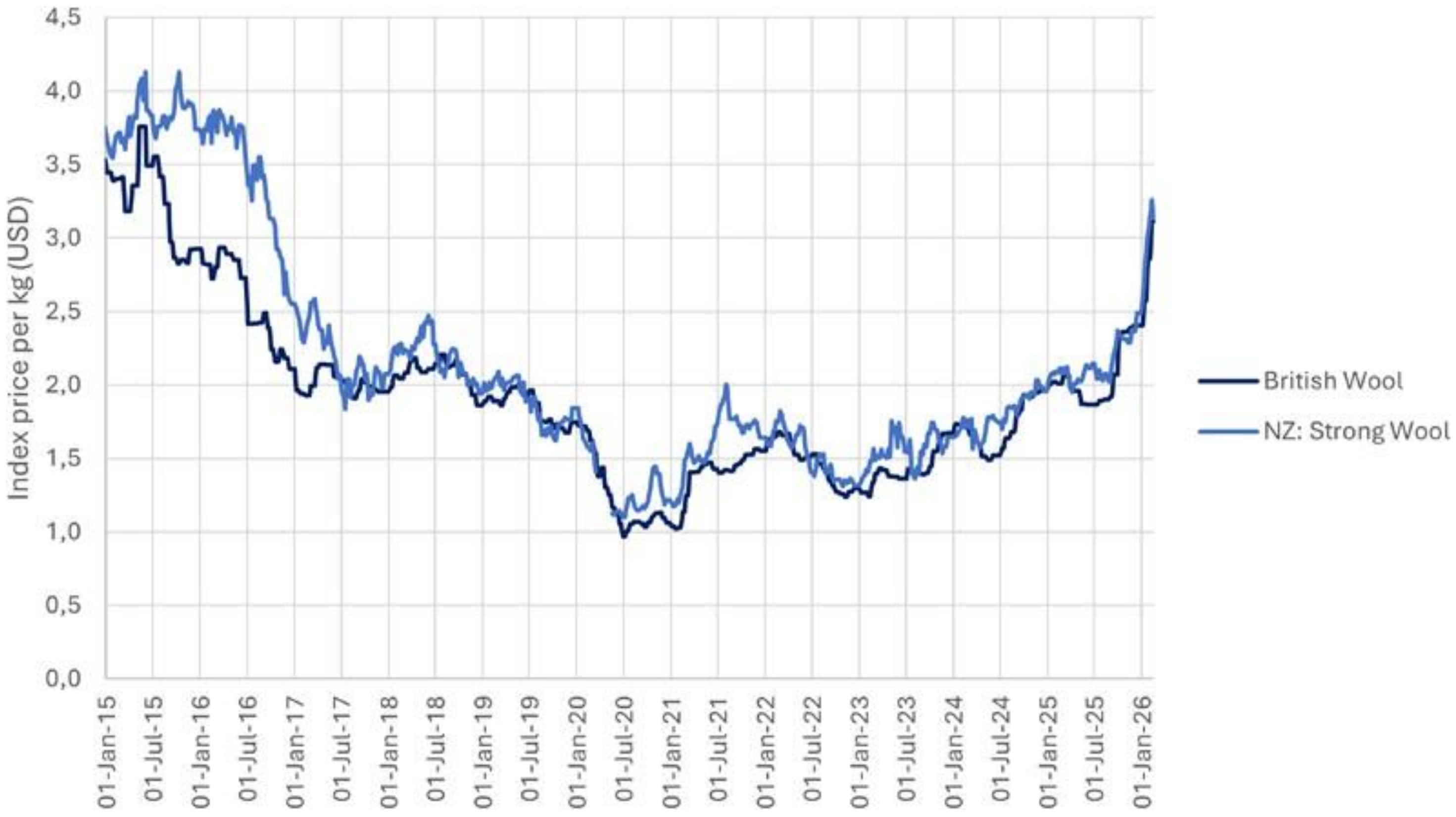


Chart: NZ and British strong wool indices, USD/kg clean basis. By Andrew Hogley, CEO, British Wool

- A decade of pressure: UK farmers failed to cover shearing costs every clip year 2019–2024; up to 20% of UK wool went uncollected.
- British Wool volumes fell 36% over the decade; 5–10% of the UK flock are now estimated to be wool shedders.
- Stockpiles cleared (UK within 18 months; NZ late 2024) — strong wool prices have been rising since.
- UK and NZ volumes remain ~30% below pre-pandemic levels; new applications are promising but carpets, interiors and bedding will drive demand for the next 5–10 years.

Trade: Falling Volumes, Tariff Turbulence

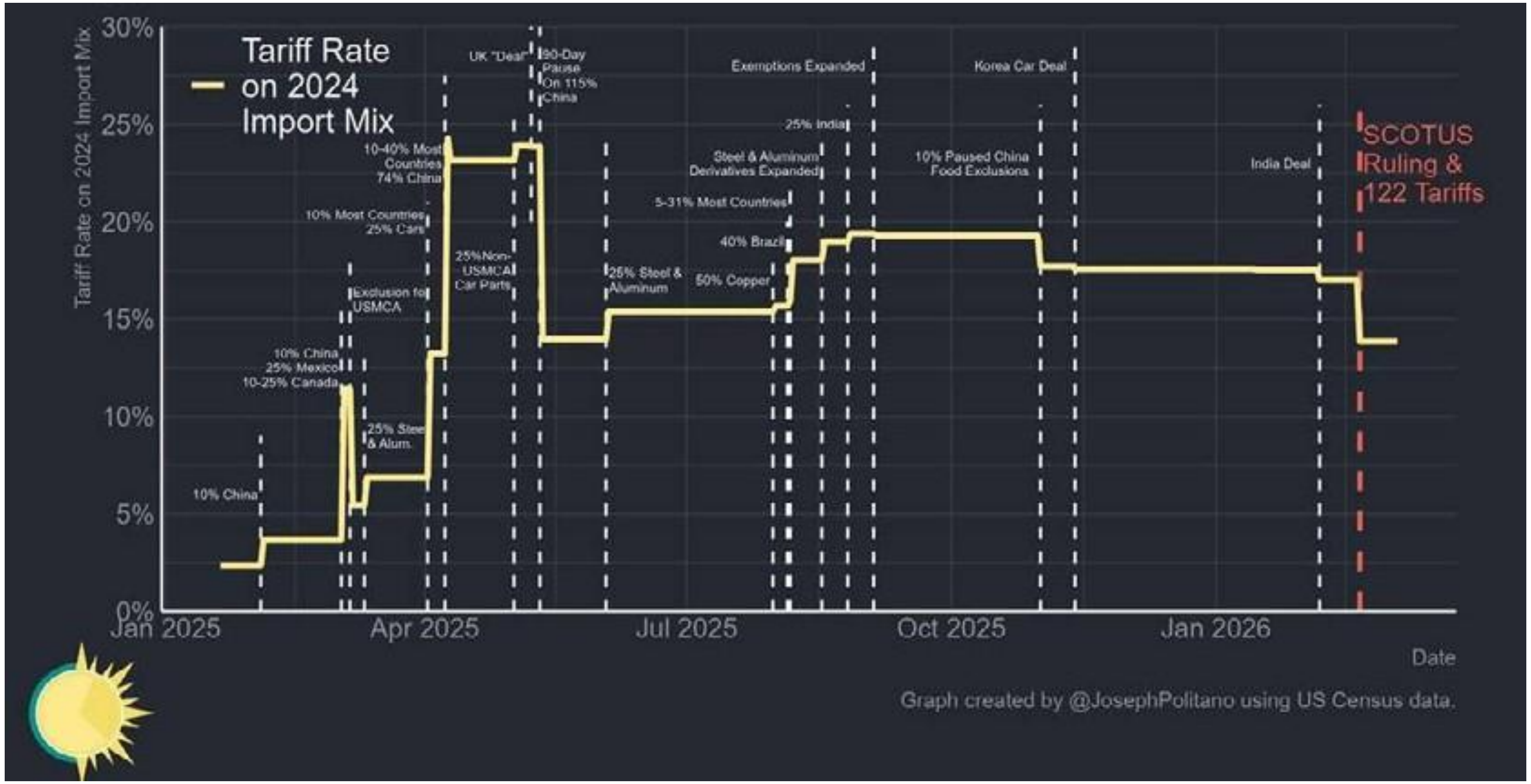


Chart: US effective tariff rate on 2024 import mix, Jan 2025–Feb 2026. Source: Joseph Politano, Apricitas Economics (US Census data)

- Southern hemisphere wool exports fell 8.5% in calendar 2025: Australia –11.8%, New Zealand –14.2%.
- US tariffs disrupted flows through 2025-26; struck down by the Supreme Court in early 2026, but new tariffs were levied by other means.
- 70% of exporter wool still ships greasy — most of it to China — spurring onshore processing plans such as Australia's QWool project.

Outlook for 2026-27

Energy shock

Conflict in the Middle East closed the Strait of Hormuz in late February 2026; oil prices are up 40–50% on 2025 levels — acting like a tax on consumers.

Trade uncertainty

US tariffs persist despite the Supreme Court ruling; the IMF notes “the transition to a new international trade system is still ongoing.”

Supply supports price

Falling sheep numbers and low stocks underpin wool prices — but higher prices are coming at the cost of lower production.

Demand is the question

Everything depends on how long Hormuz disruption and elevated energy prices last. The IMF could not set “a consistent set of assumptions for projections.”

Key Takeaways

1. Cautious optimism: wool prices have recovered meaningfully, led by crossbreds in 2024 and merino in 2025.
2. Supply discipline is doing the heavy lifting — world production down 7% on 2023 and the clip getting finer.
3. Certification premiums are recovering, signalling the market still pays for responsibly produced, traceable wool.
4. Strong wool has found a new equilibrium at lower volumes after a decade of pressure.
5. The 2026-27 outlook hinges on geopolitics: energy prices, the Strait of Hormuz, and the evolving tariff landscape.

Source: IWTO Market Information Report 2026 (20th Edition) — Independent Commodity Services, Mecardo, Delta Agri-consultants, Wood Mackenzie.