Premiums increase for Staple Measurement

An independent analysis by Woolmark Market Intelligence found that the average premium paid for staple measured merino fleece wool rose by about 50% during the first half of the 2007/08 season compared with the second half of 2006/07.

By Kerry Stott, Wool Market Intelligence

The premium paid for staple measured merino fleece wool increased to an average of 81 c/kg clean during the first half of the 2007/08 season, equivalent to 7.4% of the sale price of merino fleece wool. This is 53% higher than during the second half of last season. The premium for the first half of the 2007/08 season exceed even the previous highs recorded in 2004/05 and 2003/04, when it averaged 66 cents and 62 cents, respectively.

Table 1: Premiums for staple measurement information (c/kg clean)

	National total	Northern region	Southern region	Western region
Superfine & Merino fleece	+81 (75-86)	+75 (65-84)	+94 (85-103)	+71 (67-75)
Crossbred fleece	+10 (7-14)	+9 (1-17)	+10 (6-14)	+34 (13-65)
Merino pieces	+47 (43-51)	+42 (36-48)	+116 (104-127)	+33 (26-40)

Brackets indicate range of results

The premiums for staple measured merino pieces were also higher during the first half of the 2007/08 season. The premium averaged 47 cents (in the range 43 to 51 cents). The increase in the premium was in line with the higher auction prices during the period, and the percentage premium was unchanged at 4.8%.

"The premiums for staple measured merino pieces were also higher..."

An ATLAS machine grips a staple ready for strength measurement.

For crossbred fleece the SM premium also rose marginally to an average of 10 cents (in the range 7 to 14 cents). This was equivalent to 2.1% of the average auction price.

During the first half of the 2007/08 season, virtually all (99%) of the merino fleece wool in the National offering was staple measured (see Table 2). The proportion of merino pieces that were staple measured was also relatively high (83%). In contrast, the level of staple measurement in the crossbred fleece lines was more limited (26%). It should be noted that there are obvious premiums that are foregone in the Northern Region where only 69.4% of Merino pieces have Staple Measurement. This contrasts with the Southern region where almost 95% of Merino pieces are measured.

"It should be noted that there are obvious Staple Measurement premiums that are foregone in the Northern Region"

Table 2: Growers' lots sold with staple measurement (percentage staple measured in brackets).

	National total	Northern region	Southern region	Western region
Superfine fleece	1,650 (100%)	1,496 (100%)	148 (100%)	6 (100%)
Merino fleece	60,966 (98.9%)	19,810 (99.3%)	26,570 (99.6%)	14,586 (97.2%)
Crossbred fleece	1,399 (25.7%)	293 (17.5%)	870 (25.3%)	236 (73.1%)
Superfine pieces	109 (94.8%)	75 (92.6%)	34 (100%)	0
Merino pieces	12,235 (82.6%)	4,410 (69.4%)	5,233 (94.7%)	2,592 (88.3%)

Based on wool from adult sheep, grower lots sold only.

As in previous seasons, very few lots of fine and superfine (19 microns and finer) merino fleece wool were offered without SM during the first half of the 2007/08 season. Where they were, these lots suffered significant price penalties which reached over 100c/kg clean for wool 17 microns and finer. Merino fleece wool 21 microns and above, that has seen the largest fall in auction volumes this season, also attracted a high SM premium of over 90 cents.

Table 3: Premiums for staple measurement information in Australian superfine and merino fleece wool by fibre diameter (c/kg clean)

Fibre diameter (µm)	Premium First Half 2007/08
<16.1	na
16.1 - 17.0	+111
17.1 - 18.0	+97
18.1 - 19.0	+89
19.1 - 20.0	+92
20.1 - 21.0	+60
21.1 - 22.0	+91
22.1 - 24.0	na

During the first half of the 2007/08 season, the highest SM premiums for crossbred fleece wool were again recorded in the 23 to 24 micron range, where the premium averaged 38 cents. The SM premium fell rapidly as fibre diameter increased and was non-existent beyond 28 microns.

Table 4: Premiums for staple measurement information in crossbred fleece by fibre diameter (c/kg clean)

Fibre diameter (µm)	Premium First Half 2007/08
22.1 - 23.0	+38
23.1 - 24.0	+38
24.1 - 25.0	+19
25.1 - 26.0	+13
26.1 - 27.0	+5
27.1 - 28.0	+7
28.1 - 30.0	+2ns
30.1 - 32.0	+1ns
32.1 - 34.0	+1ns
>34.0	na

ns means the result is not statistically significant, ie the premium or discount is zero.
na indicates that there are insufficient data available for calculating the premiums.

Results for merino pieces showed SM premiums rose the most for wool between 21 and 24 microns and then for the finer wool below 17 microns. The premium was highest for wool in the 22 to 24 micron range, averaging 160 c/kg clean. Very high premiums of 120 cents were also recorded in the 21 to 22 micron range. The premium for staple measured merino pieces in the 15 to 16 micron range rose to 64 c/kg clean in the first half of the 2007/08 season, and the premium for wool in the 16 to 17 micron range rose to 40 cents.

Table 5: Premiums for staple measurement information in merino pieces by fibre diameter (c/kg clean)

Fibre diameter (µm)	Premium First Half 2007/08
15.1 - 16.0	+64
16.1 - 17.0	+40
17.1 - 18.0	+30
18.1 - 19.0	+32
19.1 - 20.0	+48
20.1 - 21.0	+56
21.1 - 22.0	+120
22.1 - 24.0	+160

The premium for staple measured merino fleece wool in the sound strength categories all saw significant gains during the first half of the 2007/08 season. In the W1, W2 and W3 (part-tender, tender and rotten) strength categories, premiums were more stable. Premiums were highest in the 41 to 45 N/ktex range, where they averaged 106 c/kg clean. For wool between 25 and 40 N/ktex, the premiums were over 90 cents.

Table 6: Premiums for staple measurement information in Australian superfine and merino fleece wool by staple strength (c/kg clean)

Strength range (N/ktex)	Premium First Half 2007/08
<25 vs W2 & W3	+65
25 to 30 vs W1	+91
31 to 35 vs S	+91
36 to 40 vs S	+98
41 to 45 vs S	+106
>45 vs S	+82

More information: This is an edited extract of the full report prepared by Kerry Stott of Wool Market Intelligence. The full report can be downloaded from: www.awta.com.au or contact tim.steere@awta.com.au