

# SELLING AND BUYING WOOL





## Selling and buying wool

After the harvested fleeces are packed into bales, wool is transported on large trucks to a **wool receival warehouse**.

At the warehouse, the wool bales from a single property are grouped into **sale lots** according to quality. Samples are taken from all the bales in a **sale lot** and **core tested**. A certificate is issued that lists all the results from the testing and stays with the **sale lot** through to processing.

The wool bales stay in storage until they are sold and are then transported to the buyer's processing factory.

Most Australian wool producers (about 90%) sell their wool through a **wool broker** at a 'open-cry' (live) auction.

Some auctions are carried out online, but most are live auctions where buyers gather together to compete for the wool.

### Live auction system

At a live auction, potential buyers inspect samples of the wool and the test results before the auction starts. Each buyer decides on a price they are prepared to pay for the **sale lots** they want.

The **auctioneer** names a starting price and bidders (potential buyers) yell out the price they are willing to pay for each **sale lot** — this is an 'open cry' system. When the highest price is reached and no more bids are made the auction for that **sale lot** is over.

### Other selling methods

A less popular selling method is through private sale. Woolgrowers can also try and sell their wool by themselves or form a group with other producers.

## Did you know?

- The Australian Wool Testing Authority (AWTA) is responsible for testing about 99% of wool across Australia and supplies certificates that assure buyers of the quality characteristics of the wool they are purchasing.
- Woolgrowers can use the **futures market** to sell their wool before it has even been harvested from the sheep.
- Weekly market reports and production forecasts are available online to keep woolgrowers up to date with the latest market intelligence.

- There are more than 40 **wool receival warehouses** across Australia where wool is stored before it is sold and transported for processing.
- About 240 **sale lots** are sold per hour at a wool auction and there are usually about five or six bidders competing for the **sale lot**.
- Before being shipped to overseas processors, two or three wool bales are compressed into 'dumped' bales and loaded onto container ships.



## Glossary

**Auctioneer** — the person who runs the auction and keeps a tally of the bids until the highest bid is reached.

**Core test** — core tests measure the most important wool characteristics, such as fibre diameter, staple length, staple strength, yield and vegetable matter content.

**Futures market** — a 'virtual' market where producers sell their wool, before shearing, at a price they are happy with and deliver at some time later after shearing.

**Wool receival warehouse** — a warehouse for storing and testing wool.

**Sale lot** — a group of bales from a single producer that is of similar quality.

**Wool broker** — a wool broker acts on behalf of a wool producer, or group of producers to sell their wool.

## More information

To find out more about how wool is sold, take a look at:

- [learnaboutwool.com](http://learnaboutwool.com)
- [awtawooltesting.com.au](http://awtawooltesting.com.au)

