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
- awtawooltesting.com.au