



International Wool
Textile Organisation

ED. 20

Market Information

A Statistical & Analytical Report from the IWTO

2026



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Impressum

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Compiled by:

Independent Commodity Services P/L
10 Fairview St, Wagga Wagga
NSW 2650, Australia
Tel: +61(0)419264850
Email: ic-s@ic-s.com.au

International Wool Textile Organisation
Rue de l'Industrie, 4
1000 Brussels, Belgium
Email: info@iwto.org
Website: www.iwto.org

Mecardo
Level 5 26 Talavera Rd, Maquarie Park,
NSW, 2113, Australia
Tel: +61 (03) 5309 3256
Email: ask@mecardo.com.au

With contributions from:

Wood Mackenzie
22 Bishopsgate, 26th Floor
London EC2N 4BQ, UK
Tel: +44 203 060 0400
Tel: +44 131 243 4477
Email: support@woodmac.com
Website: www.woodmac.com

Delta Agri-consultants
Av. de las Américas 5225 (apt. 404)
Canelones - URUGUAY 15006
Mobile: +598 99 641 664
Email: rocar@netgate.com.uy



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Foreword

The wool industry finds itself at an interesting juncture as we release this 20th edition of the IWTO Market Information Report.

After several years of sustained difficulty, we have reasons to be cautiously optimistic. Wool prices, particularly for crossbred and broader micron categories, have recovered meaningfully. Merino prices rose strongly in the second half of 2025. The strong wool sector, the subject of this year's feature article, has turned a corner after a decade of pressure, with supply and demand finding a new equilibrium at lower production volumes.

Yet the backdrop remains complex. World sheep numbers continue to fall, constrained by competition from cropping, sheep meat and changing land use. Natural fibres more broadly are holding their ground rather than growing, while synthetic fibre volumes, led by polyester, continue their long upward march. Geopolitical disruption, from tariff uncertainty to energy market consequences of conflict in the Middle East, has added fresh volatility to global supply chains.

Against this backdrop, the industry's investment in transparency and traceability is all the more important. Significant progress has been made in building the digital infrastructure that links farms to markets and gives buyers confidence in the provenance and credentials of the wool they purchase. Certification premiums, having fallen sharply, are recovering: a signal that the market continues to place real value on responsibly produced wool.

As ever, this report would not be possible without the dedication of IWTO's Market Intelligence Committee and the many organisations and individuals who contribute data, analysis and expertise. To all of them, our sincere thanks.

Klaus Steger

Klaus Steger
IWTO President



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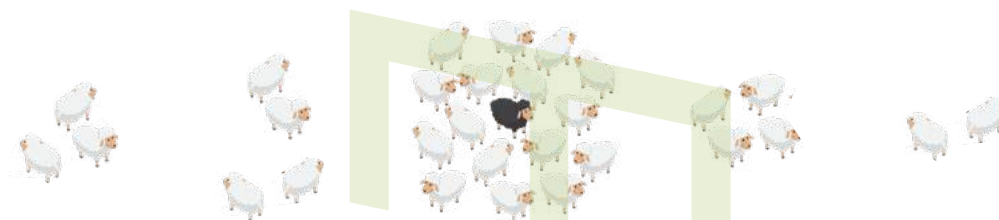
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Key to Abbreviations

n/a	not available	CWTA	China Wool Textile Association
-	nil or negligible	DNA	Dirección Nacional de Aduanas
p	provisional	EMI	Eastern Market Indicator
m	million	FAO	Food and Agricultural Organisation
um	micron metre (fibre diameter)	FLA	Federación Lanera Argentinas
mm	millimetre	GDP	Gross Domestic Product
nmb	number	GOTS	Global Organic Textile Standard
mkg	million kilogram	g/m ²	gram per metre square
n/q	no quote	HS	Harmonised System
superfine wool	wool of 18.5 microns and finer	ICAC	International Cotton Advisory Committee
AA	Anaesthetic/analgesic	IMF	International Monetary Fund
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences	IWTO	International Wool Textile Organisation
ABS	Australian Bureau of Statistics	MF	Merino Fleece
AWC	Australian Wool Corporation	MC	Merino Cardings
AWEX	Australian Wool Exchange	NKT	Newton per Kilotex
AWPFC	Australian Wool Production Forecasting Committee	NM	Non-Mulesed
AWTA	Australian Wool Testing Authority	NWD	National Wool Declaration
BAE	Bureau of Agricultural Economics (Aust)	NZWTA	New Zealand Wool Testing Authority
BW	British Wool	PMI	Purchasing Managers' Index
CCMI	Cashmere and Camel Hair Manufacturers Institute	RMB	Renminbi
CIRFS	European Man-Made Fibres Association (Comité International de la Rayonne et des Fibres Synthétiques)	RWS	Responsible Wool Standard
CM	Ceased Mulesed	SUL	Secretariado Uruguayo de la Lana
		VM	Vegetable Matter
		WI	Wool International
		WTiN	Wool Textile Information Network
		USDA	United States Department of Agriculture
		Xbred	Crossbred



Review of 2024 and 2025 and Outlook for 2026-27

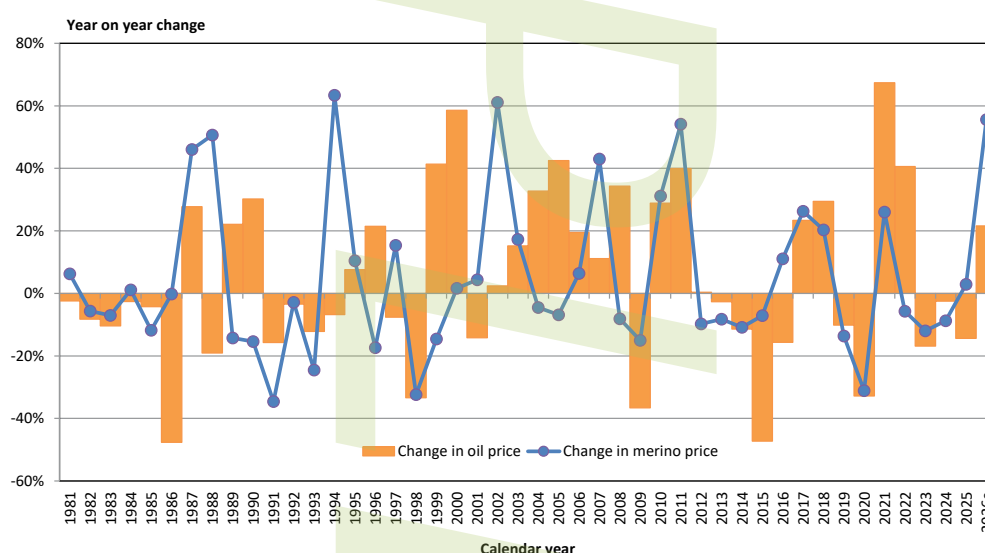
OVERVIEW

- Energy prices generally weakened from 2024 through early 2026, allowing oil-based fibre prices to trend lower. This situation has changed dramatically with the effective closure of the Strait of Hormuz in March 2026.
- Wool prices began to pick up in 2024 (crossbred) with merino prices rising in 2025, while the major apparel fibre prices continued to weaken.
- Natural fibre production is being constrained — cotton, wool, and cashmere are prime examples.
- Oil-based fibre (polyester) and cellulosic volumes continue to grow strongly.
- Looking ahead to 2026-27, demand prospects are uncertain due to geopolitical and trade tensions, reminding industry stakeholders of the collective importance of global trade stability for future growth.

Sky-high gas prices in 2022, which were on the wane but still high in 2023, were cause for comment in the 2024 edition of this report. In 2024 and 2025, energy prices retreated from the highs driven by the Russian/Ukraine conflict. Chart A shows the year-on-year change in oil price (the World Bank average price) through mid-April 2026 and the Australian merino MPG (18-18.5 micron) price in US dollar terms. The fall in oil prices from 2022 to early 2026 allowed oil-based synthetic fibre prices to ease, putting downward pressure on apparel fibre prices.

In recent decades, a substantial rise in energy prices has often been followed by a fall in merino prices in subsequent years, on the back of weaker economic growth. In Chart A, the trick is not to look at the change in oil and wool prices as concurrent series, but to look at substantial changes in the oil (energy) price as a lead indicator of change (to come) in the wool price.

Chart A: Year-on-Year Changes in Oil and Merino Prices



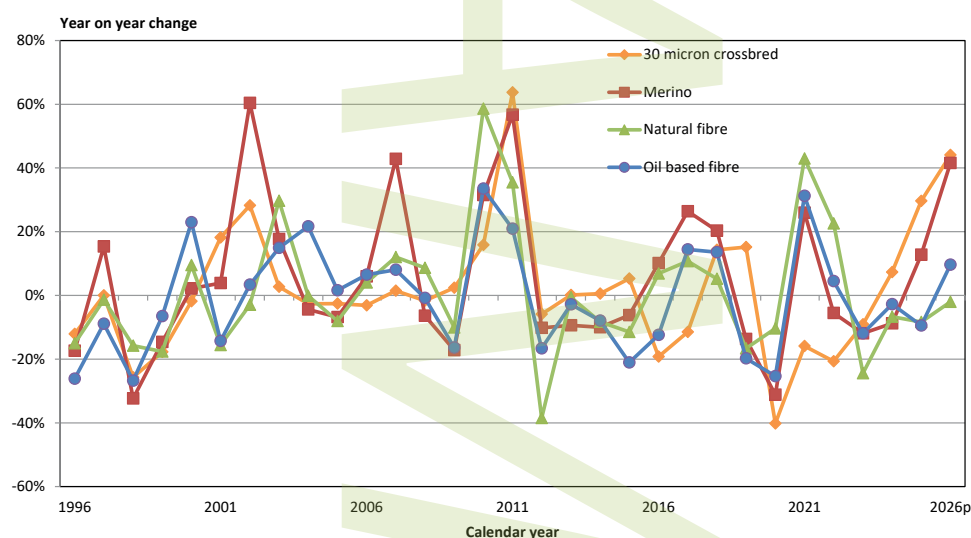
Source: World Bank, AWEX, RBA, ICS
Updated March 2026



In Chart B, the year-on-year change (US dollar terms) for a range of apparel fibre price series is shown through early 2026. For wool, the merino and a 30 micron crossbred series are used, along with a weighted combination of oil-based fibre series (polyester, acrylic, and nylon) and a natural fibre series (cotton and cellulosic fibres).

Weakening oil prices allowed oil-based fibre prices to fall from 2023 through to 2025, as did cotton and cellulosic fibres. While wool prices all fell in 2023, crossbreds finished a horror four-year downturn. In 2024, crossbred prices finally started to pick up, and in 2025, merino prices followed. Chart B shows the marked divergence between wool and other fibre prices in 2025, which has been maintained into early 2026. History shows that, ultimately, wool prices will move back into line with the year-on-year price changes seen in the major apparel fibres.

Chart B: Year-on-Year Changes in Apparel Fibre Prices (USD)



Source: AWEX, RBA, Cotlook, Emerging Textiles, Fibre Year
Updated March 2026

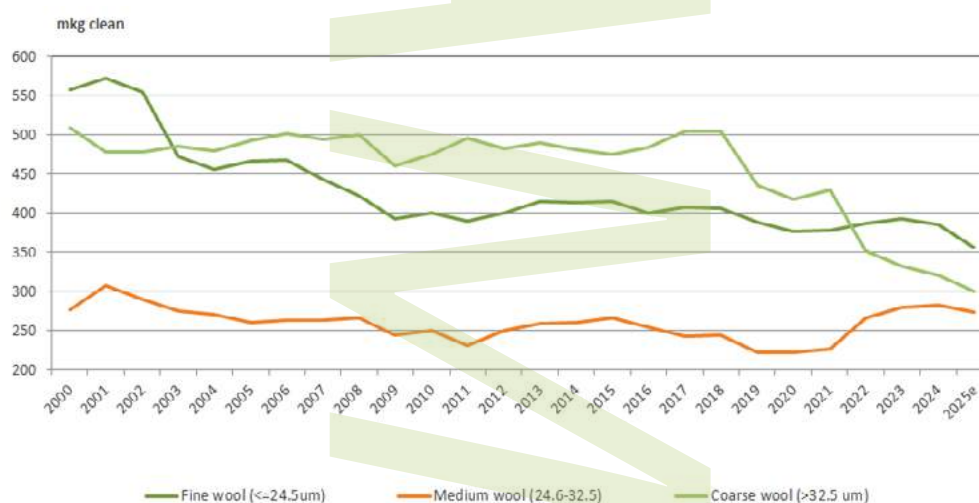


WORLD SHEEP AND WOOL PRODUCTION

World sheep numbers for 2025 are estimated to be 2% lower than in 2023. More accurately, sheep numbers in the major southern-hemisphere exporter countries are down 8% from 2023 levels. A combination of high meat prices and drought in some regions has put downward pressure on flock sizes. It is a Catch-22 for the wool industry: as sheep numbers fall, sheep meat prices rise, thereby putting more downward pressure on wool sheep numbers.

World wool production, in clean terms, is estimated to be down 7%, with the main southern-hemisphere exporters down 13% (2025 versus 2023). Chart C shows estimate of annual world wool production by micron category. The extremely low prices for crossbred wool during the 2019-2022 period (in Australia, shearing became a net cost even after selling the wool) appear to be reflected in the substantial drop in coarse wool volumes.

Chart C: World Wool Production by Micron Category



Source: IWTO, Country Statistics, Mecardo & ICS
Updated February 2026
Data for 2025 is an estimate



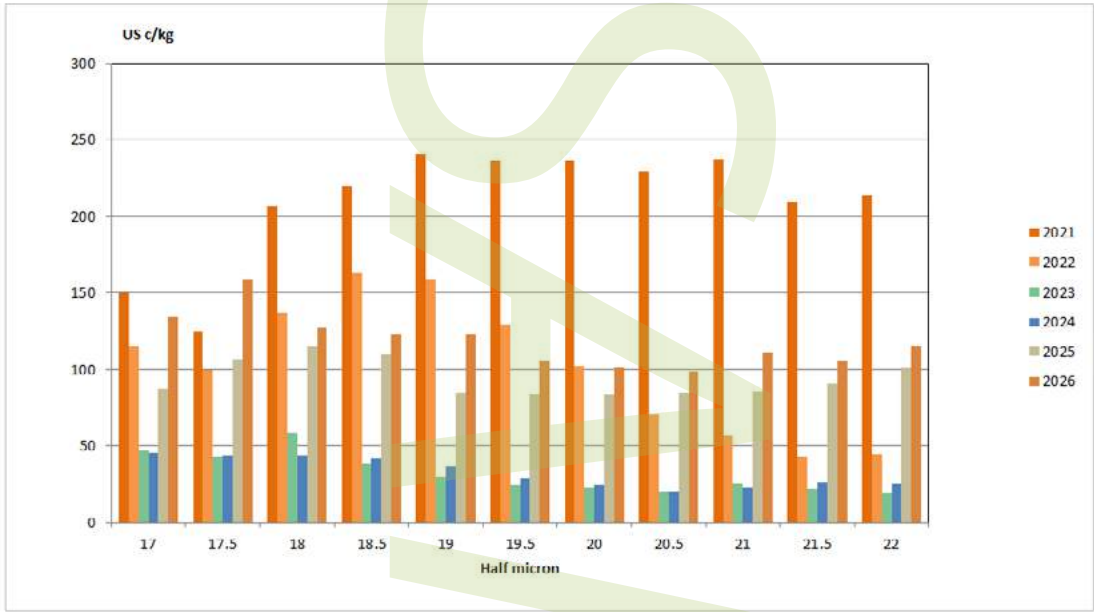
Responsible Wool Standard Premiums

After bursting onto the greasy wool markets in 2021, premiums for RWS-accredited wool shrank to small levels in 2023 and 2024. Chart D shows annual RWS premiums for merino fleece as reported in the weekly Cape Wools market report for South African auction sales. The premium for 19.5 micron, for example, fell from US\$200–250 clean in 2021 to around US\$25 in 2024.

Consequently, the proportion of RWS-accredited wool fell at the national level in 2024. With premiums increasing from mid-2024 onwards, the proportion of RWS-accredited wool has begun to pick up again. However, the experience from 2021 through 2024 shows that the supply of RWS-accredited wool depends on adequate premiums to compensate farmers for the added expense of compliance.



Chart D: Annual Cape Wools South African RWS premiums by micron 2021 to March 2026



Source: CapeWools
Updated March 2026

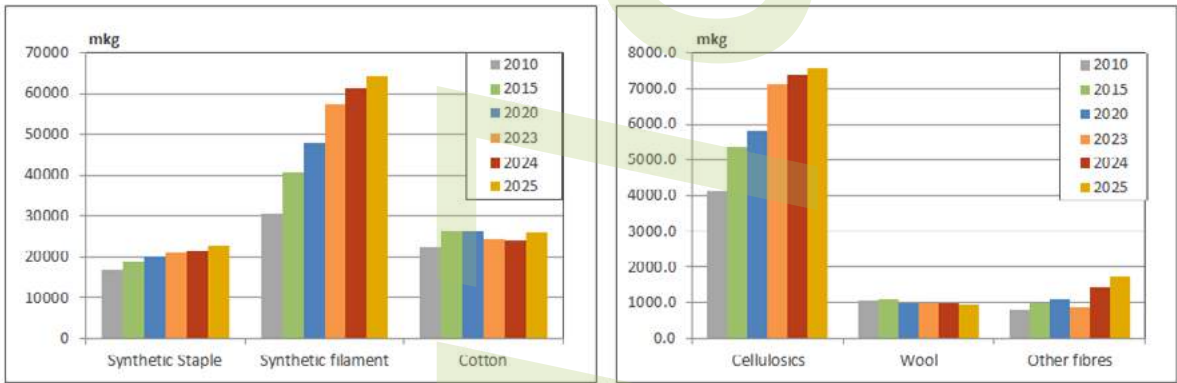


APPAREL FIBRE PRODUCTION AND PRICES

World fibre production in recent years has been divided between oil-based (except acrylics) and cellulosic fibres, with the latter growing strongly. In contrast, other fibres have seen production shrink or, at best, remain stable. Chart E shows world production by fibre type.

Overall fibre production was up 5.1% in 2025, with a compound annual growth rate of 2.9% over the past decade. Clean wool has had a compound growth rate of -1.3% during the past decade.

Chart E: World Production by Fibre Type



Source: CIRFS, USDA, Mecardo & ICS
Other fibres include flax, silk and other animal fibres
Wood Mackenzie, Global Fibres investment planning outlook, H2 2025

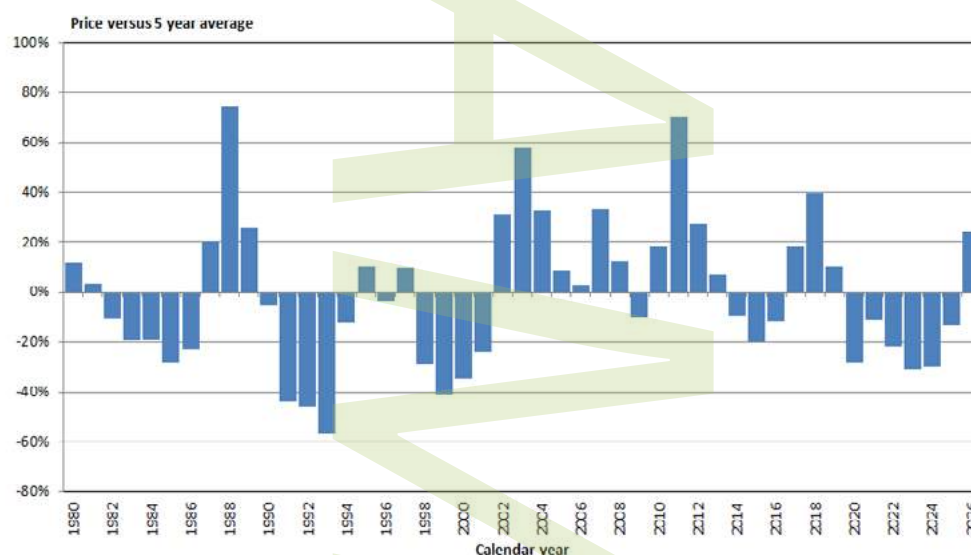


Wool Price Performance Relative to Apparel Fibres

Wool prices have spent the best part of the past six years tracking below their rolling five-year average levels. Chart F shows this variation for merino wool. The early part of 2026 is 25% up on the average price level for the 2021-2025 period, which is a welcome relief. At this stage, woolgrowers have only seen these better prices for the past six months.

To encourage farmers to commit farm resources to wool, the industry needs to see a run of years with prices above the rolling five-year average to balance out the 2021-2025 period.

Chart F: Variation of Deflated US Dollar Merino Price to a Rolling Five-Year Average



Source: AWC, WI, AWEX, RBA
Updated March 2026



A structural weakness in the wool industry at the farmer level, is a default position of seeking salvation in higher prices rather than improving on-farm productivity. Wool enterprises (and meat sheep to a lesser extent) have a labour efficiency problem in relation to beef and crops.



Chart G draws on Australian benchmarking data (courtesy of Agrista) that shows the number of dry sheep equivalents per full-time employee across a range of livestock enterprises. The lower labour efficiency for wool adds to costs and is a structural problem.

Chart G: Wool Labour Efficiency

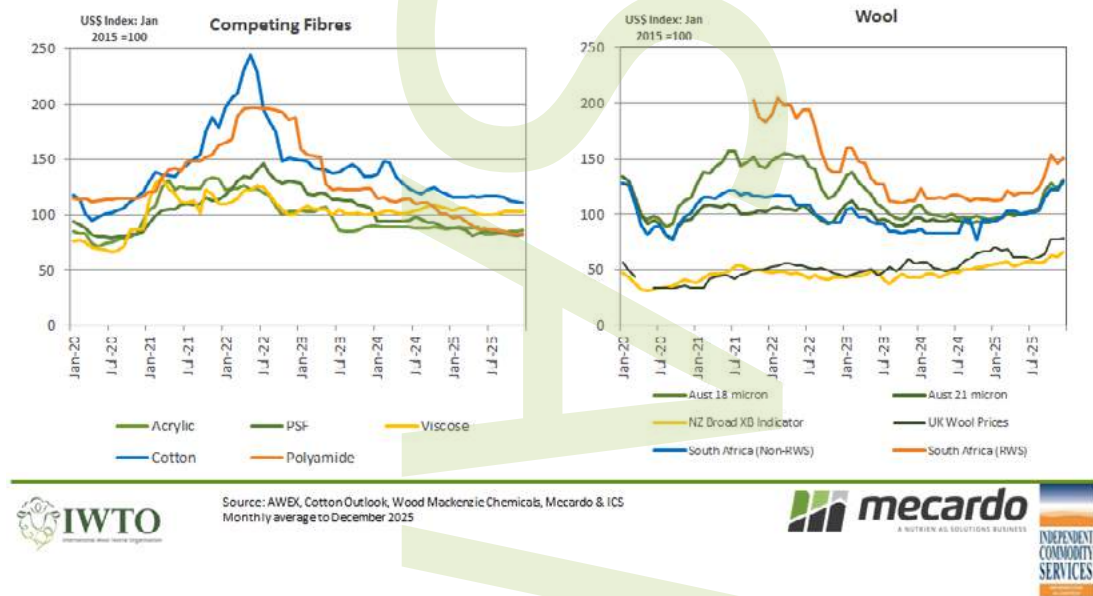


As mentioned above, the general trend in prices for the major apparel fibres has been downward since 2023. Chart H shows this clearly (left-hand section). Wool prices followed this trend until 2024-2025, when falling supply, low greasy stock levels in the supply chain, and firm demand (relative to supply) combined to begin pushing prices higher.

Given the production levels, the price ratios of broad merino wool to the major apparel fibres were low in 2024 and 2025. Increased wool prices have driven price ratios higher, so the current season average price ratio for 21 micron has returned to near trend (its spot-auction price ratio is well above trend) when adjusted for supply. Higher prices are coming at the cost of lower production.



Chart H: Trends in Textile Fibre Prices Index



Trade Policy and Tariff Impacts

The dominant trade story for 2024 and 2025, until the outbreak of conflict in the Middle East in late February 2026, was the progressive imposition of tariffs by the second Trump administration in the United States.

From April 2025, a tariff standoff between China and the USA made planning difficult for the wool supply chain. Mill managers exercised caution in greasy wool purchases as they monitored the situation. In price terms, this is evident in the Australian EMI, which rose by 9% from late 2024 to March 2025, then stopped, remaining effectively unchanged into the season beginning in July 2025.

By May 2025, as the export surge out of China abated, substantial cancellations of freight shipments from China to the USA were reported. This tariff-induced surge and subsequent lull in early 2025 is widely considered to have delayed the recovery in merino prices until late in the year.



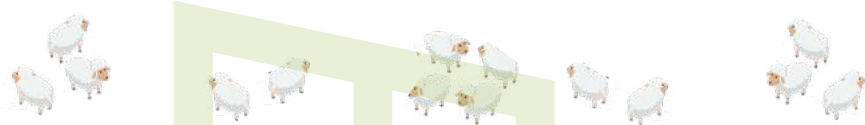
The outlook for the coming season on the demand side is highly uncertain, driven by ongoing geopolitical conflict and trade tensions – most immediately, the conflict in the Middle East and the continued restructuring of the global trading system. From a wool production perspective, the best outcome would be good rainfall in the key production areas. In the absence of on-farm productivity breakthroughs and with price relativities between farm enterprises continuing as in the past decade, seasonal conditions will be the main swing factor in flock size.

Since conflict escalated in the Middle East in late February 2026, closing the Strait of Hormuz to commercial traffic, the price of oil has risen by 40-50% on 2025 levels. A rising energy price acts like a tax on consumers. For the wool industry, the effect of the higher oil/energy prices (which are in place now) depends on how long they remain well above 2025 levels. That is a question to which there is no good answer at present.

Chart 1: US Effective Statutory Tariff Rate



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