



23rd November 2018

2018/42

From the desk of Chris Wilcox, Executive Director

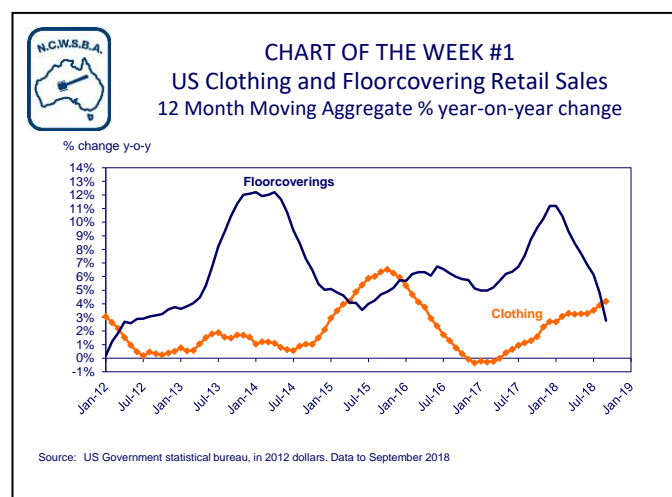
- Australian wool prices bounce-back
- 'Black Friday' sales and US clothing retail
- Exports from the major producing and exporting countries
- Online training course on Emergency Animal Diseases now available
- WoolPoll 2018 results see reduction of the Wool levy to 1.5%
- Detailed report on the new Australian production forecast now available
- Applications open for Young Professionals Programme at IWTO 2019 Congress in Venice
- Upcoming industry events



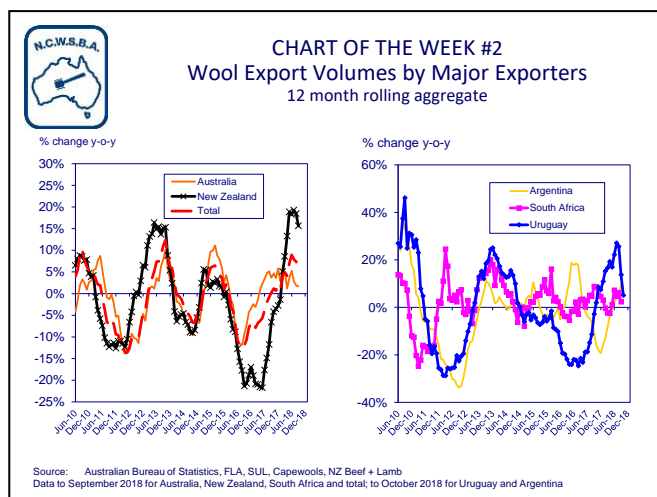
The **Australian wool market** bounced back this week from the falls in the past month with strong gains for both Merino and Crossbred wool. The **Eastern Market Indicator (EMI)** lifted by 77 cents to close the week at 1858 c/kg, back to the level in the first week of November. Merino wool between 19 and 21 microns and 23 microns, as well as 26 micron Crossbred wool all recorded increases of 100 cents and more. Other Micron Price Guides and the Merino Carding Indicator lifted solidly. The Western Market Indicator was 81 cents higher at 2016 c/kg, the Northern Market Indicator rose by 79 cents to 1898 c/kg and the Southern Market Indicator was up by 74 cents to 1832 c/kg. The A\$ was weaker against the US\$, the Euro and the Chinese Renminbi. The increase in the EMI in these currencies was a little smaller than in A\$. The EMI was 52 USc higher to 1347 USc/kg, up 39 €cents to 1182 €cents/kg, and 341 RMB higher at 9336 RMB/kg.

I have been amazed by the amount of **'Black Friday' sales** and advertisements being offered by Australian retailers this year (both online and bricks & mortar retailers). I can't remember it being this big in previous years and it has certainly grown in recent years. 'Black Friday' is actually an US tradition since at least the early 1960s, being the day after Thanksgiving when retailers throw open their doors and offer large bargains to entice shoppers and kick off the Christmas and holiday retail season. The Oxford English Dictionary says that one reason it is called 'Black Friday' is because it is the first day of the year that the retailers go 'into the black' (i.e. make a profit) after having been 'in the red' (i.e. making a loss) for the year up until that day. Another reason given is that 'Black Friday' started out as a joking reference to how bad the traffic would be on that day.

Whatever the reason, it is an important day in the US calendar as an indicator for retail sales in the Christmas and holiday retail season, which is a very important period for retailers. It is also a very important retail period for the sale of wool clothing in the US. The indicators for retail sales of clothing are positive this year. As the first **Chart of the Week** shows, retail sales of clothing in the US have risen strongly over the past 12 months on the back of a strong US economy and high consumer confidence. While it doesn't show retail sales of wool clothing specifically, it does set the scene for a strong Christmas-New Year retail period which will benefit the sale of wool clothing.



In last week's edition of the *Weekly Newsletter* I reported on data on wool exports from Australia in the first three months of the 2018/19 season. I noted that the volume of exports declined by 12% but the value of exports was 22% higher compared with the same period in 2017/18. It is interesting to see how wool exports from the other four major wool producing and exporting countries are tracking (these countries being New Zealand, South Africa, Argentina and Uruguay). The second **Chart of the Week** shows the trends in wool exports (by volume) from these countries as well as from Australia. As can be seen, exports from New Zealand has lifted sharply in the past 6 months, rebounding from the collapse in 2016 and 2017. The recovery in exports from Uruguay seems to have started to peter out. Argentina has seen an increase in its wool exports, as has South Africa.



There is now a **Wool Broker and Livestock Agents Online Training Course** available to help prepare for if and when there is an outbreak of an **Emergency Animal Disease** in Australia, such as Foot and Mouth Disease. The course has been developed under the direction of WoolProducers Australia and SheepProducers Australia with funding from Animal Health Australia. The course is designed to inform and train wool and livestock selling agents about how to recognise and respond to a suspected Emergency Animal Disease (EAD). Completing the course better prepares users to participate and provide leadership to the industry during an EAD response. Users are also provided a toolkit of information and resources which can be shared, to help inform their clients. Details are provided in the document attached to the email with this week's *Weekly Newsletter*. This includes how to register for the on-line course at the website <https://aha.canopihr.com.au/>. The course takes about 60 minutes to complete. You don't have to do it in one sitting - you can stop and resume at any point. I encourage wool broking staff to complete the course. If ever there was an outbreak of an EAD such as Foot and Mouth Disease, it will be vital to have wool broking staff who know what to do and contribute to the industry's response.

As many of you will know, the results from the triennial **WoolPoll** were announced last Friday afternoon. For the first time since WoolPoll was first conducted in March 2000, the majority of the levy-paying woolgrowers who voted decided to reduce the Wool Levy. The vote was close, and it needed a distribution of preferences before a decision between the prevailing 2% levy and the new 1.5% levy could be reached. In the end, 52.82% of those who cast a vote favoured 1.5% and 47.18% voted for 2.0%. I understand that the 1.5% levy will apply from 1st July 2019. The AWI AGM is being held today (23rd November).

The **detailed report** on the latest forecasts from the **Australian Wool Production Forecasting Committee** is now available. The report is attached to the email with this week's *Weekly Newsletter* as a supplement.

The International Wool Textile Organisation has just opened **applications for the Young Professional Programme for the IWTO 2019 Congress in Venice** in April. Applications close on 4th February 2019. Details including application forms can be seen at <https://www.iwto.org/events/2019-congress>.

OTHER INDUSTRY EVENTS

The **AWEX Annual General Meeting** will be held in Sydney on 30th November 2018.

The **IWTO 2018 Roundtable** will be held in Buenos Aires on 3rd to 4th December 2018.

The **IWTO 2019 Congress** will be held in Venice on 9th to 11th April 2019. Details at the website shown above.

WOOL SALES WEEK BEGINNING 26th NOV 2018 – week 22 (roster as at 22/11/2018)

Sydney

Wed, 28th Nov, Thurs, 29th Nov 9,239 bales

Melbourne

Wed, 28th Nov, Thurs, 29th Nov 19,441 bales

Fremantle

Wed, 28th Nov, Thurs, 29th Nov 7,767 bales

Information in the *Weekly Newsletter* is intended to provide general information only and is not intended to constitute *ad vice* for a specific purpose.