



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Australian wool prices ease again
- Launch of the 2019 NCWSBA Wool Broker Award
- Economic growth begins to falter but consumer confidence remains high
- Growth in clothing retail sales dips in the Northern Hemisphere Autumn/Winter
- Upcoming industry events



The **Australian wool market** continued its steady downward trend this week with prices for Merino wool falling. The **Eastern Market Indicator (EMI)** slid 16 Cents to 1947 c/kg, but remains above the level at the start of 2019. While prices for Merino wool declined in the eastern states, AWEX noted that there were significant differences in the price trends for better quality and lesser quality Merino wool. Good style/higher yielding wools with good additional measurements were in demand and, with tight supply, prices were maintained. But the more plentiful drought-affected lesser quality wool with lower yields saw sharp prices falls. Crossbred wool prices lifted.

The Southern Market Indicator fell by 16 cents to 1919 c/kg and the Northern Market Indicator declined by 14 cents to 1993 c/kg. In Fremantle, AWEX reported that the Western Market Indicator was down by 5 cents to 2099 c/kg even though the Merino micron price guides were all quoted higher. The A\$ fell against the US\$ and the Renminbi, but lifted against the Euro. As a result, the EMI fell by 21UScents to 1382 USc/kg and by 73 RMB to 9299 RMB/kg. It was steady in Euro at 1228 €cents/kg.

CALLING FOR NOMINATIONS – NCWSBA WOOL BROKER AWARD 2019

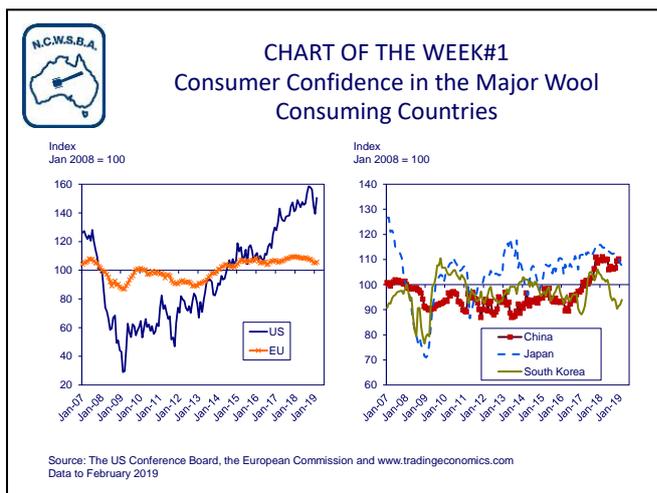
The **NCWSBA Wool Broker Award for 2019 has been launched!** This is the eighth year the Award has been offered. This year there is new media sponsor – Sheep Central. AWTA remains as the industry sponsor. The Award recognises excellence in wool broking by a younger member of our industry – be it client servicing, auctioneering, innovation or other aspects of wool broking. This year's Award winner will be granted an **all-expenses paid trip Tongxiang in the Zhejiang Province, China to attend the 2020 IWTO Congress in May 2020**. Arrangements will also be made for the Award winner to visit the wool textile industry in China.

The Finalists for the 2019 Award will be profiled in Sheep Central online news website in the lead up to Wool Week and the NCWSBA Annual General Meeting on 22nd August. This year's Award winner will be announced at the Wool Week dinner to be held in the RACV Club Dining Room in Melbourne.

Nominations are open for the 2019 NCWSBA Wool Broker Award. Closing date for nominations is Friday, 21st June. Please contact me for an application form – chris.wilcox@ncwsba.org or call me on 0419344259.

There are growing fears that **economic growth** around the world is slowing at a faster rate than expected. This quicker than expected slow-down in growth comes after a synchronised lift in economic growth in 2017 and 2018 around the world, led by a strong pace of economic growth in the US which was fuelled by wide-ranging tax cuts implemented by the Trump administration. This has led to very low unemployment levels in the US and rising wages. In response, the US Federal Reserve started to lift interest rates in the second half of 2018 to combat an expected rise in inflation rate and cool the economy. It had indicated further interest rate rises were expected in 2019. Now, in response to global signs of slowing growth and rising risks, it has reversed this stance. Overall, the outlook for 2019 and 2020 is less rosy on the global economic front than it has been in the past 2 years.

Despite these signs of dark clouds building over the key economies for 2019 and 2020, **consumers remain very upbeat** in most of the major wool consuming countries and regions. As the first **Chart of the Week** shows, consumer confidence in the US dipped at the start of 2019 but rebounded in February on the back of extremely low unemployment levels and rising wages. Confidence among consumers in the EU has waned a bit over the past few months as concerns about Brexit, slowing economic growth and industrial scandals in Germany, political change in Italy and the 'Yellow Vest' protests in France have weighed on consumers. Nevertheless, confidence remains at still high levels compared with many times over the past two decades. In Asia, consumer confidence in China and Japan is quite robust. Only in South Korea have consumers withdrawn and become significantly less positive about the future.



But has this relatively positive consumer confidence picture translated to **retail sales of clothing** in the major wool consuming countries? Unfortunately, no. Retail sales figures for the Autumn/Winter season in the Northern Hemisphere were very disappointing. As I have reported over the years in the Weekly Newsletter, the Autumn/Winter period in the Northern Hemisphere is a very important period for the sales of wool clothing around the world. I estimate that around 60% of annual sales of wool clothing occurs between October and January each year.

The second **Chart of the Week** shows the % change in the value of retail sales of clothing in the eight major wool consuming countries. These countries collectively account for around two-thirds of wool clothing consumption each year. The table shows the year-by-year trends in the change in retail sales since 2013. It also compares the growth in retail sales in the just completed Autumn/Winter period compared the growth see a year earlier. For the 2018 Autumn/Winter season I have shaded in red where growth was less than in 2017 and shaded in green where the growth is higher than a year earlier.

As can be seen, growth in retail sales was only better in two countries – Italy and South Korea. It was worse in six of the major wool consuming countries, particularly in China and the US. This is important, because it will be an important factor in the decisions retailers make about what to order for the 2019 Autumn/Winter season over the next few months.

CHART OF THE WEEK #2
Clothing Retail Sales

% change y-o-y	2013	2014	2015	2016	2017	2018	Autumn/Winter*	
							2017	2018
China	+11.5%	+10.8%	+9.3%	+6.8%	+8.0%	+8.7%	+9.8%	+4.9%
USA	+1.5%	+2.1%	+5.9%	-0.3%	+2.7%	+3.7%	+4.9%	+3.2%
Japan	-0.7%	-0.5%	-2.3%	-5.3%	-3.0%	-3.4%	-2.3%	-4.1%
Germany	+0.2%	+1.6%	+2.8%	+1.6%	+2.5%	+1.3%	+2.6%	+2.3%
UK	+2.3%	+5.9%	+1.2%	-2.5%	+6.4%	+0.8%	+3.8%	+2.1%
Italy	-2.1%	-1.2%	+0.8%	+0.3%	+0.7%	+0.2%	+0.1%	+0.9%
France	+1.1%	+1.3%	+3.4%	+2.8%	+3.9%	+3.1%	+3.5%	+3.1%
South Korea	+0.8%	+1.6%	+3.5%	+4.2%	+2.3%	+4.2%	+2.0%	+3.3%

Source: Government statistical bureaus.
Notes: Value of retail sales. China is for retail sales of garments, hats, footwear and knitwear. Japan is for major department stores.
Germany, Italy, France and South Korea is total retail sales.
* October to January

INDUSTRY EVENTS

The **Australian Wool Production Forecasting Committee** meets on Monday, 1st April 2019 at AWTA in Melbourne.

The **IWTO 2019 Congress** will be held in Venice on 9th to 11th April 2019.

Wool Week is on 22nd-23rd August 2019 in Melbourne.

The **Nanjing Wool Market Conference** will be held in Qufu, Shandong on 20th to 23rd September 2019

WOOL SALES WEEK BEGINNING 1st APR 2019 – week 40 (roster as at 28/3/2019)

<u>Sydney</u>	
Wed, 3 rd Apr, Thurs 4 th Apr	9,524 bales
<u>Melbourne</u>	
Wed, 3 rd Apr, Thurs 4 th Apr	21,462 bales
<u>Fremantle</u>	
Wed, 3 rd Apr, Thurs 4 th Apr	7,226 bales

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