



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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2020/25

From the desk of Chris Wilcox, Executive Director

- Wool auctions resume in shadow of new COVID-19 outbreak
- Textile fibre prices hit harder than other commodities
- Leading economic indicators point to recovery
- NCWSBA Annual General Meeting by Zoom
- NCWSBA Wall Chart available from 21st August
- Upcoming industry events



Economies starting to recovery in key wool consuming countries

Are there any signs of a recovery in economic conditions as parts of the world resume some form of normality from the COVID-19 pandemic? One gauge of economic conditions is the Composite Leading Indicators (CLI) from the Organisation of Economic Cooperation and Development (OECD). The Indicators are designed to provide early signals of turning points in business cycles. Wool prices have, to some extent at least, followed the trends in the CLI measure for China and the major advanced wool consuming economies (the US, Germany, Italy, the UK, France and Japan). The good news is that the latest data for the CLI suggests economic activity has rebounded strongly in China, while there has been a rebound in the major advanced economies, albeit more modest than for China.

Both sets of leading indicators plummeted earlier this year as COVID-19 hit. The drop was particularly marked in China which imposed a stringent lockdown and was milder across the advanced economies due to milder form of lockdown. As can be seen, the CLI has bounced back, particularly for China. This provides some encouragement that these better economic conditions will help support retail demand and, in time, raw wool prices.

Further details, including a chart showing the Composite Leading Indicators for the advanced wool consuming countries and for China compared with the trends in prices for Australian fine wool, are given in the full edition of the *Weekly Newsletter*. Available to NCWSBA members.

INDUSTRY EVENTS

The **AWPFC** meets on 12th August by videoconference.

Wool Week has been cancelled for this year.

The **NCWSBA Annual General Meeting** is scheduled for Thursday, 27th August and will be held by Zoom.

The **Nanjing Wool Market Conference** has been cancelled for this year.

WOOL SALES WEEK BEGINNING 3RD AUGUST 2020 – week 6 (roster as at 27/7/2020)

Sydney

Tues, 4th Aug; Wed, 5th Aug

13,849 bales

Melbourne

Tues, 4th Aug; Wed, 5th Aug

22,585 bales

Fremantle

Tues, 4th Aug; Wed, 5th Aug

9,037 bales

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