



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Medium Merino prices slide in the Australian wool market
- Economic conditions in the major consuming countries
- Australian wool exports
- Dumfries House Wool Conference on 9th September
- Last call - NCWSBA Wallchart available now
- Upcoming events



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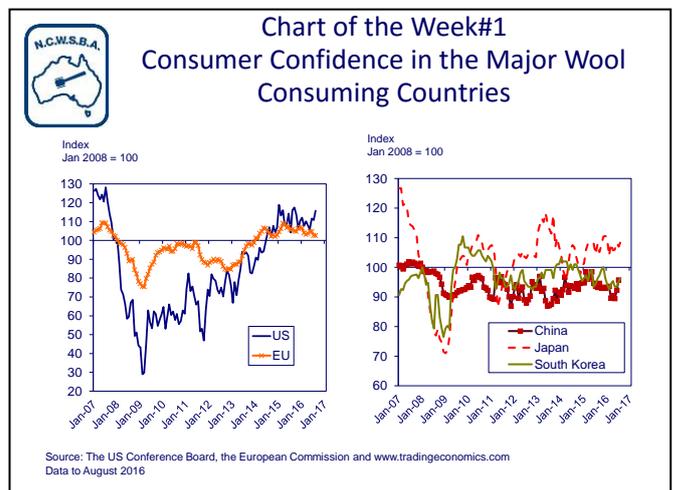
Wool prices slid in the **Australian wool market** this week as a jump in the A\$ pushed prices down. The **Eastern Market Indicator (EMI)** fell by 15 cents, to 1305 Acents/kg. The most significant falls were seen for medium and broad Merino wool, with prices for wool between 20 and 22 micron falling by around 30 cents while 18.5 to 19.5 micron wool was down by 10-14 cents. Superfine wool was less affected by the declines, down by 2-5 cents and fine Crossbred prices were steady. Broad Crossbred wool prices were down. A total of 41,832 bales were offered, including 1,762 bales of New Zealand wool on Tuesday. The pass-in rate lifted to 7.6%. The Northern Market Indicator fell by 14 cents to 1330 c/kg, the Southern Market Indicator fell 15 cents to 1289 c/kg and the Western Market Indicator dropped 28 cents to 1379 c/kg.

A strong 1.4 UScent rise in the A\$ against the US\$ no doubt contributed to the decline in A\$ prices. As a result of the lift in the A\$, the EMI in US\$ terms rose by 7 UScents to 1002 USc/kg, the highest level since June 2015. The A\$ also lifted against the Euro (by 0.8 €cents and the EMI was steady at 893 €cents/kg.

While we have started Spring here in the Southern Hemisphere, the Northern Hemisphere is moving in to the Autumn/Winter season, the most important period of the year for the sales of wool clothing. It is therefore worthwhile reviewing the **current economic conditions in the major wool consuming countries**. Conditions are rather mixed.

Economic growth rates in most countries are quite subdued. The US, which had been a shining light, has slowed and is now predicted to record a growth rate of only 1.5% this year, according to the latest forecasts from *Consensus Forecasts*. This is down from a prediction six months ago of around 2% growth. The UK and the Euro-zone have both also seen a significant reduction (as a result of the Brexit vote), with growth of only 1.5% and 1.6% now expected this year and just 1.2% and 0.6% in 2017. China's economic growth also continues to slow with forecasts of 6.6% in 2016 and 6.3% in 2017.

In spite of the slowing growth consumer confidence in many countries are at good levels. As the first **Chart of the Week** shows, consumer confidence in the US remains at around the highest levels over the past seven years. While consumer confidence in the EU has slipped back, particularly in the UK following the Brexit Vote, consumer confidence is well above the low levels seen in 2013. Consumer confidence in Japan is strong, but weaker in China and South Korea.



In spite of the relatively good consumer confidence levels, it is not being reflected in **clothing retail sales**.

The table in the second **Chart of the Week** shows the annual growth rate for clothing retail sales in the eight major apparel wool consuming countries. It shows the annual growth rates for the period 2011 to 2015 and also the year-to-date figure for 2016 compared with the same period in 2015. In the right hand column, the red shading indicates that the growth rate this year is lower than last year, while the green shading shows where it is higher than last year.

Only France and South Korea have recorded higher growth rates so far this year. The growth in clothing retail sales in China and the USA have both slowed sharply this year, while clothing sales in the UK have gone backwards.

These mixed economic conditions of slowing economic growth and retail sales growth on the one hand, but good consumer confidence on the other, is cause for some concern as we head in the Autumn/Winter season in the Northern Hemisphere. Hopefully consumers loosen their purses-strings and spend to match their confidence.

The first ever **Dumfries House Wool Conference** will take place **today**, 9th September, in Scotland. It is a gathering of key members of the global fashion, interiors and wool industry, organised by The Campaign for Wool and supported by the International Wool Textile Organisation. HRH The Prince of Wales will preside over the gathering and will discuss animal welfare, sustainability and quality, environmental issues and slowing down fast-fashion turnover. Leaders in the global fashion and wool industries will attend the Conference. Robert Ryan, the Chairman of the Federation of Australian Wool Organisations and Board Member of NCWSBA is attending. The signing of The Dumfries House Wool Declaration will be a highlight. The document, the "Custodians of the wool industry", will ensure a commitment to protect the environment, uphold the best possible practices for sheep welfare, growing, trading, manufacturing and selling wool, and wool-related products at all times. The Dumfries House Wool Declaration will agree, among other things, that the major wool growing countries conform to the strictest standards of animal welfare as embodied in the IWTO Specifications for Wool Sheep Welfare. You can see further details at by [clicking here](#).

The latest data on **Australian wool exports**, for July, was released today. Australian wool exports fell by 5% in volume terms and down by 7% in value terms compared with July 2015. The volume of exports to China and India, the two largest export destinations, were down in July by 6% and 23% respectively, while exports to Italy were down by 2%. Exports to the Czech Republic, Korea and Taiwan increased.

REMINDER: The 2016 Wall Chart from the National Council of Wool Selling Brokers is now available. Send me an email at chris.wilcox@woolindustries.org with your address and how many you would like for your office.

INDUSTRY EVENTS

The **Nanjing Wool Market Conference** will be held in Wuxi on 23rd-25th September. Click [here](#) for details.

The **IWTO Wool Roundtable** will be held in Biella, Italy on 28th-29th November.

The **IWTO 2017 Congress** will be held in May 2017. I will keep you posted about the location once it has been advised by the IWTO Head Office.

CHART OF THE WEEK#2
Weak Growth in Clothing Retail Sales



% change y-o-y	2011	2012	2013	2014	2015	Year to date*	
						2015	2016
China	+25.1%	+17.7%	+11.5%	+10.8%	9.3%	+10.3%	+7.2%
USA	+3.5%	+0.5%	+1.5%	+2.1%	+4.2%	+5.3%	+1.3%
Japan	+3.2%	-0.4%	-0.7%	-0.5%	-2.3%	-3.2%	-4.6%
Germany	+0.9%	-0.3%	+0.1%	+1.3%	2.8%	+2.8%	+1.6%
UK	+3.3%	+1.5%	+3.1%	+5.2%	+1.5%	+1.3%	-3.9%
Italy	-1.1%	-2.3%	-2.1%	-1.3%	0.8%	+0.6%	+0.7%
France	+1.7%	+0.6%	+1.1%	+1.2%	3.4%	+3.1%	+3.3%
South Korea	+8.6%	+3.2%	+0.8%	+1.6%	3.5%	+2.3%	+5.2%

Source: Government statistical bureaus.
Notes: Value of retail sales. China is for retail sales of garments. Japan is for major department stores. Germany, Italy, France and South Korea is total retail sales.
* Year to date is to July except for Italy which is to June

WOOL SALES WEEK BEGINNING 12th SEPT 2016 – week 11 (roster as at 8/9/2016)

Sydney

Wed, 14th Sep; Thurs, 15th Sep 10,183 bales

Melbourne

Wed, 14th Sep; Thurs, 15th Sep 20,339 bales

Fremantle

Wed, 14th Sep; Thurs, 15th Sep 7,709 bales

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