



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Record season average EMI in 2015/16
- Where do current price levels sit historically?
- US retail sales – disappointing outlook for second half of 2016
- Wool Selling Systems Review – Wool Exchange Portal Working Group
- NCWSBA Wallchart available in August
- Upcoming events



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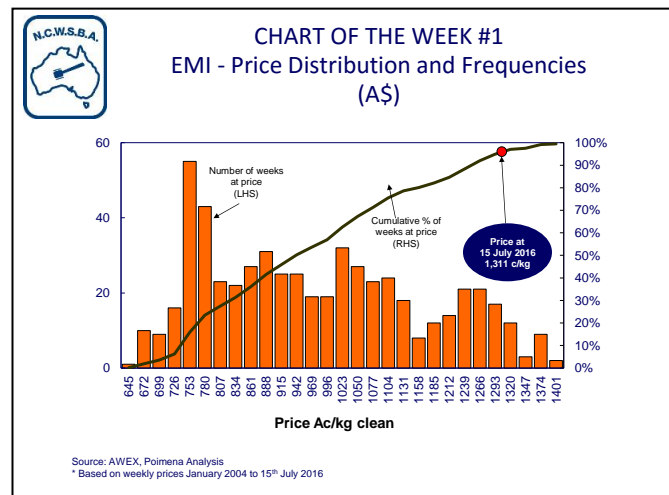
The **Australian wool market** is in recess this week. Auction sales resume on 10th August 2016.

The **season average Eastern Market Indicator (EMI)** was 1254 Ac/kg in 2015/16, which is the highest season average ever recorded for the EMI, exceeding the previous record set in 1987/88 (this is on a like-for-like basis). The average greasy price at auction in 2015/16 was 792 Ac/kg, which was also the highest ever recorded. The season average micron price guides for wool 21 microns and broader were all records, as was the season average for Merino Cardings. Not all microns recorded season average records though, with the average price guides for 19.5 micron and finer being below the records set in 2010/11. Nevertheless, they were high compared with the vast majority of past seasons. It's a different story in US\$ terms, with all season average prices being well below the records seen in 2010/11 or 2011/12 when the A\$ was at around 1US\$.

It is interesting, though, to see how the **current price levels** at the season recess compare with the levels since 2004. In A\$ terms, the prices as at 15th July for most microns were at the 90th percentile or better. As the first **Chart of the Week** shows, the current level of the EMI is sitting at around the 98th percentile (that is, the current price is better than 98% of the weekly prices seen since June 2004). The chart itself gives the distribution of the EMI in A\$ since June 2004 and where the current price sits on this distribution.

On pages 3 and 4 I have included price distribution charts for the Micron Price Guides (MPGs) for 18 micron, 19 micron, 21 micron, 23 micron and 28 micron wool, as well as for Merino Cardings. The current 18 MPG is at the 90th percentile and the 19 MPG is at the 92nd percentile. The 21 MPG and 23 MPG are both at the 99th percentile, while the 28 MPG is at the 90th percentile and the Merino Cardings Indicator is at the 94th percentile.

As with the 2015/16 season average, it is a bit of a different picture when you look at **current price levels in US\$ terms**. US\$ prices are lower in percentile terms than are the A\$ prices, but still well above the 50th percentile. The second **Chart of the Week** shows price distribution for the EMI in US\$ terms and where the current price level sits in the distribution. The EMI at 15th July was 998 UScents/kg, which is at around the 78th percentile. In other words, the current EMI is within the top 25% of prices since 2004 in US\$.



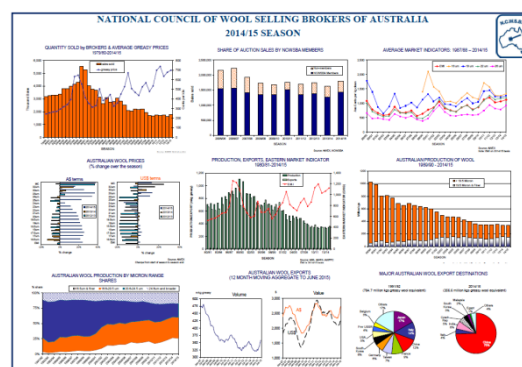
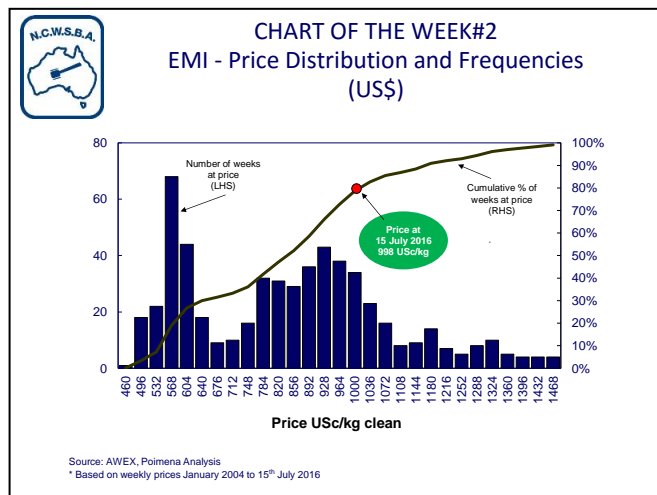
The Charts on pages 5 and 6 show the US\$ price distributions for the 18, 19, 21, 23 and 28 Micron Price Guides, as well as for Merino Cardings. As with the EMI, the current US\$ prices for these wools are lower in percentile terms than the A\$ price levels but above the long term median price. For the 18 MPG, current US\$ price is at the 67th percentile, the 19 MPG is at 76th percentile, 21 MPG at the 80th percentile, the 23 MPG at the 83rd percentile, the 28 MPG is at the 58th percentile and Merino Cardings is at the 72nd percentile.

This time of year in the Northern Hemisphere is the low point in the **retail sales** of wool products over the year, but even so the current retail sales results aren't encouraging. According to the *Women's Wear Daily*, **US clothing retailer's** hopes for a strong second half of 2015 are fading. Sales during spring (April-May) were weak and this comes on the back of worse than hoped for sales in January-March. According to the US Department of Commerce, clothing store sales increased by a mere 0.5% in the first five months of 2016. This compares with the annual growth rate of 4.7% in 2015. This weak sales growth is reported to have resulted in higher than expected inventory levels.

As I have said before in the *Weekly Newsletter*, the four months between October and January each year is the key retail sales period for wool clothing in the US (and in other countries in the Northern Hemisphere). Let's hope the gloomy view of retailers for the second half of 2016 proves to be wrong!

For those of you who missed the media release, Australian Wool Innovation announced on Wednesday that it has established the **Working Group** to assess the proposal for a **Wool Exchange Portal**. The Wool Exchange Portal was one of the major recommendations from the Wool Selling Systems Review. There are 14 members of the Working Group, including representatives of three of the largest wool broking companies, wool producers, wool exporters, AWI, AWH and the banking sector. The Working Group will be chaired by Will Wilson, with Mark Rodda as Executive Officer. The media release says that the Working Group "has been asked to provide AWI with a clear yes or no decision on the Wool Exchange Portal". The Working Group is to report to the AWI Annual General Meeting in November. The media release can be seen by [clicking here](#).

The 2016 Wall Chart from the National Council of Wool Selling Brokers will be available from 19th August. Free to NCWSBA members, it is an A2 printed Wall Chart with graphs showing auction volumes and prices, market indicators, and Australian wool production and exports as far back as the 1979/80 season. **Send me an email at chris.wilcox@woolindustries.org and tell me how many you would like for your office and the delivery address.** The Wall Charts will also be available at the NCWSBA AGM on 25th August.



INDUSTRY EVENTS

The **2016 AWIS Wool Week** will be held at the Crowne Plaza in Melbourne on 25th & 26th August. The **NCWSBA AGM** will be held on Thursday, 25th August 2016.

The **Nanjing Wool Market Conference** will be held in Wuxi on 23rd-27th September. Click [here](#) for details.

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

WOOL SALES IN AUSTRALIA ARE IN RECESS UNTIL THE WEEK BEGINNING 8th AUGUST 2016

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

