



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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9th February 2018

2018/04

From the desk of Chris Wilcox, Executive Director

- Australian wool prices rally after a slide
- Merino price Supercycle
- Profitability of wool and sheep enterprises at record levels in Victoria
- Australian exports of fine and superfine wool down in 2017/18 to date
- Upcoming events



Sample article

A Supercycle for Merino Wool Prices

The wool market experiences regular price cycles from trough to peak and then back to a trough. These cycles are driven by stocking and destocking decisions within the wool textile industry. Every so often we see a Supercycle, one which goes for much longer and involves a much greater increase in prices. In the past 30 years there have been four such Supercycles and I think the current market is the fifth such Supercycle.

The duration of the current Supercycle is in line with the two Supercycles in 1986-1988 and 1993-1995. It is longer than the two others in 2001-2003 and 2010-2011. As well, the % increase in the Eastern Market Indicator for the current Supercycle is smaller than for previous Supercycles, mainly because the starting price was much higher. Finally, it is impossible to discern at the time of the initial upswing of a cycle whether it is a normal cycle or the start of a Supercycle. It is also hard to know why a cyclical upturn develops into a Supercycle.

Full details can be found in the full edition of the NCWSBA's *Weekly Newsletter*. This includes a table showing the peak of the EMI in both US\$ and A\$, the extent of the increase in the EMI for each Supercycle in c/kg and in % terms, the number of weeks from the start of the upturn to the peak, and the underlying economic and industry conditions. The full version of the NCWSBA's *Weekly Newsletter* is available to NCWSBA members.

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

INDUSTRY EVENTS

The **World Merino Congress** will be held in Montevideo, Uruguay on 12th to 14th April 2018. Click [here](#) for details.

The **IWTO 2018 Congress** will be held in Hong Kong on 14th to 16th May 2018. Click [here](#) for the draft program.

The **IWTO 2018 Round Table** 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.

WOOL SALES WEEK BEGINNING 12th FEB 2018 – week 33 (roster as at 8/2/2018)

Sydney

Wed, 14th Feb; Thurs, 15th Feb 9,056 bales

Melbourne

Tues, 13th Feb; Wed, 14th Feb; Thurs, 15th Feb 23,875 bales

Fremantle

Wed, 14th Feb; Thurs, 15th Feb 10,101 bales