



# The National Council of Wool Selling Brokers of Australia Inc

## NEWSLETTER

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### From the desk of Chris Wilcox, Executive Director

- Merino wool prices slide, Crossbreds on the rise
- Consumer confidence at highest level since 2000
- Clothing retail sales on the rise in key markets
- Exports from the major wool exporting countries lift in 2017/18
- Registrations open for the IWTO 2018 Congress
- Upcoming events



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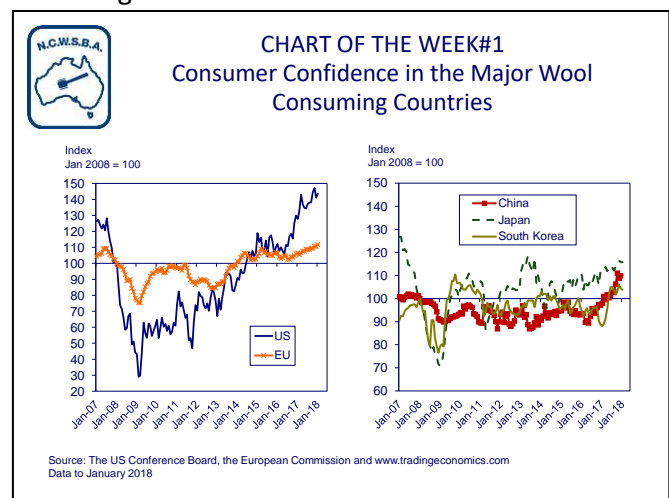
Merino wool prices generally pulled back from the heights of last week in the **Australian wool market** this week. For a change, Crossbred wools outperformed their Merino cousins, recording moderate increases. The **Eastern Market Indicator** eased back by 6 cents to 1812 c/kg. The Western Market Indicator fell the most, down by 42 cents for the week to 1879 c/kg, while the Northern Market Indicator slid by 16 cents to 1893 c/kg. The Southern Market Indicator was marginally higher at 1761 c/kg, up by 1 cent. The A\$ lifted by 1 UScent and the EMI actually rose by 14 UScents to 1437 USc/kg. The A\$ also lifted against the Renminbi and was steady against the Euro. As a result, the EMI rose 125 RMB to 8991 RMB/kg but eased by 4€cents to 1154 €cents/kg.

With Merino wool prices doing so well, it is timely to see what the situation is in the major retail markets for wool and see how retail sales have been going in the Northern Hemisphere Autumn/Winter.

The good news is that consumers in the major wool consuming countries (the US, countries of the European Union, China, Japan and South Korea) are feeling more and more confident about current economic conditions. As the first **Chart of the Week** shows, **consumer confidence** in the US continues to rise steadily and currently sits near the highest level since 2000. Consumer confidence in the European Union is also at the highest level since 2000. In Asia, consumers are increasingly confident, with consumer confidence in China at the highest level since the turn of the millennium. These high consumer confidence levels set the scene for increased consumer spending and, hopefully, good retail sales of wool clothing, carpets, rugs and blankets.

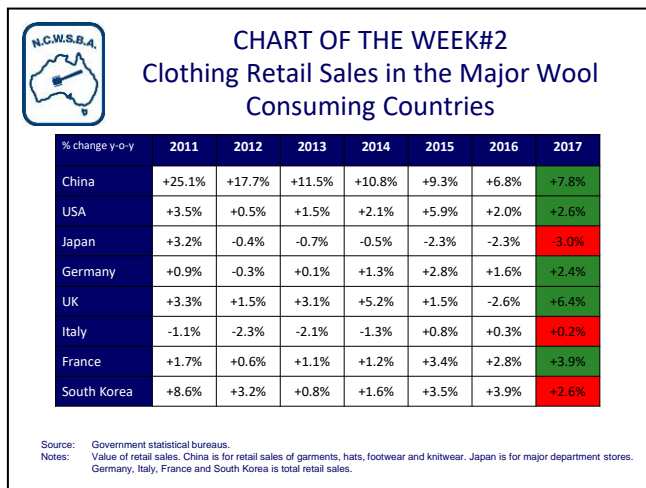
The data on **retail sales of clothing** in the seven major wool consuming countries is mostly positive. As the second **Chart of the Week** on the next page shows, the growth in retail sales of clothing was higher in 2017 than in 2016 in five of the seven countries (this is shown by the green shading in the table).

In some cases the improvement is substantial. A key is that the growth in retail sales improved steadily in recent months in China, the UK, the US, France and South Korea. The highlight is the turn-around in the UK. Retail sales of clothing in the UK contracted by 2.6% in 2016 but has grown by 6.4% in 2017. This improvement in the growth rate of retail sales in a number of these countries in recent months is



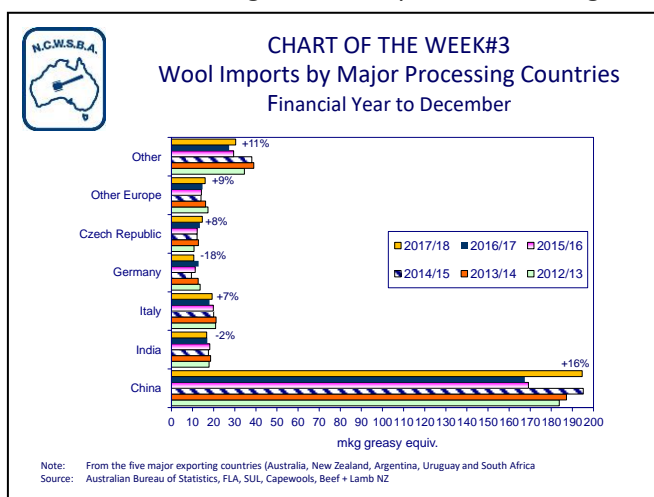
encouraging for the sale of wool clothing over the Autumn/Winter season in these countries. Furthermore, it has been a cold winter in many of these countries. Let's hope that retailers had stocked up with wool!

I reported on the continued lift in Australia's wool exports in the *Weekly Newsletter* of 25<sup>th</sup> January. The picture is also positive three of the other four **major wool exporting countries**. New Zealand's wool exports fell sharply in 2016/17 as demand for broad wool contracted sharply and prices declined. This led to a build-up of stocks held on farm and in broker stores. Reports out of New Zealand put these excess stocks at 180,000 to 200,000 bales. The good news is that New Zealand's wool exports have jumped by 17% in the first six months of the 2017/18 season. This will help clear these excess stocks.



Uruguay also saw a slump in demand and in wool exports in 2016/17 (the vast majority of Uruguay's wool production is wool between 25 and 32 micron wool). In the July to December 2017 period, Uruguay's exports jumped by 35% as demand recovered. South Africa has also seen an increased wool export volumes this season, up by 5% in the first six months. This lift may be constrained in coming months as a result of the fierce drought currently affecting the western and northern Cape. The exception to the positive export picture for the major exporting countries is Argentina which has seen its wool exports drop by 12% in the first half of the 2017/18 season. This continues the decline seen for Argentina's exports which began at the start of 2017.

Overall, wool exports from the five major wool exporting countries is up by 11% in the July to December 2017 period. As the third **Chart of the Week** shows, this has been driven by increased demand from China, as well as improved raw wool demand from a number of other countries. China's purchases are up by 16% in 2017/18 to date, while imports by the Czech Republic and Italy are also higher, by 8% and 7% respectively. Imports by other countries in Europe (mainly the UK) are up by 9%, while imports by 'other' countries have also lifted.



Registrations for the International Wool Textile Organisation's 2018 Congress in Hong Kong are now open. [Click here](#) for details and to register. You will need to log in with your IWTO member log-in. If you have not yet created an account with the IWTO, there are instructions on how to do that. The Early Bird fee for IWTO Members is €1300 (valid until 28<sup>th</sup> March). The Young Professional fee is €665 (applications for the Young Professional Program close on Monday, 19<sup>th</sup> February – [click here](#) for an application form.)

#### INDUSTRY EVENTS

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

The **IWTO 2018 Congress** will be held in Hong Kong on 14<sup>th</sup> to 16<sup>th</sup> May 2018. Click [here](#) to register.

The **IWTO 2018 Round Table** will be held in Buenos Aires on 3<sup>rd</sup> to 4<sup>th</sup> December 2018.

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

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

<u>Sydney</u>	
Wed, 21 <sup>st</sup> Feb; Thurs, 22 <sup>nd</sup> Feb	10,022 bales
<u>Melbourne</u>	
Tues, 19 <sup>th</sup> Feb; Wed, 21 <sup>st</sup> Feb; Thurs, 22 <sup>nd</sup> Feb	23,875 bales
<u>Fremantle</u>	
Wed, 21 <sup>st</sup> Feb; Thurs, 22 <sup>nd</sup> Feb	10,101 bales