



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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2018/10

From the desk of Chris Wilcox, Executive Director

- Australian wool market rebounds as the A\$ falls
- Looming US-China trade war a risk for the wool market
- Mulesing status update
- Reminder: Applications for 2018 NCWSBA Wool Broker Award
- IWTO Market Information report edition 13 now available
- Upcoming events



Sample Article

Looming US-China Trade War a Risk for the Wool Market

The announcement by the Trump Administration last week that the US will impose a 25% import duty (aka tariff) on US\$50-US\$60 billion worth of imports from China threatens to start a trade war. This would impoverish the economies of all countries, most particularly the US. It is very poor timing, given that the US economy is now growing at a healthy clip (fast enough for the US Federal Reserve to again lift interest rates this week) and economic growth in the European Union is picking up. The much stronger economic growth is one of the key reasons for the Merino wool price Supercycle the Australian wool industry is now enjoying (see the *Weekly Newsletter* of 9th February for details).

A trade war will be bad for the wool market, even if there are no products directly related to wool and wool clothing on the list. It will slow economic growth in both the US and China (and elsewhere), affecting demand. There may also be currency effects which will hurt wool. While the \$A fell on the news of the new import duties, in the longer run the US\$ is likely to fall against the A\$ as a result of a trade war between the US and China, pushing up the price paid in US\$ for Australian wool. The announcement of these tariffs on imports from China and the possibility of China retaliating, leading to a trade war, could be the trigger for a downturn in the current Merino price Supercycle.

Further details including a table showing the downside the downside to the Merino Supercycles in the past 20 years and the context of the decline from each Supercycle are provided in the full version of the NCWSBA *Weekly Newsletter*.

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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](#) to register.

The **Nanjing Wool Market Conference** will be held on 11th to 13th September 2018 in Nanjing.

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 26th MAR 2018 – week 39 (roster as at 22/03/2018)

<u>Sydney</u>	Tues, 27 th Mar; Wed, 28 th Mar	14,269 bales
<u>Melbourne</u>	Tues, 27 th Mar; Wed, 28 th Mar	22,794 bales
<u>Fremantle</u>	Tues, 27 th Mar; Wed, 28 th Mar	10,028 bales

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