



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Australian wool market slides
- Good retail sales of clothing over the Northern Hemisphere Autumn/Winter
- Moving to a non-mulesed Merino operation in Australia
- IWTO Market Information report edition 13 now available
- Reminder: Nominations for the 2018 Australian Wool Industry Medal
- Upcoming events



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The **Australian wool market** eased back this week as prices for Merino wool slid, notably in Sydney. The **Eastern Market Indicator (EMI)** fell by 6 cents to 1772 c/kg, although there were signs of prices stabilising and even rising on Wednesday. The fall came despite the A\$ falling against the major currencies amid on-going fears about a trade war between the US and China. Merino wool prices were mostly lower, although low VM wools were in demand and steady for the week. Crossbred wool prices continued their recent recovery, lifting solidly. A highlight of the week was the fourth annual feature sale held at the Royal Sydney Easter Show. The Western Market Indicator was 2 cents higher at 1871 c/kg and the Southern Market Indicator lifted by 1 cent to 1732 c/kg. The Northern Market Indicator fell by 15 cents to 1837 c/kg.

The A\$ was almost ½ US cent lower at 77 UScents and was also down against the Euro and the Renminbi. The EMI fell by 13 UScents to 1364 USc/kg, by 870 Renminbi to 8562 RMB/kg and by 15 €cents to 1099 €cents/kg. There is a one-week recess next week for Easter before sales resume in the week beginning 9th April.

In last week's *Weekly Newsletter* I looked at the potential damage from a trade war between the US and China in the wake of the Trump Administration's announcement that it planned on imposing 25% import duties on 1300 products from China. As I said, the timing is bad, not least because **consumer confidence** around the world is at high levels as I noted in the *Weekly Newsletter* of 16th February. These high consumer confidence levels set the scene for increased consumer spending, including on wool clothing. It is interesting to see whether these high confidence levels were reflected in retail sales over the recently completed Autumn/Winter season in the Northern Hemisphere.

The good news is that **retail sales of clothing** over the Northern Hemisphere Autumn/Winter was mostly positive. As the **Chart of the Week** shows, the growth in retail sales of clothing was higher in A/W 2017 than in A/W 2016 in four of the seven major wool consuming countries (this is shown by the

 **CHART OF THE WEEK#1**
Clothing Retail Sales in the Major Wool Consuming Countries

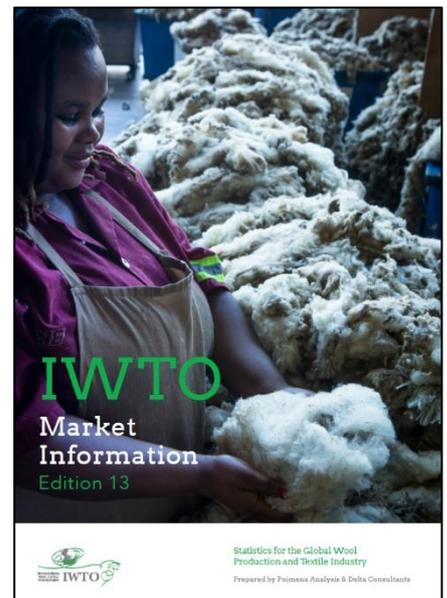
% change y-o-y	2011	2012	2013	2014	2015	2016	2017	Autumn/Winter	
								2016	2017
China	+25.1%	+17.7%	+11.5%	+10.8%	+9.3%	+6.8%	+7.8%	5.2%	+7.7%
USA	+3.5%	+0.5%	+1.5%	+2.1%	+5.9%	+2.0%	+2.6%	+2.2%	+3.9%
Japan	+3.2%	-0.4%	-0.7%	-0.5%	-2.3%	-2.3%	-3.0%	-4.6%	-2.3%
Germany	+0.9%	-0.3%	+0.1%	+1.3%	+2.8%	+1.6%	+2.4%	+2.6%	+1.1%
UK	+3.3%	+1.5%	+3.1%	+5.2%	+1.5%	-2.6%	+6.4%	+2.1%	+3.5%
Italy	-1.1%	-2.3%	-2.1%	-1.3%	+0.8%	+0.3%	+0.2%	+0.1%	-0.2%
France	+1.7%	+0.6%	+1.1%	+1.2%	+3.4%	+2.8%	+3.9%	+3.5%	+4.5%
South Korea	+8.6%	+3.2%	+0.8%	+1.6%	+3.5%	+3.9%	+2.6%	+2.9%	+2.0%

Source: Government statistical bureaus.
Notes: Value of retail sales. China is for retail sales of garments, hats, footwear and knitwear. Japan is for major department stores. Germany, Italy, France and South Korea is total retail sales.

green shading in the table). This is very encouraging for the sale of wool clothing over the Autumn/Winter season. Hopefully it will prompt retailers to lift their orders for the 2018 Autumn/Winter season, which they will be placing in the next month or so. This will then flow through to orders back along the wool textile industry.

AWI released an excellent booklet this week on strategies being adopted by woolgrowers across Australia that have **moved to or have always been a non-mulesing Merino enterprise**. The booklet is based on interviews with 40 woolgrowers who come from a very diverse range of regions, climates and Merino types. The growers came from low, medium and high rainfall areas, from coastal to high-altitude regions, from cold temperate Mediterranean regions to hot subtropical regions, from dryland low stocking rate pastures to irrigated high stocking rate pastures. Their Merino sheep types varied from 12 microns to 23 microns, with low to high wrinkle and low to high dags. What is clear from these interviews that there is no “one size fits all” strategy, although there were common themes. The report concludes that *‘each woolgrower needs to have a plan that is relevant to them’*. Growers need to have a well-considered, informed, written detailed plan before starting to move to a non-mulesed enterprise. The report is called [Planning for a non-mulesed Merino enterprise](#) and you can download it by clicking on the title.

The latest edition of the **International Wool Textile Organisation’s Market Information Report** has just been released. This 161-page report is the 13th edition and has 52 tables and 58 charts of detailed statistics on the world wool industry covering everything from sheep numbers and wool production to prices for wool in a number of countries (including Australia, New Zealand, South Africa, South America and China) to prices for competing fibres to trade in raw wool, semi-processed wool and finished wool products and to retail sales. The report also includes an overview of the wool market in 2017 and an outlook for 2018. This year it includes a chart and information on the wool declared by mulesing status in Australia through the National Wool Declaration. It is the definitive source of statistics on the global wool industry. It is free to IWTO Members and available to non-members at €500. **Please contact me at chris.wilcox@woolindustries.org or 0419344259 for details.**



REMINDER: FAWO has called for nominations for the **2018 FAWO Australian Wool Industry Medal**. The Medal recognises men and women who have made an exceptional and sustained contribution to the Australian wool industry. Nominations close on 1st May 2018. The 2018 Medal Recipients will receive their Medals at a special presentation to be held at the Australian “Wool Week” dinner on 23rd August 2018 in Melbourne. Full details and nomination forms can be downloaded from www.fawo.org.au. Please contact me at chris.wilcox@woolindustries.org if you have a suggestion for somebody to be nominated by NCWSBA.

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.

EASTER RECESS

NO WOOL SALES FOR THE WEEK BEGINNING 2nd APRIL 2018

SALES RESUME FOR THE WEEK BEGINNING 9th APRIL 2018

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