



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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1st June 2018

2018/18

From the desk of Chris Wilcox, Executive Director

- Australian EMI rises again and hits new records in A\$, US\$, Euro and Renminbi
- Inflation-adjusted EMI in April 1988 was 1600 cents above current level
- AWTA wool tests up in May
- Seasonal conditions and outlook
- Upcoming events



EMI at nominal records, but 1988 level twice as high in real terms

The sharp rise in the EMI in the past 12 months and particularly in the past month has been terrific news for Australian woolgrowers who grow Merino wool and all growers around the world who have Merino sheep. The move above the \$20/kg mark is indeed momentous. However, the record nominal level is illusory as it does not allow for inflation: \$1 now is worth less than it was 5 years ago, 10 years ago, 30 years ago. It is worth looking again at prices in real terms (i.e. adjusted for inflation).

Without adjustment for inflation, the current EMI is 445 cents above the peak EMI of 1582 c/kg in April 1988. However, once inflation is taken into account, the current level is dwarfed by the real terms EMI in April 1988. In real terms, the EMI in April 1988 was 3638 c/kg, 1600 c/kg higher than the current EMI of 2027 c/kg. This is a massive difference and is pause for thought amidst the acclamations, excitement and amazement about the current market. The 1986-88 Supercycle was truly a monster that will take a lot of beating. While the current Supercycle has broken new ground, having run for a record 114 weeks and counting (above the 111 weeks for the Supercycle in 1986-88), it is still dwarfed by the extent of the rise in prices in the 1986-88 Supercycle.

Further details including a chart showing the current EMI in nominal terms and in real terms from the 1980s to now are provided in the full version of the NCWSBA *Weekly Newsletter*, available to NCWSBA members.

INDUSTRY EVENTS

The **2018 AWIS Wool Week** will be held in Melbourne on 23rd & 24th August. The NCWSBA AGM will be held on Thursday, 23rd August 2018.

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

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

WOOL SALES WEEK BEGINNING 4th JUNE 2018 – week 49 (roster as at 31/05/2018)

<u>Sydney</u>	Wed, 6 th June; Thurs, 7 th June	11,802 bales
<u>Melbourne</u>	Wed, 6 th June; Thurs, 7 th June	15,468 bales
<u>Fremantle</u>	NO SALES	

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