



# The National Council of Wool Selling Brokers of Australia Inc

## NEWSLETTER

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2018/27

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

- Wool Week registrations close on 14<sup>th</sup> August
- Australian wool prices lift - EMI hits a new record in Renminbi
- Value of Australian wool exports hit highest season total since 1994/95
- Cotton consumption and production and prices
- NCWSBA Wall Chart for 2018 now available
- Upcoming events



**REMINDER:** Registrations for AWIS Wool Week events, close on Tuesday, 14<sup>th</sup> August. A registration form is attached to the email with the *Weekly Newsletter* – get your registrations in!

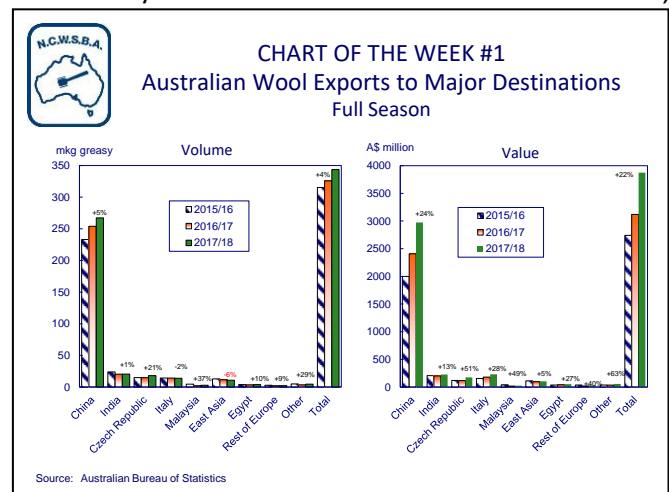
The **Australian wool market** resumed this week after the 3-week recess. After a weak opening day on Tuesday when prices fell back, demand and prices rebounded on Wednesday and Thursday. The Eastern Market Indicator closed at 1990 c/kg, up by 9 cents on the level prior to the recess. There were 49,415 bales offered, about 3,000 bales lower than that offered in the first sale back after the recess in the last 2 years. Prices for fine Merino wool (19.5 micron and finer) lifted for the week by as much as 70 cents, but prices for medium and broad Merino wool were lower, while prices for Crossbred wool fell by 50-90 cents. The Northern Market Indicator finished the week at 2027 c/kg, up 14 cents compared with the pre-recess levels. The Southern Market Indicator lifted 6 cents to 1967 c/kg and the Western Market Indicator was 29 cents higher at 2158 c/kg.

There were some interesting moves in the currency market over the recess, none more so than the change in the Renminbi. It was 2.7% lower against the A\$ over the recess and also fell against the US\$. The A\$ was a little stronger against the US\$ and Euro. Given the fall in the Renminbi over the past 3 weeks, the EMI rose by 310 RMB breaching 10000 RMB/kg for the first time ever, finishing at 10099 RMB/kg. The EMI was 18 UScents higher at 1480 USc/kg and 23 €cents higher at 1275 €cents/kg.

The Australian Bureau of Statistics last Friday released the data on **Australia's wool exports** for June, giving us the full 2017/18 season data on exports. For June, Australia's exports were 12% higher in volume and 48% higher in value compared with June 2017. It is more interesting to look at the full 2017/18 results. Reflecting what a magnificent season 2017/18 was for the Australian wool market, wool exports were 22.4% higher in value terms at \$3.817 billion. This is the highest total value for a season in over 20 years, since 1994/95.

More to the point, this exceptionally high value of exports came from a volume of just 343.6 mkg greasy. This was 4% higher than in the 2015/16 season and compares with the 727.3 mkg greasy that was exported in 1994/95.

As the first **Chart of the Week** shows, all of the major destinations recorded an increase in the value of Australian wool exports to a greater or




lesser degree. Exports to the Czech Republic lifted by 51% for the season, exports to Malaysia were 49% higher while exports to China, the largest destination, were up 24%. The picture was a little more mixed in volume terms, with a few countries recording declines in the volume of exports, notably Italy which was down by 2%. Other countries, including China, recorded increases in volume terms. The small increase for India is a turn-around from earlier in the season when exports to India were down.

By **micron range**, Australia's wool exports by value were higher across the four micron ranges, led by a 43% increase in the value of exports of 24-27 micron wool. Exports of 20-23 micron wool were 37% higher, exports of 28 & broader wool were 29% higher, while exports of 19 micron & finer wool were 18% higher. Fine wool (19 micron & finer) accounted for 50% by value of Australia's exports while 20-23 micron wool had a 43% share. The other micron ranges were small contributors. The weight of wool exported by micron range saw a 2% decline in exports of 19 micron & finer wool, while exports of 20-23 micron, 24-27 micron and 28 micron & broader wool all increased in volume terms by 16%, 23% and 28% respectively.

While the Australian wool market had an excellent season in 2017/18 and has started the 2018/19 season well, the **global cotton market** has also seen a steady improvement, continuing the recovery

since the low point in 2014/15. Cotton prices, as measured by the CotLook A indicator, rose by 10% over the 2017/18 season and in June 2018 hit the highest level since March 2012. This improvement in prices is due to a strong lift in mill demand for raw cotton in the past two years, according to the International Cotton Advisory Committee (ICAC). ICAC predicts that cotton consumption will lift again in 2018/19 by 4% to a new record level. As well, production is predicted to slide due to tough, dry seasonal conditions in many countries (including Australia). The second **Chart of the Week** shows the global balance sheet for cotton.

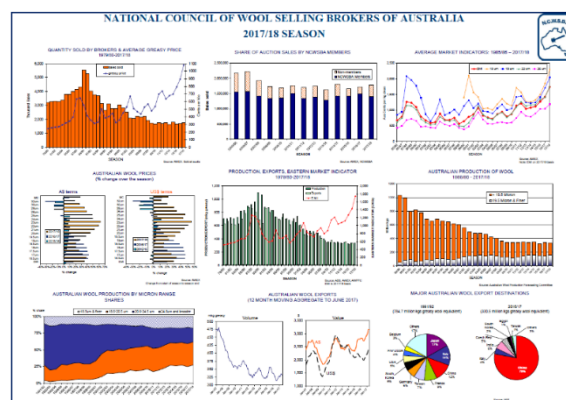
 **CHART OF THE WEEK#2**  
Global Cotton Supply-Demand Balance Sheet

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19f
Production (million tonnes)	26.24	26.20	21.02	23.08	26.87	25.89
Consumption (million tonnes)	23.50	24.20	23.81	24.52	26.38	27.46
Change in Stocks (million tonnes)	+2.63	+2.67	-3.10	-1.44	+0.49	-1.57
Ending stocks (million tonnes)	19.57	22.24	19.14	18.80	19.29	17.71
Stocks-to-use ratio %	83.3%	91.9%	80.4%	76.7%	73.1%	64.5%
CotLook "A" Index average USc/lb	91	71	70	83	88	87

Source: International Cotton Advisory Committee

**The 2018 Wall Chart from the National Council of Wool Selling Brokers IS NOW AVAILABLE!!** Free to NCWSBA members, it is an A2 printed Wall Chart with graphs showing auction volumes and prices, market indicators, and Australian wool production and exports from 2017/18 and as far back as the 1979/80 season.

**Send me an email at [chris.wilcox@ncwsba.org](mailto:chris.wilcox@ncwsba.org) and tell me how many you would like for your office and the delivery address.** The Wall Charts will also be available at the NCWSBA AGM on 23<sup>rd</sup> August.



#### INDUSTRY EVENTS

The **NCWSBA AGM and Forum** will be held on Thursday, 23<sup>rd</sup> August 2018 in Melbourne as part of the **2018 AWIS Wool Week**.

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

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 13<sup>th</sup> AUGUST 2018 – week 7 (roster as at 09/08/2018)

<u>Sydney</u>	Wed, 15 <sup>th</sup> Aug; Thurs, 16 <sup>th</sup> Aug	13,216 bales
<u>Melbourne</u>	Wed, 15 <sup>th</sup> Aug; Thurs, 16 <sup>th</sup> Aug	19,826 bales
<u>Fremantle</u>	Wed, 15 <sup>th</sup> Aug	4,248 bales

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