



# The National Council of Wool Selling Brokers of Australia Inc

## NEWSLETTER

Gate 4  
29 Frederick Rd  
Tottenham Vic 3012

Phone: +61(0)419344259  
E-mail: [info@ncwsba.org](mailto:info@ncwsba.org)  
Twitter: @woolbrokersaus

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2018/30

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

- Australian wool prices lift, but Melbourne sale delayed
- Report on the NCWSBA Annual General Meeting and Forum
- Highlights of the FAWO AGM and General Meeting
- Consumer confidence in key markets remains high
- US imports of wool products lifts in 2018 to date
- Upcoming industry events



It was a solid if interrupted week for the **Australian wool market**. Prices rose on Wednesday in the Eastern selling centres compared with last week's close, but were lower in Fremantle compared with the last sale two weeks prior as the Western selling centre played catch up. Prices then lifted on Thursday in Sydney and Fremantle. The Melbourne sale scheduled for Thursday was postponed until Friday after the police closed the roads around the selling centre due to a massive fire on Thursday at a warehouse very nearby. As a result, I can't report on the Eastern Market Indicator for the week. The Northern Market Indicator lifted by 28 cents and finished at 2145c/kg. The Western Market Indicator fell by 24 cents compared with the previous sale, which was a fortnight ago. The WMI finished the week at 2255/kg.

As I said in last week's edition of the *Weekly Newsletter*, the **NCWSBA Annual General Meeting and Forum** was held on 23<sup>rd</sup> August. We had around 50 people attend the AGM and Forum, the largest attendance ever in the decade I have been the Executive Director. The AGM business was straight forward with the accounts for 2018/19 being accepted and the President presenting his report. One notable change to the Board of Directors is that Robert Ryan has retired from the Board after 25 years serving as a Director. Robert has been a stalwart for the NCWSBA and has had two stints as President in the 25 years as a Director. The Board of Directors for 2018/19, including the office bearers who were appointed at the Board meeting in the afternoon of 23<sup>rd</sup> August are:

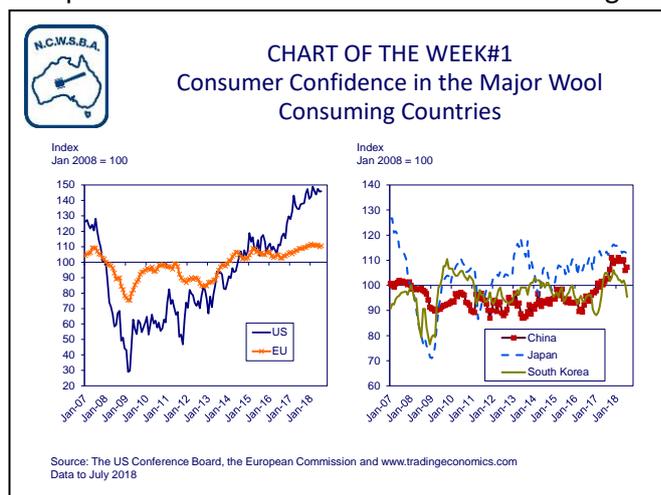
John Colley (President)	Rowan Woods (Vice President)	Simon Hogan
Gerard Buchanan	Andrew Mills	Emma Reynolds
Stephen Keys	Andrew Lindsay	Matt Pedersen
Chris Wilcox (Secretary and Executive Director)		

At the Forum, in addition to the presentations from the three Finalists for the 2018 NCWSBA Wool Broker Award, we also had a presentation from Brett Smith, the 2017 Broker Award winner on his experiences at the IWTO Congress in Hong Kong in May and the retail and mill visits he did following the Congress. Brett was particularly taken by the visit to the woollen yarn spinning company that we visited in Dongguan in southern China. Jane Littlejohn, the General Manager, Research for Australian Wool Innovation gave us a presentation at the key research projects being undertaken by AWI, with a focus on the on-farm R&D. One of the research areas that Jane talked about was on the use of artificial intelligence in the wool industry, including in the area of genetics. We also had presentations from Mark Grave (AWEX) and Michael Jackson (AWTA) providing updates on each organisation.

The **FAWO Annual General Meeting** and general meeting was held last Friday, 24<sup>th</sup> August. David Michell will continue as the Chairman of FAWO, Michael Jackson as Deputy Chairman and Bianca Heaney as the Secretary. I have been appointed by NCWSBA as the representative on the FAWO Executive Committee,

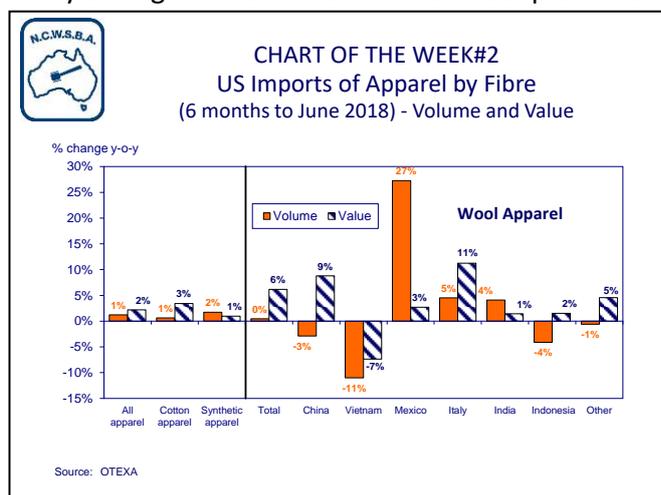
replacing Robert Ryan. There were some interesting presentations at the General Meeting, notably an excellent presentation by Natarsha Williams on the various projects being managed by the Emergency Animal Diseases Working Group. One project Natarsha talked about was a training program for wool broker staff and part of that training course is a 'Glitter Bug' exercise, where selected members of the audience handled a small toy sheep that was 'infected'. Using a UV light, the exercise demonstrates how easily a virus, such as Foot and Mouth Disease can be transmitted. John Colley (NCWSBA President) gave a short update on NCWSBA's activities in 2017/18.

Turning now to the current environment for the wool market, it is interesting to see how **consumer confidence** in the major wool consuming countries is tracking. As the first **Chart of the Week** shows, consumer confidence in both the US and in the European Union remains at very high levels. For the US, consumer confidence levels are just a touch below the peaks hit earlier in 2018. These are the highest levels since 2000. For the European Union, current levels of consumer confidence are also near the peaks reached earlier this year which are in turn the highest since early 2001. It is a similar story in China and even in Japan. In contrast, consumer confidence in South Korea has waned in recent months. While it is still summer in the Northern Hemisphere (and so wool garments won't be high on the consumer buying list), it will be important for these excellent consumer confidence levels to be maintained over the next few months as we move into the crucial Autumn/Winter season. It will be one factor that we need to keep an eye on.



Another factor we will need to monitor is the level of **wool garment imports** into some of the major wool consuming countries, such as the US. The US is the second or third largest consuming market for wool garments at retail and almost all of the wool garments purchased at retail are imported. Therefore, how imports are tracking is an important measure of the likely strength of retail demand for wool products in the US. 2017 was tough for wool garment imports into the US, with the total quantity of wool garment imports falling by 13% and the value of imports dropping by 11%. The good news is that US imports of wool clothing has lifted in the first six months of 2018.

As the second **Chart of the Week** shows, the value of US imports of wool clothing has risen by 6%. Imports from China are up by 9% and imports from Italy are 11% higher. This is encouraging but needs to be sustained over the next 4-5 months to ensure a good availability of wool clothing at retail in the US for the coming Autumn/Winter.



#### INDUSTRY EVENTS

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

The **AWTA Annual General Meeting** will be held in Melbourne on Friday, 19<sup>th</sup> October 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 3<sup>rd</sup> SEPT 2018 – week 10 (roster as at 30/08/2018)

<u>Sydney</u>	Wed, 5 <sup>th</sup> Sep; Thurs, 6 <sup>th</sup> Sep	10,707 bales
<u>Melbourne</u>	Wed, 5 <sup>th</sup> Sep; Thurs, 6 <sup>th</sup> Sep	21,466 bales
<u>Fremantle</u>	Wed, 5 <sup>th</sup> Sep; Thurs, 6 <sup>th</sup> Sep	6,735 bales