



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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2018/38

From the desk of Chris Wilcox, Executive Director

- Australian wool prices fall further
- EMI in user currencies
- China economic growth rate slows
- Mixed results for retail sales in the major wool consuming countries
- Wool Poll 2018 closes on 2nd November
- Upcoming industry events



Chinese economic growth dips on back of slower domestic consumption

The latest data on Chinese economic growth shows that the growth rate for the massive Chinese economy fell to 6.5% for the third quarter of 2018, down by an annualised growth rate of 6.7% in the second quarter. This is the slowest annualised growth rate that China has recorded since the Global Financial Crisis a decade ago. The growth rate was dragged down by weaker factory activity and lower infrastructure investment. Note that the Chinese economy is still growing at a relatively strong pace compared with elsewhere around the world. The point is that this growth rate is much slower than the typical 7% to 10% (or more) seen over the past 20 years. Some financial commentators are saying that this is evidence that the US-China trade war is starting to bite. I don't agree. I think this slippage in the growth rate is due to the Chinese Government's crack-down on credit which started in the backend of 2017. The Government was concerned about debt levels becoming unsustainable and causing serious strain on the Chinese financial system. The impact of the US trade sanctions will be felt in 2019.

Despite the signs of weakening economic growth and a general slowdown in consumer expenditure in China, retail sales of garments in China for the nine months to September was 9.7% higher than for the same period a year earlier. This is a strong result. I understand from my colleagues in the wool textile industry in China that this is not being reflected in their sales and orders. They are particularly worried about slowing domestic demand. This is one reason for the recent fall in wool prices.

Further details, including a table showing the growth in retail sales of clothing in China, the US, Europe, Japan and Korea, is provided in the full edition of the *Weekly Newsletter*. Available to members of NCWSBA

INDUSTRY EVENTS

The **Australian Wool Production Forecasting Committee** meets on 14th November 2018.

The **IWTO 2018 Roundtable** 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 29th OCT 2018 – week 18 (roster as at 25/10/2018)

<u>Sydney</u>	Wed, 31 st Oct; Thurs, 1 st Nov	9,731 bales
<u>Melbourne</u>	Wed, 31 st Oct; Thurs, 1 st Nov	22,145 bales
<u>Fremantle</u>	Wed, 31 st Oct; Thurs, 1 st Nov	8,475 bales

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