



9<sup>th</sup> November 2018

2018/40

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

- Australian wool prices fall heavily again despite low clearance
- The end of the 2016-2018 Supercycle
- US imports of wool clothing recovers after declines in 2016 and 2017
- Upcoming industry events



**The End of the 2016-2018 Merino Price Supercycle**

In the 9<sup>th</sup> February edition of the *Weekly Newsletter* I wrote about **Merino Supercycles** in the past 30 years. These Supercycles differ from the regular price cycles that the wool market experiences - from trough to peak of about 7-9 months followed by a slide to a new trough. These regular cycles are driven by stocking and destocking decisions within the wool textile industry. Every so often we see a Supercycle, one which goes for much longer and involves a much greater increase in prices. The current Supercycle is the fifth such Supercycle since the mid-1980s and the duration of the current Supercycle was the longest of the five Supercycles, beating the one in the second half of the 1980s. It now seems that the 2016-2018 Supercycle has come to an end. Since the peak in the week ending 17<sup>th</sup> August, the EMI has fallen by 340 cents or 16%. The past three Supercycles have seen prices fall by around a third from the peak. However, shorn wool production and wool availability in Australia was substantially higher for each of the previous four Supercycles than it is now. In the past there have been substantial falls in the EMI after the peaks in each Supercycle. However, the low production and availability of wool in Australia this time should provide a buffer to the pull-back in prices.

**Further details in the full edition of the *Weekly Newsletter* including a chart showing the details for each Supercycle in the past 30 years including the current Supercycle and another chart showing the level of Australian wool production at the time of each of the five Supercycles since the mid-1980s. Available to members of NCWSBA.**

**INDUSTRY EVENTS**

The **Australian Wool Production Forecasting Committee** meets on 14<sup>th</sup> November 2018.

The **IWTO 2018 Roundtable** will be held in Buenos Aires on 3<sup>rd</sup> to 4<sup>th</sup> December 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 12<sup>th</sup> NOV 2018 – week 20 (roster as at 8/11/2018)**

|                  |  |              |
|------------------|--|--------------|
| <u>Sydney</u>    | Wed, 14 <sup>th</sup> Nov, Thurs, 15 <sup>th</sup> Nov | 10,161 bales |
| <u>Melbourne</u> | Wed, 14 <sup>th</sup> Nov, Thurs, 15 <sup>th</sup> Nov | 21,419 bales |
| <u>Fremantle</u> | Wed, 14 <sup>th</sup> Nov, Thurs, 15 <sup>th</sup> Nov | 8,303 bales  |

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