



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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2019/18

From the desk of Chris Wilcox, Executive Director

- Wool prices fall in the Australian wool market despite lowest A\$ in 3 years
- China removes ban on imports of wool from South Africa
- US-China trade war reignites – but no wool clothing products on the hit list (yet)
- IMF winds back its economic growth forecasts
- Wool's price remains very high against cotton and synthetics
- Upcoming industry events



Escalation of US-China trade tensions add more risk to slowing global economy

The Trump Administration surprised most observers on 9th May by announcing that 25% import duties would be imposed on around US\$200 billion of imported products from China (an increase from the existing 10% duty), effective immediately. On investigation, the products on which the 25% will be imposed are essentially the same set of products the US announced last September. The US didn't impose the higher duties at the time as China came to the negotiation table. Those negotiations have now apparently broken down. The list of products includes wool products including greasy and semi-processed wool, wool yarn and fabric, as well as wool carpets. The list does not include wool clothing. The Trump Administration has said that it will lift import duties to 25% on an additional list of products, which will be determined over the next few months. We need to keep a close eye on this to see if it includes wool clothing. The Chinese Government retaliated with its own 25% duty on a list of US (mainly agricultural) products.

While the flare-up of the US-China trade war doesn't directly affect wool, it does add to the uncertainty for **the global economy**. It is also likely to reduce the economic growth rate in China and, perhaps, the US. In April, the International Monetary Fund (IMF) released its new economic forecasts for the world and each country. Even without the latest escalation of tension between the US and China, the IMF cut-back their forecasts of economic growth. It noted that a year ago economic activity was accelerating around the world but now much has changed, including the escalation of US-China trade tensions, macroeconomic stress in Argentina and Turkey, disruptions to the car sector in Germany, tighter credit policies in China and rising interest rates in many countries. So, it has lowered its economic growth forecasts for 70% of the world's economy.

Further details, including a chart of the change in the latest IMF forecasts compared with the forecasts in October 2018 is included in the full edition of this week's *Weekly Newsletter*. Available to NCWSBA members.

INDUSTRY EVENTS

The **NCWSBA AGM** will be held in Melbourne on 23rd August 2019 in Melbourne, as part of the Wool Week events.

The **Nanjing Wool Market Conference** will be held in Qufu, Shandong on 20th to 23rd September 2019.

The **2019 IWTO Round Table** will be held in Queenstown, New Zealand on 2nd to 3rd December 2019.

The **2020 IWTO Annual Congress** will be held in Tongxiang, China on 18th to 20th May 2020.

WOOL SALES WEEK BEGINNING 20th MAY 2019 – week 47 (roster as at 16/5/2019)

Sydney

Wed, 22nd May, Thurs 23rd May 7,100 bales

Melbourne

Wed, 22nd May, Thurs 23rd May 14,032 bales

Fremantle

Wed, 22nd May, Thurs 23rd May 4,505 bales

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