



# The National Council of Wool Selling Brokers of Australia Inc

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## NEWSLETTER

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

- The yo-yoing of wool prices continue
- Price volatility at highest level in 20 years
- No clear progress in US-China trade dispute
- IMF predicts slowest world economic growth since the GFC
- AWTA reports a strong financial result for 2018/19
- Upcoming industry events



### Australian wool price volatility hits highest level in 20 years

The volatility of Australian wool prices in the past few months has been at the highest level in any time in the past 20 or 30 years. Price volatility can be assessed by looking at standard deviation of the weekly change in prices, annualised. The volatility of the Eastern Market Indicator has leapt in the past few months after a period of relatively low volatility between 2016 and 2018. Volatility of the EMI is currently at the highest level in at least the past 20 years. The extreme volatility of the EMI is being driven by extremely high volatility of prices for Merino wool between 19 and 23 microns, and for Crossbred wool. As well, prices for Crossbred wool have been very volatile in the past two years, with some clear peaks and troughs in volatility over this two-year period, reflecting the very seasonal nature of demand for this wool in recent years.

In contrast, the volatility of superfine wool prices is elevated but not to the extreme extent for broader Merino wool prices. It is hard to imagine this volatility abating in the next few months, given that there is no clear direction in the demand fundamentals and supply at auction is constrained.

**Further detail including graphs showing the volatility in the EMI, superfine, medium and broad Merino wool prices and for Crossbred wool prices are provided in this week's edition of the NCWSBA Weekly Newsletter, available to NCWSBA members.**

#### INDUSTRY EVENTS

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

The **NCWBA Centenary Auction and Cocktail Reception** will be held in Melbourne on Thursday, 20<sup>th</sup> February 2020.

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

#### WOOL SALES WEEK BEGINNING 21<sup>st</sup> OCT 2019 – week 16 (roster as at 17/10/2019)

<u>Sydney</u>	
Wed, 23 <sup>rd</sup> Oct	5,425 bales
<u>Melbourne</u>	
Wed, 23 <sup>rd</sup> Oct; Thurs, 24 <sup>th</sup> Oct	19,371 bales
<u>Fremantle</u>	
Wed, 23 <sup>rd</sup> Oct; Thurs, 24 <sup>th</sup> Oct	8,174 bales

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