



The National Council of Wool Selling Brokers of Australia Inc

Gate 4
29 Frederick Rd
Tottenham Vic 3012

NEWSLETTER

Phone: +61(0)419344259
E-mail: info@newsba.org
Twitter: @woolbrokersaus
Instagram: newsba



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2020/02

From the desk of Chris Wilcox, Executive Director

- Widening coronavirus emergency hits the Australian wool market
- Possible impact of the coronavirus on China's GDP
- Australian wool export volumes up in November
- NCWSBA Centenary event – 20th February 2020
- Upcoming industry events



Coronavirus outbreak creates massive uncertainty for the wool market

The coronavirus outbreak, which started in Wuhan and has been declared a global health emergency by the World Health Organisation, dominated the Australian wool market this past week. The situation is changing rapidly and predicting what will happen from here is nigh on impossible. The number of cases is rising exponentially, and the global response is only now starting, including bans on flights to and from China by some airlines and by some countries. The only thing I think that anybody can say with any confidence is that it will get worse before it gets better, but how long before it gets better is anybody's guess. There will be a blow to economic growth in China and on the world economy, but the level and extent is, of course, unknown. The Economist Intelligence Unit commented overnight that, while they have not yet changed their forecast of economic growth in China of 5.9% in 2020, their initial calculations show a hit of between 0.5% and 1.5% to this growth rate this year if the virus spreads in a similar fashion to the 2002 outbreak of SARS.

Looking back at the impact SARS had on wool prices in 2003, the EMI fell by 119 Acents to 980 c/kg in the first week of May 2003 when the severity and extent of SARS and its possible effect on the Chinese economy and on the wool market was recognised. This compares with the 28 Acent decline in the EMI this week. But, as I said in last week's edition, the market circumstances were very different in 2003 with the SARS outbreak. The EMI had peaked in a supercycle in January 2003 and was overdue for a reversal, so the SARS outbreak was a trigger. As well, Australian shorn wool production was around 500 mkg. Now, the US-China trade war already triggered a decline in wool prices from the 2018 supercycle, and shorn wool production is far lower at a forecast 272 mkg for 2019/20, so the impact on wool prices may be less.

Further details can be read in this week's edition of the NCWSBA Weekly Newsletter. Available to NCWSBA members.

INDUSTRY EVENTS

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

The **2020 IWTO Annual Congress** will be held in Tongxiang, China on 18th to 20th May 2020. **Applications for the Young Professionals Program closes on 24th February. Click [here](#) for details.**

WOOL SALES WEEK BEGINNING 3rd FEB 2020 – week 32 (roster as at 30/1/2020)

<u>Sydney</u>	
Wed, 5 th Feb, Thurs 6 th Feb	10,410 bales
<u>Melbourne</u>	
Wed, 5 th Feb, Thurs 6 th Feb	17,401 bales
<u>Fremantle</u>	
Wed, 5 th Feb, Thurs 6 th Feb	8,038 bales

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