



Gate 4
29 Frederick Rd
Tottenham Vic 3012

The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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



20th March 2020

2020/09

From the desk of Chris Wilcox, Executive Director

- Covid-19 upheaval hits the wool market hard
- Spread of Covid-19 will hurt the global economy, retail sales of clothing in China down by a third
- Farm business profit for sheep businesses decline as drought bites
- Call for nominations – Australian Wool Industry Medal
- Industry events



Covid-19 and risk mitigation actions hit retail sales in China

Life is starting to return to 'normal' in China after the **Covid-19 epidemic** there. This 'normal' life includes mandated requirements to wear masks in public and in offices, no air conditioners and regular and constant temperature checking of everybody as they move around the cities. As well, mills are coming back into production. This is good news and hopefully will bring increased orders from mills keen for raw wool. However, elsewhere around the world we are seeing the opposite as cities, states and countries close down. It is the longer-term economic impact that is of particular concern. Everything would need to go right with both fiscal and monetary policy for countries and the world to avoid a significant recession. For Australia, it would be the first recession in 28 years (the last was in 1990-91).

Because of the speed of the change caused by the pandemic, we are not yet seeing the impact on economic growth, retail sales and so on in the official statistics for most countries. However, we can see indications of the impact by looking at the effect on retail sales in China, given that China has been dealing with the virus for more than two months. The data shows that retail sales of garments at the major retailers in January-February were down by 33.2% compared with January-February 2019. This massive decline is to be expected given the lock-down throughout China starting in late January. WE will see the same impact across the world as consumers stop buying clothing, among other things, and as countries enter lock-down (as in Italy now). These lower retail sales will feed through the wool textile industry, resulting in lower demand. There have been reports in the past week or so of reduced and cancelled orders from retailers, and there will be significant stress throughout the wool textile industry. It is hard to be optimistic.

Further details are provided in the full edition of the NCWSBA *Weekly Newsletter*. Available to members.

INDUSTRY EVENTS

The **Australian Wool Production Forecasting Committee** is due to meet on 29th April 2020. This will probably be a teleconference meeting.

The **International Wool Textile Organisation's 2020 Congress** is currently planned for Brussels on 21st to 23rd May.

WOOL SALES WEEK BEGINNING 23rd MAR 2020 – week 39 (roster as at 19/3/2020)

<u>Sydney</u>	Wed, 25 th Mar; Thurs 26 th Mar	9,446 bales
<u>Melbourne</u>	Tues, 24 th Mar; Wed, 25 th Mar; Thurs 26 th Mar	29,043 bales
<u>Fremantle</u>	Wed, 25 th Mar; Thurs 26 th Mar	11,385 bales

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