



15th May 2020

2020/17

From the desk of Chris Wilcox, Executive Director

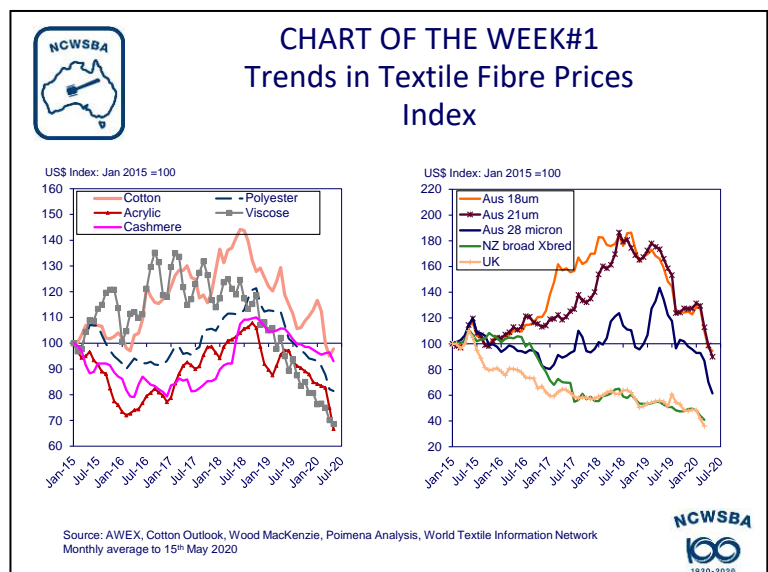
- Australian wool market steadies
- Textile fibre prices fall sharply due to COVID-19 and oil upheaval
- Australian wool exports of 19 micron & finer wool falls sharply
- IWTO Congress 2020 goes digital
- IWTO updates the Specification of Sheep Welfare booklet
- Reminder - NCWSBA Wool Broker Award nominations open
- Upcoming industry events



It was a relief to see prices in the **Australian wool market** lift moderately this week. After Merino wool prices increased on Tuesday, prices were a bit more mixed on Wednesday. The **Eastern Market Indicator (EMI)** rose by 9 Acents to 1179 Ac/kg. Merino wool prices benefited from the rise, up by as much as 45 cents for the week. In contrast, Crossbred wool prices fell again. The Southern Market Indicator finished the week 5 cents higher at 1147 c/kg. The Sydney auction was held on Tuesday only and the Northern Market Indicator rose the most, up by 16 cents to 1230 c/kg. Fremantle hosted an auction on Wednesday and, while prices for 19.5 micron & finer wool were all higher by between 15 and 41 cents, prices for 20 and 21 micron wool were down by around 20 cents. AWEX reported the Western Market Indicator down by 9 cents to 1237 c/kg. The A\$ was higher against the main currencies and the EMI was up by 11UScents to 764 USc/kg, by 7 €cents to 703 €cents/kg and by 64 RMB to 5612 RMB/kg.

Wool prices have fallen sharply in the past few months, particularly in US\$ terms. For example, the EMI is down by 30% since January, while the 18 micron price guide has fallen by 27%. What has happened to the **prices for other fibres, including wool from other countries?** Have they been affected as much by COVID-19 and the lockdowns? The first **Chart of the Week** shows the trends in prices for Australian wool as well as prices for man-made fibres, cotton, cashmere, and New Zealand and British broad wool prices.

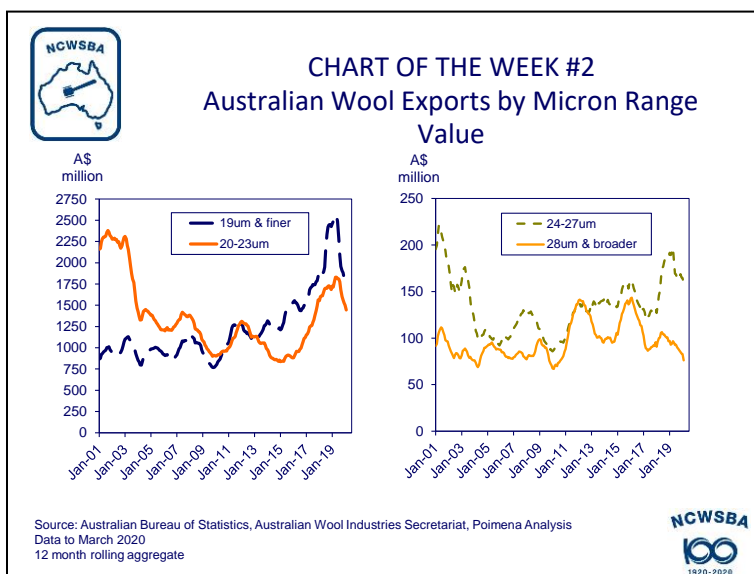
As can be seen for the first graph in the chart, prices for other fibres have seen sharp falls in prices in the past few months, particularly the prices of man-made fibres. The oil-based synthetic fibres such as polyester and acrylic have fallen by 13% and 21% respectively, although they were already on a steep decline by January as oil prices were slumping. The price for the cellulose-based viscose has fallen by 10%, while cotton prices are down 16%. Chinese cashmere prices have only fallen by 4%, although a colleague of mine from Mongolia tells me that the price of Mongolian cashmere has fallen sharply.



The second graph shows the trends in prices for Australian wool and for broad wool from New Zealand and the UK (32 micron and broader). There have been no sales of either NZ or British wool in the past six

weeks, so the latest price available for these countries is for March. Between January and March, the NZ broad wool price was down by 15% while the British Wool Marketing Board market indicator down by 26%. And, as the chart shows, this decline was from already very low price levels.

I reported last week that the latest data from Australian Bureau of Statistics on **Australia's wool exports** shows that the volume of wool exports fell by 14% in March, led by a 16% fall in exports to China. The value of exports was down by 26%. For the first three-quarters of the 2019/20 season, the volume of exports was down by 16% compared with the same period in 2018/19, while the value of exports was down by 32%. All micron categories have seen sharp declines in both value and volume of exports this season. The volume of exports of 19 micron & finer wool is down by 25%, while the value is down by 42% for the season. For 20-23 micron wool, the volume is 18% lower while the value down by 34%. The second **Chart of the Week** shows the trends in the value of Australian wool exports by micron category.



In response to the COVID-19 pandemic and restrictions, the **International Wool Textile Organisation 2020 Congress** is going digital. There will be a number of sessions which will be held as a Facebook Recordings. These sessions include the Market Intelligence session of which I am Chairman. I have prepared and recorded a presentation on the current situation and prospects for the wool industry which is part of the Market Intelligence session on Wednesday. Other sessions to be held as Facebook recordings are Wool Innovation, Wool Sustainability, Wool Interiors, Wool and Wellness and Merino in Europe. There will be various Working Group meetings held by teleconference. The IWTO Congress Programme (a supplement to the email with this week's *Weekly Newsletter*) provides details of the programme and there are other details at <https://iwto.org/events/>.

The International Wool Textile Organisation has updated the **Specifications for Wool Sheep Welfare**. The updated document is now available on the new IWTO webpage at <https://iwto.org/resources/wool-sheep-welfare-specifications/>.

REMINDER: Nominations are open for NCWSBA Wool Broker Award for 2020. The Award recognises excellence in wool broking by a younger member of our industry – be it client servicing, auctioneering, innovation or other aspects of wool broking. This year's Award winner will be granted an **all-expenses paid trip to Kyoto, Japan to attend the 2021 IWTO Congress in May 2021**. Arrangements will also be made for the Award winner to visit the wool textile and retail industry in Japan. Closing date for nominations is Friday, 26th June. Please contact me for an application form – chris.wilcox@ncwsba.org.

INDUSTRY EVENTS

The **IWTO 2020 Congress** will be a digital event on 21st to 23rd May 2020. See www.iwto.org for details.

Wool Week is scheduled for 27th and 28th August 2020. The NCWSBA Annual General Meeting is scheduled for Thursday, 27th August.

The **Nanjing Wool Market Conference** will be held in Haining, Zhejiang on 18th to 20th September 2020.

WOOL SALES WEEK BEGINNING 18 MAY 2020 – week 47 (roster as at 13/5/2020)

<u>Sydney</u>	
Tues 19 th May	6,672 bales
<u>Melbourne</u>	
Tues, 19 th May; Wed 20 th May	10,404 bales
<u>Fremantle</u>	
Wed, 19 th May	4,614 bales

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