



19th June 2020

2020/21

From the desk of Chris Wilcox, Executive Director

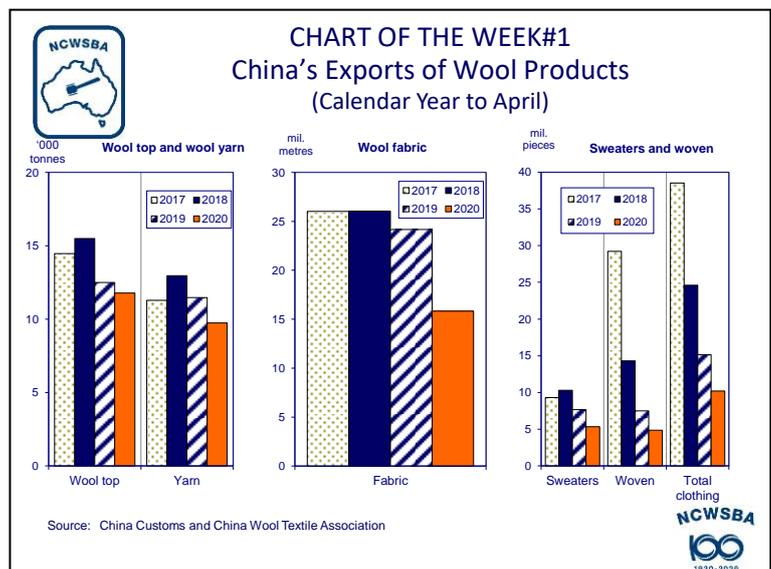
- Prices in Australian wool market fall again despite low offerings
- China's exports of wool products slump
- China's imports of raw wool drop sharply
- NCWSBA donates to the Michael Manion Wool Industry Foundation
- Upcoming scheduled industry events



Prices fell again this week in the **Australian wool market** despite low offering volumes as demand remains very weak. The **Eastern Market Indicator (EMI)** fell by 32 Acents to close at 1139 Ac/kg, the lowest level since April 2015. Merino wool prices fell by 14 to 59 cents, with the largest falls seen for 19 to 20 micron wool. Crossbred wool prices were only quoted for Melbourne and were down by 18 to 24 cents. Cardings did better, with prices higher in Melbourne. AWEX reports that the weekly offering of just 15,800 bales was the second lowest since AWEX began in 1995, and only slightly above the lowest ever of 15,375 bales recorded two weeks ago. Of this small offering, 10.5% was passed-in. The Northern Market Indicator was down by 33 cents to 1185 c/kg while the Southern Market Indicator closed 31 cents lower at 1110 c/kg. Fremantle had a week off. The A\$ was weaker against the US\$, Euro and Renminbi, and the EMI fell by 31 UScents to 782 USc/kg, by 20 €cents to 695 €cents/kg and by 181 RMB to 5557 RMB/kg. Unlike in A\$, all of these levels are above the lows recorded in May.

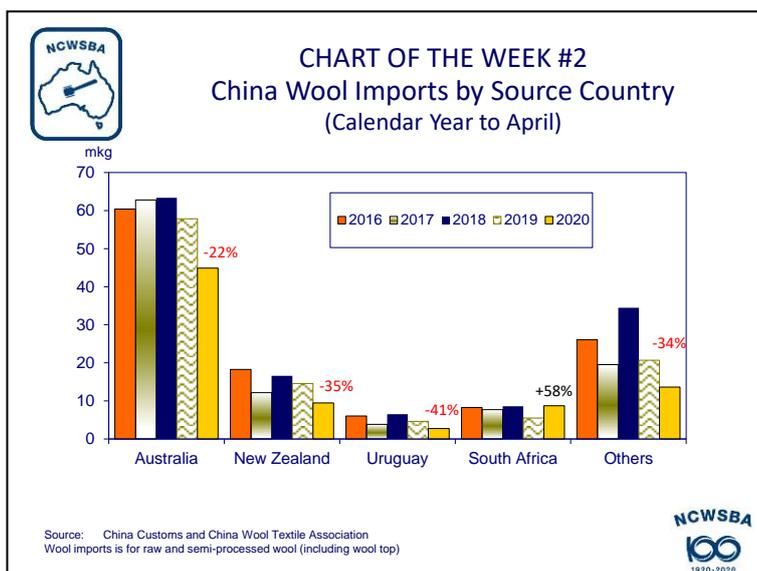
After a long hiatus, I have finally received **China trade data** from the China Wool Textile Association. Unsurprisingly, it provides a rather grim picture of the trade situation for China's wool textile industry, reflecting the extremely difficult demand situation given the COVID-19 pandemic. You may remember that China's **exports of wool products** (top, yarn, fabric and clothing) accounts for around half of the raw wool that China imports each year. Regrettably, China's exports of wool products have slumped in the first four months of 2020. The decline has been most intense in exports of wool clothing and wool fabric, as can be seen in the first **Chart of the Week**.

China's exports of woven wool clothing were down by 35% in the January-April period, while exports of wool knitwear dropped by 30%. Note that China's exports of woven wool clothing were at extreme levels in 2017, due to the surge in exports to a host of unusual destinations, notably Nigeria. At the time, the China Wool Textile Association attributed this to a jump in exports as part of the Belt and Road Initiative. However, the surge wasn't sustained, and exports dropped as quickly as they rose. China's exports of wool fabric fell by 35% in the January -April period this year, while exports of wool yarn were down by 15%. China's exports of wool top have done best, only falling by 6% in the first four months.



In terms of destinations of exports of wool clothing, exports to the US fell the most, down by 71%, while exports to Hong Kong were down 69%. Exports to Japan and the European Union were both down by 31%. Exports to South Korea were up by 2%. For wool fabric, all destinations recorded significant declines, including a 52% decline in exports to Vietnam, although exports to the EU were only down by 10%. For wool yarn, exports to South Korea were 48% higher and exports to the ASEAN countries were only down by 3%. Exports to the EU, in contrast, were down by 56%. Wool top exports were boosted by a 168% jump in exports to the ASEAN countries, as well as a 38% lift in exports to 'other' countries. This offset the 29% drop in exports to the EU, the largest destination.

With the decline in exports of wool products, mills in China have cut back their purchases of raw wool. China's **imports of raw wool** slumped by 23% in the first four months of 2020. As the second **Chart of the Week** shows, there has been a large drop in imports from all sources with the exception of South Africa (the lift for South Africa reflects the bounce-back from last year's ban on imports from South Africa due to Foot and Mouth Disease).



Yesterday at the Melbourne Wool Selling Centre we held a small ceremony to hand an **\$8,000 donation from National Council** to the wool industry's own charity, the Michael Manion Wool Industry Foundation (MMWIF). NCWSBA President, John Colley, presented a cheque for the donation to the Chairman of the Foundation, Ken Stock (see photo). The Foundation does amazing work to support families in our rural community who are facing serious challenges. NCWSBA member companies generously donated money for MMWIF amid the considerable challenges they and the wool industry currently faces. It is crucial that the rural families and children who MMWIF supports are helped. The \$8,000 was collected from the NCWSBA member companies to mark NCWSBA's Centenary and is in addition to the \$16,700 that was raised during the charity auction of donated items at the NCWSBA Centenary Reception in February.

In accepting the cheque, Ken Stock said that the MMWIF was extremely grateful for the donation made by National Council today and also for the funds raised by all in the Australian wool industry in the charity auction for the NCWSBA Centenary reception. He said that the money donated by the Australian wool brokers through the NCWSBA will help the Foundation's work to continue in 2020/21.

You can see more detail about the Michael Manion Wool Industry Foundation and the great work that they do by going to www.mmwif.com.au.



INDUSTRY EVENTS

Wool Week is scheduled for 27th and 28th August 2020, although this is to be confirmed.

The **NCWSBA Annual General Meeting** is scheduled for Thursday, 27th August (to be confirmed)

The **Nanjing Wool Market Conference** has been postponed for this year. The Conference will be held in September 2021

WOOL SALES WEEK BEGINNING 22 JUNE 2020 – week 52 (roster as at 18/6/2020)

<u>Sydney</u>	Tues, 23 rd June; Wed, 24 th June	7,160 bales
<u>Melbourne</u>	Tues, 23 rd June; Wed, 24 th June	15,900 bales
<u>Fremantle</u>	Tues, 23 rd June; Wed, 24 th June	7,180 bales