



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

- Crossbred wool prices fall in Australian wool market
- Textile fibre prices on the recovery path
- US imports of wool clothing fall dramatically
- 2020 NCWSBA Wool Broker Award suspended
- Other upcoming industry events



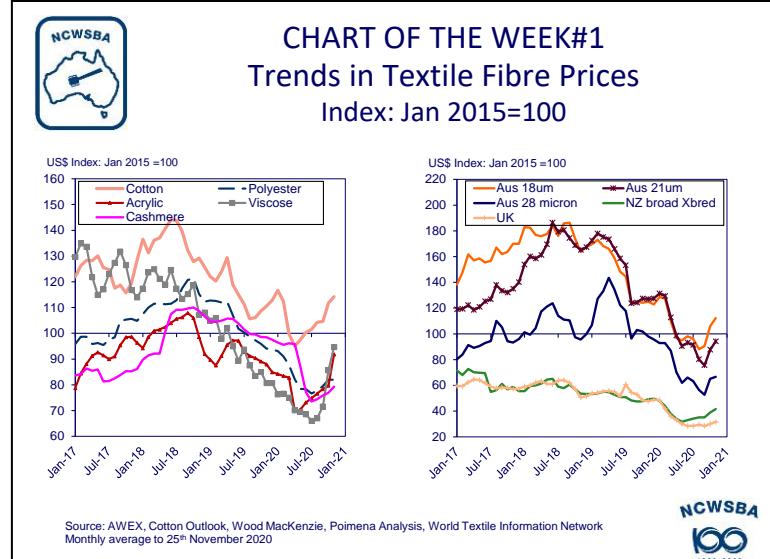
It was a bit of a mixed week for wool prices on the **Australian wool market** this week, with prices for Crossbred wool falling sharply, but the change in prices for Merino wool much more variable. Prices for Crossbred wool fell by between 20 and 70 cents/kg as demand couldn't meet the supply. On the other hand, Merino wool prices on the east coast fell by up to 9 cents or lifted by up to 9 cents depending on the micron. Merino wool prices in Fremantle were uniformly lower. Overall, the benchmark **Eastern Market Indicator** (EMI) fell by 9 cents to 1150 c/kg for the week. The Northern Market Indicator was 5 cents lower at 1209 c/kg, while the Western Market Indicator and the Southern Market Indicator both fell by 12 cents over the week to 1200 and 1113 c/kg respectively. The A\$ was stronger against the three major user currencies. The EMI lifted a little in US\$ terms and Renminbi, by 2 UScents to 846 USc/kg and by 28 RMB to 5564 RMB/kg, while it fell a little against the Euro, by 2 €cents to 711 €cents/kg.

Despite faltering on the past two weeks, Australian wool prices have been recovering from the low plumbed in early September. Have prices for other wool and other fibres also seen a recovery? The first **Chart of the Week** shows the trends in prices for various **textile fibres and for wool** since January 2017 (as an index). As can be seen in the two graphs, all fibre prices have recovered from the lows seen when the COVID-19 pandemic first hit early this year.

Prices for **acrylic fibre** and **viscose**, which had seen larger falls than had Australian wool prices, have now seen a very sharp recovery, although they have not returned to the levels of January 2015. Prices for **polyester staple** have improved somewhat from the lows, but it has been only a weak recovery.

Of the natural fibre competitors to wool, **cashmere** prices have lifted from the low, but, as with polyester staple, the recovery is muted so far with prices 20% below the 2015 levels. Prices for **cotton**, on the other hand, have continued to improve despite the stock overhang (as explained in the 30th October edition of the *Weekly Newsletter*).

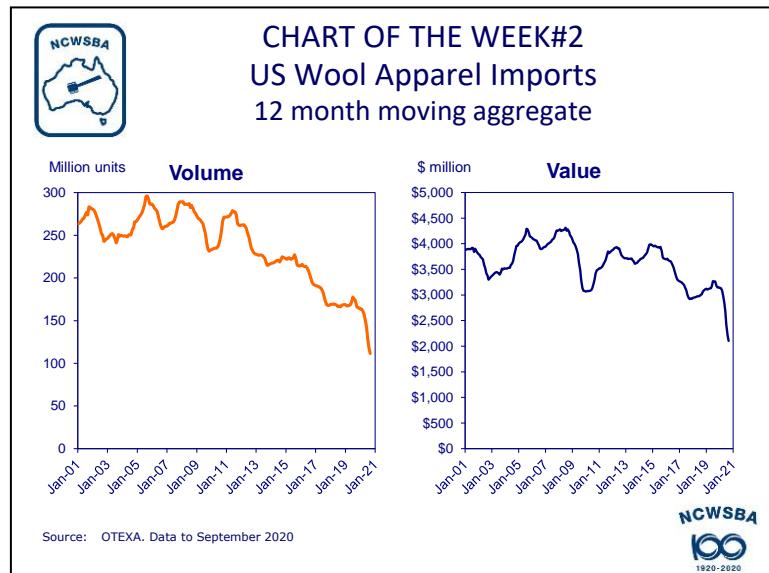
The recovery in Australian Merino wool prices can be seen in the chart, with 18 micron wool now back above the levels seen in January 2015, but 21 micron wool prices are still below that benchmark. As can be seen, the improvement in 28 micron wool prices has faltered in the past month. Even the prices for



broad wool from New Zealand and the UK have recovered a little in recent months, but are a long, long way short of their January 2015 levels.

In last week's edition I reviewed the latest on consumer confidence and clothing retail sales in the major wool consuming markets. I noted that consumer confidence in the US had improved from the COVID-induced depths in April. As well, clothing retail sales in the US were showing tentative signs of a revival. This is important as we are now into the start of the Autumn/Winter season in the US, which is a key selling period for wool clothing. The question is, how are the supplies of wool clothing shaping up to be available at retail?

The latest US import data, which is to September, are disappointing. The July-November period is the major time for **US imports of wool clothing**. In that three-month period this year, US imports of wool clothing has dropped by 42% in quantity and in value compared with the same period in 2019. This drop has been caused by the double-whammy of the still-high US import duties on imports of clothing from China (which were imposed in mid-September 2019) and the COVID-19 pandemic. The second **Chart of the Week** shows the trends in the volume and value of wool clothing imports by the US on as 12 month moving aggregate basis.



US imports of clothing made from cotton and from synthetic fibres have seen a drop in this three-month period, but not to the same extent. Cotton clothing imports were down by 11% in volume and 20% in value, while synthetic fibre clothing imports were 15% lower in volume and 25% lower in value. Let's hope that US imports of wool clothing in October and November are on the improve.

Earlier this year, the NCWSBA Board postponed the **2020 NCWSBA Wool Broker Award** until later in 2020 in the hope that we could hold a face-to-face event at which the Finalists could give a presentation in support of their applications to the Award Selection Panel, the NCWSBA Board and NCWSBA members who were in attendance. However, the continued COVID-19 restrictions, notably the continued travel restrictions between states, have made it impossible to hold such an event this year. The NCWSBA Board met recently to discuss options and made the difficult decision to suspend the Wool Broker Award for 2020. We will resume our normal routine for the 2021 Wool Broker Award, starting with a call for nominations around March 2021 and the announcement of the 2021 Award Winner at the 2021 Wool Week dinner on the day of the NCWSBA Annual General Meeting in August 2021. There will be one change – the Board agreed that there would be flexibility on the eligibility for the Award with regard to the maximum of 10 years in the wool broking industry. Those applicants who would have met the criteria in 2020 but will not meet the criteria in 2021 will be eligible for the 2021 Award.

INDUSTRY EVENTS

The **2020 IWTO Round Table** will be held by Webex on 30th November to 2nd December.

The **Australian Wool Production Forecasting Committee** will meet on 16th December 2020 to review its current forecast of wool production for the 2020/21 season.

The **2021 IWTO Congress** is scheduled to be held in Kyoto, Japan in May 2021.

WOOL SALES WEEK BEGINNING 30th NOV 2020 – week 23 (roster as at 25/11/2020)

<u>Sydney</u>	Tues 1 st Dec; Wed, 2 nd Dec	10,088 bales
<u>Melbourne</u>	Tues 1 st Dec; Wed, 2 nd Dec	23,850 bales
<u>Fremantle</u>	Tues 1 st Dec; Wed, 2 nd Dec	7,884 bales

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