



The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Wool prices dive as US-China trade tension rises
- South African wool buyers withdraw from next week's auction
- Wool Week luncheon speakers announced
- NCWSBA Wall Chart for 2018/19 – available from 16th August
- Upcoming industry events



US-China trade and currency tensions push Australian wool prices lower

Hopes for a solid resumption for the Australian wool market after the three-week recess were dashed by the unexpected ramping up of the US-China trade war. Wool prices fell sharply almost across the board, despite a relatively low wool offering for sale and with 28.6% passed-in (the highest rate in over a decade according to AWEX). The news dominating the wool market (as well as dominating the world equity and commodity markets in general) was the increased trade tensions between the US and China. On 1st August, President Trump announced that his administration would impose a new 10% import duty on the remaining imported products from China that have not had higher tariffs imposed in the past nine months. These new import duties on these remaining products would begin in September. These additional products would include imported clothing (including wool clothing) from China, which is the first time these higher duties have directly affected products made from Australian wool. This will be making mills in China a rather nervous.

Seemingly in response to this threat, the Chinese Government allowed the Chinese Renminbi to depreciate against the US\$ to above the 7:1 mark. This is the first time the Renminbi has been above the 7RMB to 1US\$ level since 2008. Until this week, the Chinese Government had been propping the Renminbi up. Note that the depreciation of the Renminbi was not forced by the Chinese Government, but was actually the result of market forces after the Government removed its support. Fears of a currency war, in addition to a trade war, swept the world markets. This has added to the already subdued demand conditions for wool, notably among Chinese mills, and has been the key factor in the fall in wool prices this week.

Further details including a chart showing the trends in the Chinese Renminbi against both the US\$ and A\$ are provided in the full edition of the NCWSBA Weekly Newsletter. Available to NCWSBA members.

INDUSTRY EVENTS

The **AWPFC** meets on Wednesday, 14th August in Melbourne.
The **NCWSBA AGM and Forum** is on 22nd August at the RACV Club in Melbourne.
The **Nanjing Wool Market Conference** will be held in Qufu, Shandong on 20th to 23rd September 2019.
The **2019 IWTO Round Table** will be held in Queenstown, New Zealand on 2nd to 3rd December 2019.
The **2020 IWTO Annual Congress** will be held in Tongxiang, China on 18th to 20th May 2020.

WOOL SALES WEEK BEGINNING 12TH AUGUST 2019 – week 7 (roster as at 8/8/2019)

<u>Sydney</u>	Wed, 14 th August; Thurs, 15 th August	13,984 bales
<u>Melbourne</u>	Wed, 14 th August; Thurs, 15 th August	21,231 bales
<u>Fremantle</u>	Wed, 14 th August; Thurs, 15 th August	8,388 bales

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