



# The National Council of Wool Selling Brokers of Australia Inc

Gate 4  
29 Frederick Rd  
Tottenham Vic 3012

## NEWSLETTER

Phone: +61(0)419344259  
E-mail: [info@newsba.org](mailto:info@newsba.org)  
Twitter: @woolbrokersaus  
Instagram: newsba



14<sup>th</sup> February 2020

2020/04

### From the desk of Chris Wilcox, Executive Director

- Wool prices ease in Australian wool market as coronavirus restrictions continue in China
- Australian wool exports fall sharply in December
- US imports of wool clothing from China slump
- NCWSBA Centenary auction and cocktail reception on 20<sup>th</sup> February
- Upcoming industry events

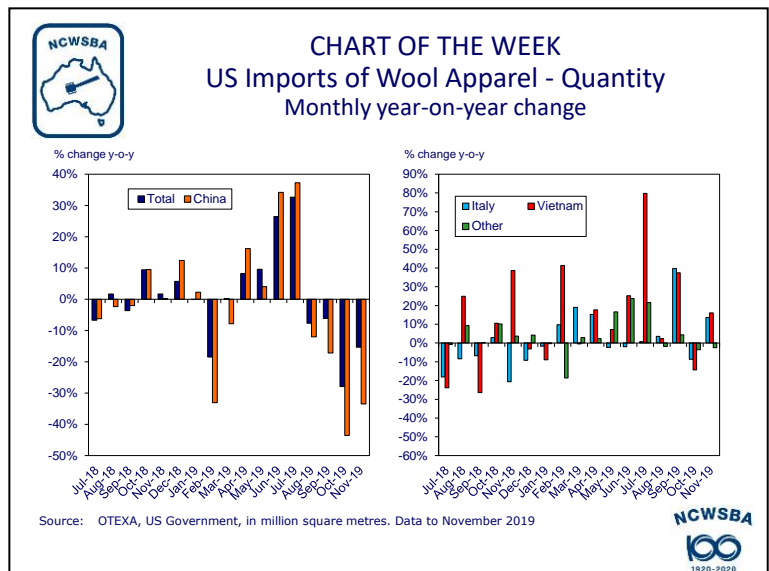


Prices in the **Australian wool market** slid back this week despite relatively low offering volumes and a high pass-in rate. Clearly the concerns about the continuing coronavirus outbreak (which has been named Covid-19) has pushed the market lower, even though the A\$ fell against the US\$. There is no end in sight yet to the outbreak in China, with a sharp lift in the declared numbers of infected and deaths announced yesterday (Thursday). The Nanjing Wool Market advised on Thursday that the only factories allowed to resume operations are those producing items to help combat the epidemic, such as facemasks, sanitizer and protective clothing. The rest, including wool textile mills, will not resume until 17<sup>th</sup> February or 24<sup>th</sup> February.

The three day-sale in Melbourne saw a selection of Tasmanian wool which brought good competition on Tuesday, but waned on Wednesday and Thursday. Prices for Merino wool mostly fell over the week, down by between 3 and 26 cents. Prices for 18 micron and 19 micron wool increased slightly. Crossbred wool prices rose strongly, up by between 15 and 43 cents. Overall, the **Eastern Market Indicator (EMI)** slid by 9 cents to 1568 c/kg. The Western Market Indicator fell by the most, down by 42 cents to 1667 c/kg. The Southern Market Indicator slid 9 cents to 146 c/kg and the Northern Market Indicator was down by 8 cents to 1604 c/kg. The A\$ fell against the US\$ and the Chinese Renminbi but was stronger against the Euro. As a result, the EMI was down by 11USc to 1054 USc/kg, by 66RMB to 7355 RMB/kg, but was only 1€cents lower at 969 €cents/kg.

The Covid-19 outbreak isn't the only challenge that the wool textile industry in China has faced, of course. They have had to deal with the impact of the additional 15% import tariffs imposed by the **US on imports of wool apparel from China** in September. After a sharp decline in imports of wool clothing from China by the US, this decline continued in October and November. The quantity of US imports of wool clothing from China slumped by 44% year-on-year in October and by a further 34% in November. The value of imports from China fell by 37% and 36% for each month. The **Chart of the Week** shows the latest month by month movements.

US importers have redirected their sourcing to other countries. For the three months September to November, US Imports of wool clothing from Italy were up by 13% in quantity and by 5% in value. Imports from Vietnam were up by 10% (quantity) and by 29% (value), while



imports from India were 13% and 23% higher in quantity and value terms. These increases partly offset the decline in imports from China. Even so, as China accounts for around half of US imports of wool clothing, total quantity of imports of wool clothing from all sources by the US fell by 17% in quantity for the September-November period and by 15% in value for the three months.

Usually, the August to December period is the peak time for US imports of wool clothing each year and accounts for around half the annual imports. This year, however, there was a sharp lift in imports of wool clothing in June and July as US importers anticipated the penalty duty on imports from China. This, and the redirection of sourcing away from China to the other countries, meant that the US' total wool clothing imports for 2019 to November were only down a little in in quantity terms (-2.3%) but were up by 1.5% in value terms, despite the large declines in the September to November period.

Demand for Australian wool has fallen in the past few months, as shown by the latest data from Australian Bureau of Statistics on **Australia's wool exports**. It shows that the volume of exports dropped by 14% in December compared with a year earlier. The value of wool exports fell by even more, down by 29%. Exports to most of the major destinations recorded significant declines for the month, led by China. For the first six months of the 2019/20 season, the export volumes were down by 16%, to 116.5 mkg. The value of exports was down by over a third compared with July-December 2018 at \$1.234 billion. This is no surprise given the drop in volumes and the much lower wool prices at auction this season to date.

The table below shows the changes in the value and volume of wool exports in total and by major destination for June and for the full season. As can be seen, there were some significant drops in exports to almost all destinations for the season to date, led by a large decline in exports to China. There were some bright spots, with increased exports to Bulgaria and Egypt.

**Table: Australian wool exports by major destination country**

% change on year earlier	December 2019		Season to Dec 2019		Total for season to Dec 2019	
	Volume	Value	Volume	Value	mkg greasy	\$million
<b>Total</b>	<b>-14%</b>	<b>-29%</b>	<b>-22%</b>	<b>-34%</b>	<b>116.5</b>	<b>1,234.0</b>
China	-15%	-31%	-13%	-32%	87.2	902.8
India	+28%	+16%	-22%	-37%	7.1	78.7
Italy	-11%	-34%	-19%	-37%	7.0	100.1
Czech Republic	-29%	-53%	-30%	-49%	3.5	34.0
South Korea	-13%	-25%	-35%	-47%	3.6	32.5
Egypt	+47%	+12%	+22%	-5%	1.5	19.8
Thailand	-12%	-16%	-25%	-48%	1.3	14.2
Taiwan	-12%	-37%	-28%	-50%	0.7	7.6
Bulgaria	+90%	+44%	+33%	+31%	0.5	7.0
Others	-51%	-55%	-24%	-35%	3.9	37.2

The **NCWSBA Centenary Auction and Cocktail Reception** is next Thursday, 20<sup>th</sup> February. Over 190 people will attend, which is a fantastic response. At the Centenary auction, there will be 1,358 bales offered in 201 lots from 12 of the NCWSBA member companies. I have attached the Selling Arrangements to the email with this Newsletter. The Cocktail Reception will be held at the Intercontinental – The Rialto and will feature a charity auction of a range of items, including wool fabric, other wool products and gift vouchers from some of the sponsors. Money raised will go to the Michael Manion Wool Industry Foundation.

#### INDUSTRY EVENTS

The **NCWSBA Centenary Auction and Cocktail Reception** will be held in Melbourne on Thursday, 20<sup>th</sup> February 2020.

The **Australia Wool Production Forecasting Committee** meets on 29<sup>th</sup> April 2020 in Melbourne.

#### WOOL SALES WEEK BEGINNING 17<sup>th</sup> FEB 2020 – week 34 (roster as at 6/2/2020) Excludes wool offered for the NCWSBA Centenary Auction

##### Sydney

Wed, 19<sup>th</sup> Feb, Thurs 20<sup>th</sup> Feb 8,508 bales

##### Melbourne

Tues, 18<sup>th</sup> Feb, Wed, 19<sup>th</sup> Feb, Thurs 20<sup>th</sup> Feb 22,369 bales

##### Fremantle

Wed, 19<sup>th</sup> Feb, Thurs 20<sup>th</sup> Feb 12,073 bales