



The National Council of Wool Selling Brokers of Australia Inc

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NEWSLETTER

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2020/29

From the desk of Chris Wilcox, Executive Director

- A mixed bag for Australian wool prices, some positives
- Wool prices falling more sharply than prices for other fibres
- NCWSBA Annual General Meeting
- New President and Vice President of NCWSBA
- Upcoming industry events

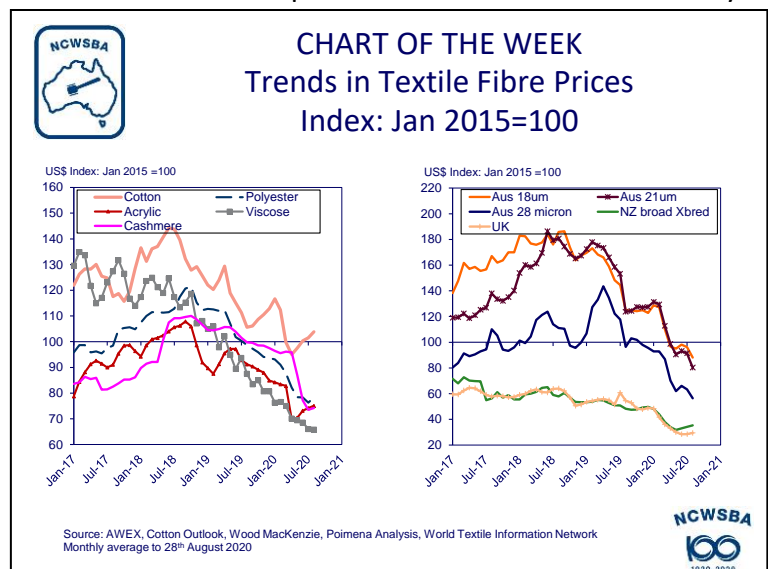


It was a very mixed result this week in the **Australian wool market**, although with some positive signs. Prices wool of 18 microns and finer lifted by as much as 23 cents over the week. However, prices for other types and microns fell sharply, with declines of up to 54 cents for broader Merino wool and as much as 60 cents for Crossbred wool. The **Eastern Market Indicator (EMI)** declined by 16 cents, to 929 c/kg. With Fremantle not selling, the smaller offering volumes helped support prices to some extent, as did a weaker A\$. The Southern Market Indicator slid by 20 cents to 985 c/kg and the Northern Market Indicator finished at 982 c/kg, down by 9 cents. The A\$ was weaker against the US\$ and the Renminbi, but a little stronger against the Euro. As a result, the EMI was down by 16 UScents to 685 USc/kg, by 128 RMB to 4614 RMB/kg and by 8 €cents to 566 €cents/kg.

Textile fibre prices have been hit the hardest of the various commodities by the COVID-19 pandemic, probably because of the severe impact of COVID-19 restrictions on clothing retail sales around the world, and the impact on consumer spending generally. Wool prices have fallen sharply in the past few months, particularly in A\$ terms. In A\$ terms, the EMI is down by 57% since the start of 2020 and down by 16% since the start of the 2020/21 season. In US\$ terms, the EMI is 37% lower than at the start of 2020 and 13% lower since the start of the 2020/21 season.

What has happened to the **prices for other fibres, including wool from other countries?** Prices for other textile fibres have fallen since the start of 2020 but have performed better than wool. Acrylic fibre prices are 17% lower since the start of 2020, but are 4% higher since the start of 2020/21. Prices for polyester staple fibre are 21% down in the start of 2020 and 3% lower than at the start of 2020/21. Cotton prices are 9% lower than at the start of 2020 but are 3% higher than at the end of June. Cashmere prices are down 23% since the start of 2020, and are flat compared with the start of the 2020/21 season.

The first graph in the **Chart of the Week** shows the trends in prices for these various fibres since the start of 2017 (on an index with the prices in January 2015



set at 100). As can be seen, Merino wool has performed a little better over the past three years than most of the other textile fibres. This can be seen by the fact that the 18 micron and 21 micron prices shown in the second graph are all at an index of 80 or better currently, while prices for most of the other textile fibre prices are at an index of less than 80. The exception is for cotton prices, which are currently at an index of greater than 100 (i.e. current cotton price levels are higher than in January 2015).

New Zealand and British broad wool prices have been low throughout the three years shown in the chart and have fallen even more this year. Between January and August, the NZ broad wool price was down by 29% while the British Wool Marketing Board market indicator down by 40%. The prices for this broad wool have improved a little since the start of the 2020/21 season.

The **NCWSBA Annual General Meeting** was held yesterday, followed by a meeting of the NCWSBA Board. It was a very different event compared with the event in past years. Because of COVID-19 restrictions, the meeting was held as a Zoom videoconference and the AGM was restricted to the business of the AGM. Unlike previous years, we did not have updates from AWTA, AWEX and AWI, nor did we have presentations by the Finalists for the NCWSBA Wool Broker Award (the Award has been postponed to a later date in the hope that we can have a face-to-face meeting to allow the Finalists to give their presentations to the NCWSBA membership in person).

It was a small group of 14 people who attended the AGM, compared with the usual numbers in past years of 30-40 people who attend in person. NCWSBA President, John Colley, presented his report on 2019/20. As he noted, the wool industry and the wool broking industry has been hit hard by drought, fire, floods, an industry-wide IT shutdown and then the COVID-19 pandemic. NCWSBA has been at the forefront in industry discussions and meetings with Government on the impact of COVID-19 restrictions, ensuring that open-cry auctions continue. The President's report for 2019/20 is attached as a supplement to this week's *Weekly Newsletter*.

The AGM approved the financial accounts for NCWSBA for 2019/20 and also passed a Special Resolution to amend the NCWSBA Rules to introduce the new position of Immediate Past President, who will join the President and Vice President to form the Executive of NCWSBA.

It was John's final report as President, as he has now stepped aside after three years as President. At the Board meeting following the AGM, **Rowan Woods (Jemalong Wool) was appointed President** and **Stephen Keys (Nutrien) was appointed Vice President**. John takes up the position of Immediate Past President. The other Directors of NCWSBA are:

Emma Reynolds (Michells – appointed as Independent Director by the smaller volume members)

Gerard Buchanan (Australian Wool & Pastoral Agency Ltd)

Simon Hogan (Elders)

Andrew Mills (Macdonald & Co)

Tim Edwards (Nutrien)

INDUSTRY EVENTS

Wool Week has been cancelled for this year.

AWTA will hold its Annual General Meeting on Friday, 16th October 2020.

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

WOOL SALES WEEK BEGINNING 31st AUGUST 2020 – week 10 (roster as at 26/8/2020)

<u>Sydney</u>	Tues, 1 st Sep; Wed, 2 nd Sep	7,374 bales
<u>Melbourne</u>	Tues, 1 st Sep; Wed, 2 nd Sep	17,224 bales
<u>Fremantle</u>	Tues, 1 st Sep; Wed, 2 nd Sep	8,360 bales

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