The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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NCWSBA 100 1920-2020

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From the desk of Chris Wilcox, Executive Director

- Australian wool prices pull back
- Consumer confidence weak in US and Europe, better in Asia
- Large increase in retail sales in China over Autumn/Winter
- Launch of the “Trust in Australian Wool” initiative
- Upcoming industry events

Clothing retail sales in China jumps, sales weak in other countries

Consumer confidence in Europe, the US and the UK remain low. There is little sign of recovery in these regions. In contrast, consumer confidence has recovered to levels seen prior to the COVID-19 pandemic in China and South Korea. It has recovered in Japan but remains below year earlier levels.

These weak consumer confidence levels translated into poor retail sales of clothing in many countries over the recently completed Autumn/Winter season in the Northern Hemisphere. As I have reported in previous years, the Autumn/Winter period (between October and January) is the most significant period for the sale of wool clothing each year in these countries. It varies between countries, but as a rule of thumb this four-month period accounts for around 60% of the annual sales of wool clothing.

Retail sales of clothing in the major wool consuming countries over the Autumn/Winter season were negative in many countries, but strongly positive in China. There are some remarkable and, in some cases, alarming changes. Firstly, all countries except for Germany recorded a drop in retail sales in 2020, with the largest declines seen for Japan and the UK. The decline of 8.6% in China is notable given that China is the largest consumer of wool clothing.

Second, retail sales in the just completed Autumn/Winter period was only better for 2020/21 in two countries – China and the US. The year-on-year growth in China over the four months of Autumn/Winter is astonishing, with a 17.8% increase in retail sales of clothing. This confirms that the increase in raw wool demand from China in recent months is being pushed along by the recovery in the China domestic market. Retail sales were worse in six of the major wool consuming countries, including a massive 30% drop in the UK. These figures show that there is still a way to go for a general recovery in retail demand to consolidate the recent increases in raw wool prices.

Further details, including a chart showing the annual % year-on-year change in the value of retail sales of clothing in the eight major wool consuming countries, are provided in this week’s edition of the NCWSBA *Weekly Newsletter*. Available to NCWSBA members.

INDUSTRY EVENTS

Launch of the **Sheep Sustainability Framework** from WoolProducers Australia and SheepProducers Australia in April 2021. More information here.

The state and national committees of the **Australian Wool Production Forecasting Committee** will meet in mid-April 2021.

The **2021 IWTO Congress** will be held as a virtual event on 17th to 21st May 2021 by WebEx. Details here.

WOOL SALES WEEK BEGINNING 22nd MAR 2021 – week 39 (roster as at 18/3/2021)

Melbourne
Tues 23rd Mar, Wed 24th Mar — 24,861 bales

Sydney
Tues 23rd Mar, Wed 24th Mar — 10,995 bales

Fremantle
Tues 23rd Mar, Wed 24th Mar — 10,722 bales