The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

- Volatility resumes - Australian wool prices retreat
- Opening of the NCWSBA historical display in Sydney
- Synthetic fibre prices decline
- Australian wool exports slump in September
- Upcoming industry events



Last week proved to be only temporary relief from the price volatility of recent months, with prices falling this week in the **Australian wool market** after the previous two weeks of higher prices. The **Eastern Market Indicator (EMI)** fell by 39 cents, giving up most but not all of last week's gains. It closed at 1555 c/kg. There were significant falls for both Merino and Crossbred wool. The good news is that prices lifted in Fremantle on Thursday, which may herald an improvement in prices next week. As a result, the Western Market Indicator saw the smallest fall for the week, down by 25 cents to 1662 c/kg. The Southern Market Indicator slid by 33 cents to 1534 c/kg and the Northern Market Indicator recorded the largest drop, down by 43 cents to 1583 c/kg. The A$ reversed the gains of last week against the US$ and the Renminbi but was steady against the Euro. The EMI closed 37 UScents lower at 1068 USc/kg, was down by 23 €cents to 966 €cents/kg and fell by 276 RMB to 7,495 RMB/kg.

Yesterday we held the **opening of the NCWSBA's Wool Broking Industry Historical Display** at the Sydney Wool Selling Centre in Yennora. John Colley, President of NCWSBA, opened the display (pictured). We held the opening at the lunch break of yesterday's auction, which allowed the buyers and broker staff from the companies who were rostered to sell to attend. There were also several growers. Representatives from one of the **sponsors (AWH)** attended, including Mark Denton (acting CEO). The other sponsoring companies are AWTA and AWEX. We thank all three sponsors. The Vice President, Rowan Woods (Jemalong) and NCWSBA Board member Gerard Buchanan (Schute-Bell) were also there, as were a number of staff from NCWSBA members.



The theme of this new display is **"Selling the Clip – Preparing for Sale".** and is in three locations at the Selling Centre. The main display and cabinet (shown in the picture) is near the entrance to the auction rooms and covers the period to the late 1960s/early 1970s when wool was sold and bought by subjective appraisal. The other two display cabinets are in each of the auction viewing rooms. One covers the transition to objective measurement and the use of samples, while the third covers the period of British Government compulsory acquisition for the First and Second World Wars. The display in Sydney is a companion to the display that was in Melbourne between November 2017 and July this year.



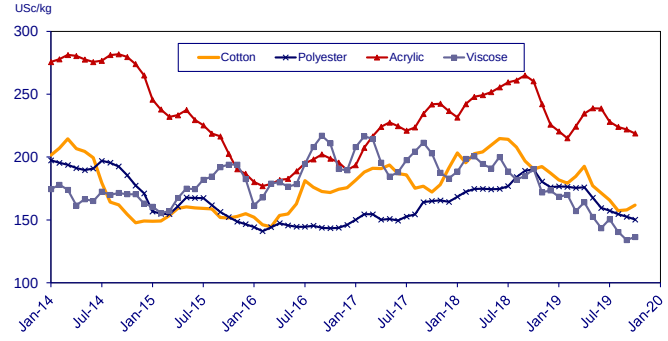
We had some excellent positive feedback from those who attended. As well, a number of people said that they had some material which would be great for future displays. We plan on installing a new display in Melbourne over the next couple of months, focusing on the history of NCWSBA as a lead-in to the NCWSBA Centenary events next February. I**f you have any historical material or know who may have, please contact me.**

In last week's edition of the *Weekly Newsletter* I looked at the trends in wool prices in South Africa, New Zealand and the UK. The week before I analysed the trends in cotton prices and the cotton market. This week it is time to look at the recent **trends in prices for synthetics**. While Australian wool prices have pulled back from the peak 12 months ago, prices for these other major competing fibres have also seen declines. The decline for these competing fibres has not been as abrupt as seen for Merino wool prices in July and August, but synthetic fibre prices are lower this year.

Prices for polyester staple, acrylic and viscose fibres have been on a downward trend since mid-2018, although acrylic fibre prices rebounded earlier this year before declining again. Since June, acrylic fibre prices have fallen by 8%, polyester staple prices are down by 6% and viscose prices are 5% lower. In contrast, wool prices (based on the EMI) in US$ are 16% lower. According to Wood Mackenzie Chemicals (the leading analyst of synthetic fibre markets), the decline in synthetic fibre prices is due to a combination of excess capacity and weaker demand, notably in China. This has come despite lower raw material prices as oil prices have eased back.

The first **Chart of the Week** shows the trends in prices for polyester staple, acrylic and viscose, as well as for cotton.

CHART OF THE WEEK
Trends in Competing Textile Fibre Prices



Source: AWEX, Cotton Outlook, Wood Mackenzie Chemicals, Poimena Analysis.
Monthly average to October 2019

The latest data on **Australian wool exports** was released yesterday. It shows that wool exports from Australis dropped sharply in September compared with a year earlier. The weight of wool exported in September was 35% below the levels in September 2018, while the value of exports was down by a massive 56%. Incredibly, this monthly year-on-year decline by value is the largest seen since June 1990!

Exports to the four largest export destinations were down in September by between 27% and 45% in weight terms and by between 48% and 58% by value. Exports to China were down by 58% by value and by 37% in volume. For the first quarter of the 2019/20 season the weight of wool exported was 26% lower than a year earlier while the value of exports was down by 41%. These declines demonstrate how sharply demand has fallen in recent months.

INDUSTRY EVENTS

The **2019 IWTO Round Table** will be in held in Queenstown, New Zealand on 2nd to 3rd December 2019.

The **NCWBA Centenary Auction and Cocktail Reception** will be held in Melbourne on Thursday, 20th February 2020.

The **2020 IWTO Annual Congress** will be held in Tongxiang, China on 18th to 20th May 2020.

WOOL SALES WEEK BEGINNING 11th NOV 2019 – week 20 (roster as at 7/11/2019)

Sydney	
Wed, 13th Nov; Thurs, 14th Nov	10,399 bales
Melbourne	
Wed, 13th Nov; Thurs, 14th Nov	20,753 bales
Fremantle	
Wed, 13th Nov; Thurs, 14th Nov	7,345 bales

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