The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

Gate 4
29 Frederick Rd
Tottenham Vic 3012

Phone: +61(0)419344259
E-mail: info@ncwsba.org
Twitter: @woolbrokersaus
Instagram: ncwsba

13th December 2019 2019/46

From the desk of Chris Wilcox, Executive Director

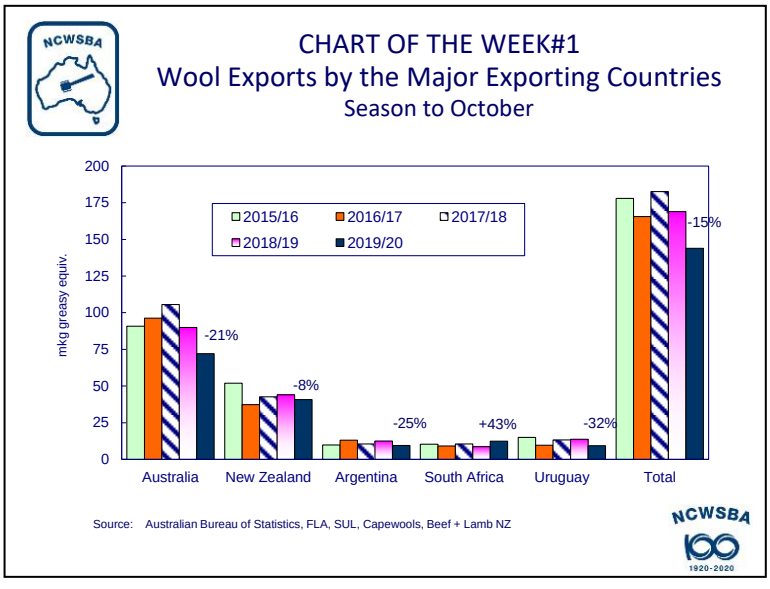
- The Australian wool market steadies
- Australian wool exports continue to slide
- Raw wool trade between major wool exporting countries and major wool processing countries well down this season
- Seasonal outlook
- Upcoming industry events



The penultimate week of auctions in the **Australian wool market** before the Christmas-New Year recess saw prices firm a little despite the gloomy sentiment at the start of the week and relatively high offering volumes. In general, prices rose a little each day and the **Eastern Market Indicator (EMI)** finished the week at 1503 c/kg, an increase of 11 cents for the week. This was an encouraging result given that there were over 42,000 bales of wool on offer this week, the largest for the season and the largest weekly offering since May. Prices for both Merino and Crossbred wool mostly lifted (the exception being the 18.5 micron price guide in Melbourne). The Southern Market Indicator rose by 17 cents to 1488 c/kg and the Western Market Indicator was 10 cents higher at 1614 c/kg. The Northern Market Indicator rose the least, up by just 3 cents to 1527 c/kg. Once again the A$ was stronger against the US$ and Chinese Renminbi, but was flat against the Euro. The EMI was 14 UScents higher at 1034 USc/kg, lifted by 8 €cents to 928 €cents/kg and was up by 74 RMB to 7273 RMB/kg.

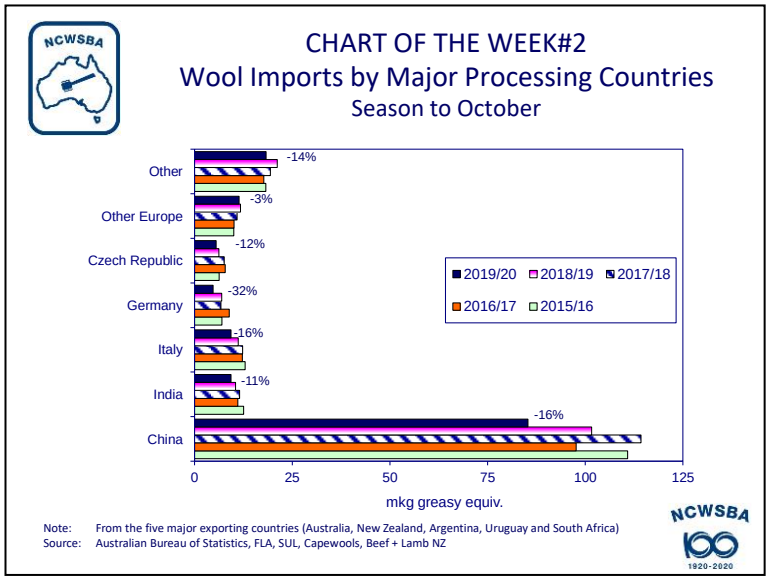
The latest data on **Australia's wool exports** from the Australian Bureau of Statistics show that wool exports fell in October, continuing the negative trend seen for much of the past six months. The volume (i.e. weight) of Australia's exports fell by 10% in October and was down 35% by value. Exports to the three largest export destinations (China, India and Italy) all fell sharply in October, but the volume of exports to the Czech Republic (the fourth largest destination) increased. For the first four months of the 2019/20 season, Australia's wool exports were 21% lower in volume terms and a massive 40% lower by value.

Australia is not alone in seeing a significant drop in wool exports this season, reflecting the very weak demand conditions seen around the world. The weakness in demand is illustrated by the decline in the volume of wool exported by three of the other four **major wool exporting countries.** As the first **Chart of the Week** shows, wool exports from New Zealand, Argentina and Uruguay were all lower this season to October compared with the same four months in 2018/19. The largest decline is for Uruguay, down by 32%, while Argentina's exports are also down substantially. New Zealand's



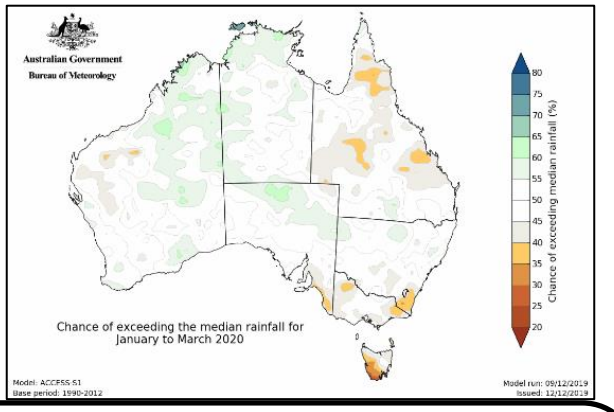
wool exports are a more moderate 8% lower. The exception to the decline in export volumes is South Africa, where wool exports were up by 43% compared with this time last year. This is almost entirely due to the resumption of trade between South Africa and China following the ban following the Foot and Mouth Disease Outbreak. There was a considerable volume of wool awaiting shipment to China from South Africa which was only possible once the South African industry had set up systems to store the wool in heated warehouses to render any FMD virus present inactive, as required by the Chinese authorities.

All of the **major processing countries** saw a sharp decline in demand for raw wool in the July to October period, as can be seen in the second **Chart of the Week**. Exports of raw wool to China dropped by 16% year-on-year for the four months to October 2019. Only 85 mkg of wool was exported to China from the five major export countries, which is by far the lowest since at least 2009 (when my databases begin).



It is a similar story for the other major export destinations, with an 11% decline in exports to India, 16% fall for Italy, 32% decline in exports to Germany and 12% drop for the Czech Republic. All of these countries recorded the lowest level of wool exports from the five major exporting countries at least since 2009. 'Other Europe' saw a smaller 3% decline as a result of increased exports to Bulgaria. Exports to 'Other' countries were down by 14%.

There was better **rainfall** in November in central parts of New South Wales and Queensland, particularly in the north-west of NSW. Much of this rain came as in a short period, which brought welcome relief but by no means broke the drought. There was average rainfall in Victoria, south-east South-Australia and parts of Tasmania during the month, but it was below average through much of Western Australia, the Australian east coast and the pastoral areas of South Australia.



The Bureau of Meteorology's seasonal outlook is for the remainder of December very likely to be drier than average for many areas. The Bureau says that January 2020 is likely to be drier for parts of eastern Australia. As the map shows, there is likely to be average rainfall across much of the country during summer, although this is when rainfall is already low, which is not much relief for those areas in drought.

INDUSTRY EVENTS

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 16th DEC 2019 – week 25 (roster as at 12/12/2019)

Sydney	
Tues, 17th Dec; Wed, 18th Dec	10,400 bales
Melbourne	
Tues, 17th Dec; Wed, 18th Dec	20,468 bales
Fremantle	
Tues, 17th Dec; Wed, 18th Dec	8,562 bales

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