The National Council of Wool Selling Brokers of Australia Inc

NEWSLETTER

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From the desk of Chris Wilcox, Executive Director

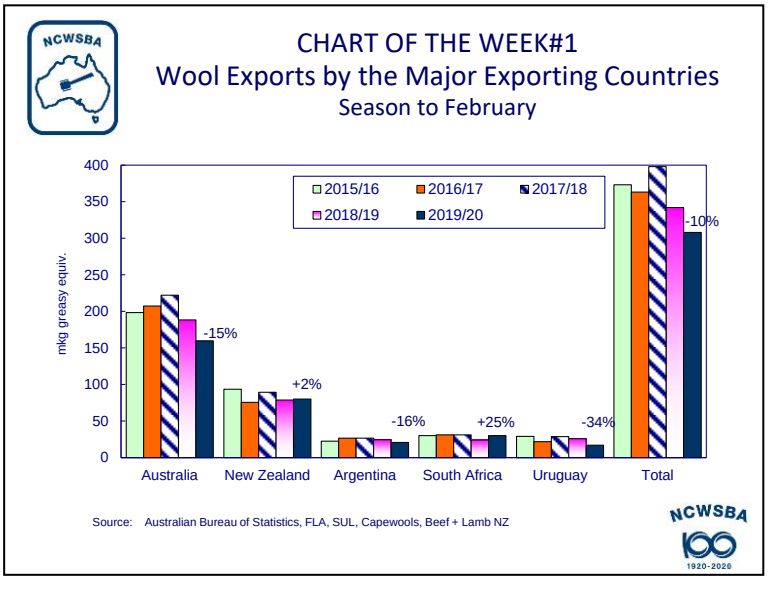
- Prices sag at Australian wool auctions
- Auctions resume in South Africa under restriction and online
- Raw wool demand declines, led by China
- IWTO 2020 Congress goes digital
- IWTO Market Information report Edition 15 now available
- Upcoming industry events



Prices slid back in the **Australian wool market** this week despite a rather small offering of a little under 25,000 bales. The **Eastern Market Indicator** (EMI) fell by 20 cents to 1272 Ac/kg. Prices for most microns were sharply lower, although there were some brighter spots. Merino wool of 17 micron & finer did better, with prices rising a little. There were some encouraging signs from Fremantle on Thursday with prices for 19 micron & finer wool lifting. The Western Market Indicator fell the least, down by 12 cents for the week to 1358 c/kg. The Northern Market Indicator fell by 18 cents to 1307 c/kg and the Southern Market Indicator was down by 20 cents to 1250 c/kg. The A$ fell against the US$ and the Renminbi and was steady against the Euro. As a result, the EMI fell by 26 UScents to 802 USc/kg, fell by 124 RMB to 5697 RMB/kg and was 11€cents lower at 741 €cents/kg.

Wool auctions resumed this week in **South Africa**, albeit online and with significant restrictions. The Covid-19 lockdown in South Africa is stricter than in Australia and wool is not regarded as an essential service. Wool is deemed an essential service in Australia. The restrictions in South Africa mean that shearing is permitted, but wool cannot be transported to broker stores, with growers storing their wool on-farm. Traditional open-cry auctions are also not permitted, nor is the testing of wool. The South African Government allows wool to be transported from brokers' stores to port for export. The South African Government very recently permitted wool that was already tested and stored in brokers' stores to be made available for sale. The South African industry did that this week through an electronic auction offering 5,382 bales over two days, of which 87.9% was sold. The next auction is scheduled for 30th April.

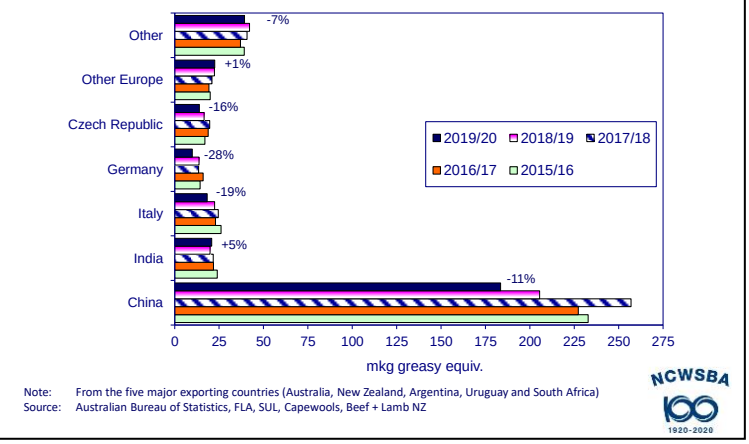
Global demand for raw wool was weak before much of the impact of the Covid-19 pandemic and travel, social and economic restrictions were imposed. This is illustrated by the trends in the volume of exports from the five **major wool exporting countries.** As the first **Chart of the Week** shows, the total wool exports from the five major exporting countries was 10% lower this season to February compared with the previous season. Exports from Australia, Argentina and Uruguay were all lower this season. The largest decline was for Uruguay, down by 34%, while Argentina's and Australia's exports were down by 16% and 15% respectively. In contrast, export volumes



from New Zealand and South Africa were both higher. South Africa's exports were up by 25% 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. New Zealand and South Africa's exports will fall in March onwards as a result of the ban on wool auctions and other transport restrictions.

Looking at imports by the **major processing countries**, many have seen a drop in the raw wool imports, as can be seen in the second **Chart of the Week**. Exports of raw wool to China dropped by 11% year-on-year for the eight months to February 2020. Exports to Italy, Germany and the Czech Republic have all seen significant declines this season to date, as have exports to 'other' countries (which includes Korea, Japan, Thailand, Malaysia, and Egypt). India and 'Other Europe' have both recorded modest increases in exports.

CHART OF THE WEEK#2
Wool Imports by Major Processing Countries
Season to February



Note: From the five major exporting countries (Australia, New Zealand, Argentina, Uruguay and South Africa)
Source: Australian Bureau of Statistics, FLA, SUL, Capewools, Beef + Lamb NZ

The IWTO 2020 Congress is going digital due to the Covid-19 pandemic and restrictions. The IWTO Digital 2020 Congress Brussels will feature a limited number of sessions for operational and statutory purposes (such as the Executive Committee meeting, the Contracts & Specifications Technical Meeting and Voting meeting and the Heads of Delegation Council Meeting). There will also be a few working group meetings (Wool Trade Biosecurity, Sustainable Practices and Product Wellness). Attendance will be by a mix of teleconference and videoconference. Meeting dates will be Wednesday, 20th May to Saturday, 23rd May. The General Assembly will be held in mid-June, with limited in person attendance and mainly by written proxy. As well as the limited attendance meetings, there will also be Powerpoint presentations from a selected number of presenters made available on the IWTO website. I will be doing one Powerpoint presentation as Chairman of the IWTO's Market Intelligence Committee. I will provide details when they are available.

DON'T FORGET TO CONTACT ME IF YOU WANT THE 15TH EDITION of the **International Wool Textile Organisation's Market Information Report** which was released last week. It is the definitive source of statistics on the global wool industry. It is free to IWTO Members, which includes NCWSBA members. It is also available to non-members at €500. ***Please contact me at chris.wilcox@ncwsba.org for a copy.***

REMINDER: CALLING FOR NOMINATIONS – NCWSBA WOOL BROKER AWARD 2020

The **NCWSBA Wool Broker Award for 2020** recognises excellence in wool broking by a younger member of our industry. This year's Award winner will be granted an **all-expenses paid trip Kyoto, Japan to attend the 2021 IWTO Congress in May 2021.** Arrangements will also be made for the Award winner to visit the wool textile and retail industry in Japan. Closing date for nominations is Friday, 26th June. Please contact me for an application form – chris.wilcox@ncwsba.org or call me on 0419344259.

INDUSTRY EVENTS

The **Australian Wool Production Forecasting Committee** meets next Wednesday, 29th April 2020.

Wool Week is scheduled for 27th and 28th August 2020. The NCWSBA Annual General Meeting is scheduled for Thursday, 27th August.

The **Nanjing Wool Market Conference** will be held in Haining, Zhejiang on 18th to 20th September 2020.

WOOL SALES WEEK BEGINNING 27th APR 2020 – week 44 (roster as at 22/4/2020)

Sydney	
Wed 29th Apr	5,406 bales
Melbourne	
Tues, 28th Apr; Wed 29th Apr	14,021 bales
Fremantle	
Tues, 28th Apr; Wed 29th Apr	6,127 bales

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