



# The National Council of Wool Selling Brokers of Australia Inc

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## NEWSLETTER



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2021/02

### From the desk of Chris Wilcox, Executive Director

- Superfine wool prices in the Australian wool market take off
- A new price supercycle for commodities?
- Retail sales remain subdued
- Brighter prospects in 2021?
- Upcoming industry events



### Is a commodity price supercycle beginning?

An article in the 16<sup>th</sup> January edition of *The Economist* magazine notes that many commodity prices are well above the levels at the start of 2020, before the impact of the Covid pandemic was being felt. It then asks if a new **supercycle** is beginning. Wool (notably Merino wool) had its own price supercycle which began in 2016, peaked in the second half of 2018 and then waned through 2019 and 2020, with prices reaching a low in mid-2020.

The data shows that there has been a sharp rise in some commodity prices since the low point in April 2020, notably for metals. Prices for cotton and acrylic fibre have followed a similar pattern to other commodities, rising strongly from the low in April. Polyester staple fibre prices took longer to bottom out and are still not quite back to the levels of January 2020. The trends for wool prices are lagged compared with other fibres, not hitting a low until September 2020. And, while there has been a strong lift in prices in recent months, wool prices overall remain below the January 2020 levels. The article in *The Economist* argues that the roll-out of vaccines across the world will help the world economy recover and pent-up demand will boost commodity prices. As well, the spending proposals by the new Democratic American government and loose monetary policy will provide a further boost. The article quotes Jeff Currie of Goldman Sachs who says "*The pandemic itself is a structural catalyst for a commodity supercycle*" as the pandemic may help synchronise economic activity across the big economies around the world. If there is a general commodity price supercycle, wool will benefit and prices will continue to rise. 2021 could be a much better year for Australian wool producers and the industry.

**Further details, including a chart showing the trends in selected commodity and fibre prices since the start of 2019, are provided in the NCWSBA Weekly Newsletter for the week ending 15<sup>th</sup> January 2021. Available to NCWSBA members.**

### INDUSTRY EVENTS

The **2021 IWTO Congress** will be held May 2021.

### WOOL SALES WEEK BEGINNING 25<sup>th</sup> JAN 2021 – week 31 (roster as at 21/1/2021)

<u>Sydney</u>		
Wed 27 <sup>th</sup> Jan, Thurs 28 <sup>th</sup> Jan		10,939 bales
<u>Melbourne</u>		
Wed 27 <sup>th</sup> Jan, Thurs 28 <sup>th</sup> Jan		23,699 bales
<u>Fremantle</u>		
Wed 27 <sup>th</sup> Jan, Thurs 28 <sup>th</sup> Jan		8,480 bales

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