



# The National Council of Wool Selling Brokers of Australia Inc

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## NEWSLETTER

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

- Australian wool market slides again
- Mixed consumer confidence and retail sales in key markets
- Next week's wool auction in South Africa postponed to January
- Some results from the AWI Annual General Meeting
- Young Professional Programme at the 2020 IWTO Congress
- Upcoming industry events



### Mixed consumer confidence and retail sales in the Northern Hemisphere

The current trends and levels of consumer confidence in the major wool consuming countries reflect the uncertain economic conditions in many countries. Consumer confidence in the EU has weakened over the past 12 months as the economies in the EU have weakened. There has been a particularly sharp fall in consumer confidence in Japan in the past 12 months to the lowest level since 2012. Consumer confidence in South Korea also remains well below the levels seen in 2017 and the early part of 2018. In contrast to these rather gloomy consumers, consumers in the US remain upbeat, helped by still strong economic conditions, low unemployment levels and signs that wages are rising. The surprise in the latest figures is the strong consumer confidence levels reported in China. This is in contrast to the lower economic growth rates in China recorded recently and the impact of China's trade war with the US.

These mixed consumer confidence results translate into retail sales for some countries, but not all. Germany and the UK both surprise on the upside and contrast with the negative economic conditions and consumer confidence levels. One of the most notable results is for China, where retail sales of garments have grown by just 2.6% year-on-year in the first ten months of 2019. This is the slowest rate of growth for clothing retail sales in China at least since 2000. Remember that China is the world's largest retail consumer of wool clothing. This slow growth rate for clothing retail sales will no doubt be a major reason for the reduced demand throughout China's wool textile industry and a key driver of the lower raw wool demand by China's early stage processors. Add to this the slower retail sales growth in the US, one of China's major export markets for wool clothing, and the impact of the US-China trade war and you have the reason for anecdotal reports of excess stocks of finished wool garments, fabric and yarn through China's wool textile industry.

**Further details including charts showing the trends in consumer confidence and clothing retail sales growth data are included in this week's edition of the *Weekly Newsletter*. Available to NCWSBA members.**

#### INDUSTRY EVENTS

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

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

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

#### WOOL SALES WEEK BEGINNING 2<sup>nd</sup> DEC 2019 – week 23 (roster as at 29/11/2019)

<u>Sydney</u>	Wed, 4 <sup>th</sup> Dec; Thurs, 5 <sup>th</sup> Dec	10,163 bales
<u>Melbourne</u>	Wed, 4 <sup>th</sup> Dec; Thurs, 5 <sup>th</sup> Dec	23,158 bales
<u>Fremantle</u>	Wed, 4 <sup>th</sup> Dec; Thurs, 5 <sup>th</sup> Dec	7,953 bales

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