

WOOL MARKET WEEKLY REPORT

Sale Week 11: Fri 15th Sept '17



Offering—Aust. only		Currency movements		
Bales offered	42,764	AUD:USD	0.8000	+0.11%
Passed-In %	15.5 %	AUD:CNY	5.2360	+0.45%
Bales Sold	36,121	AUD:EUR	0.6737	+0.52%
Season Sold	327,489	RBA close rate Thurs 14th Sept 2017		

Eastern Market Indicator (EMI)			
AUD	1525 ac/kg	- 31 ac/kg	- 1.99%
USD	1220 usc/kg	- 23 usc/kg	- 1.88%
CNY	79.85 ¥/kg	- 1.26 ¥/kg	- 1.56%
EUR	10.27 €/kg	- 0.16 €/kg	- 1.48%

AWEX Auction Micron Price Guides.

Sales were held Wed 13th & Thurs 14th Sept 2017.

MPG	Sydney	Melbourne	Fremantle
17mic	2207 -66	2213n -50	-
18mic	2078 -61	2068 -54	-
19mic	1775 -64	1794 -54	1764 -35
20mic	1595 -51	1607 -39	1594 -31
21mic	1547 -50	1551 -37	1547 -39
22mic	1473n -50	1463 -46	1498n -21
23mic	-	1440n -26	-
24mic	-	1306n	-
25mic	1194n -31	1213n	-
26mic	1107 -34	1123n -12	-
28mic	816 -36	833 -3	-
30mic	601 -35	590n -35	-
32mic	398n	404n -16	-
MCard	1094 +5	1088n +2	1118n +4

Monthly average EMI end AUGUST 2017



Scheduled Australian Wool Auction Sales

Sale week commencing	2017/18 forecast	2016/17 actual
Week 12 18/09/2017	43,077 bales	37,676 bales
Week 13 25/09/2017	38,675 bales	33,917 bales
Week 14 02/10/2017	43,942 bales	36,849 bales

AWI Commentary

A large adjustment to ruling price levels occurred this week at Australian wool auctions, and all to the negative mainly. Almost all wool categories were affected to some degree apart from the carding types which continue to run their own course and are seemingly immune to all other sector's movements. In fact, the cardings appreciated a few cents for the sales. The AWEX EMI (eastern market indicator) finished the week 31ac lower at 1525ac/clean kg or a 2% fall. Week on week the AUD strengthened against the USD and at times traded at levels into the 80.5 area as the auctions went ahead. When expressed in USD, the EMI finished the week at 1220usc clean/kg or 1.9% lower.

A few factors combined to weaken buyer confidence this week such as forex rates, slowing new business and a selection of wool types on offer that are swiftly moving to higher PobM test readings (position of break in the middle) playing a part. This test is particularly concerning to buyers of Merino fleece descriptions as most orders are sold into China requiring an average parcel reading of 50 PobM. The new clips being shorn and tested across a lot of regions of Eastern Australia are producing PobM results of well over 70pobM making those sale lots hard to place in any volume. Buyers are expecting this situation to worsen for the next month or so prior to reverting back towards more user friendly readings.

Perhaps the most stated reason this week for the reversing fortunes of the local market is the fact that in the first eight weeks of selling this season, 24,500 bales more has been sold to the trade compared to the same eight weeks of last year. This is reportedly putting a strain on local auction buyers finances, but also highlights the strong demand for Australian wool. This is particularly relevant given that the price at present is around 16% higher on average than last season. Put in perspective, this means an estimated 45 million more Australian dollars has been needed to fund the Australian wool clip sold so far, or in other words, an additional 22.5 million dollars needed each month of the season.

In addition to the purchasing increase as stated above, the underlying solid demand for wool is given further credence by the fact this increased buying has occurred when 11% more wool has been available or offered compared to last year. Growers are obviously believers in the long term prospects for price sustainability as this season has seen sellers pass in 8.1% of the offering compared to passing in 5.7% at the same time last year, when prices were at times up to 20% lower. In fact this week saw pass in rates of 15.5% which is probably related more to the rapid movement lower from the growers pre-sale valuations received from their broker, rather than prices offered.

This week saw most Merino fleece and skirting types trade at levels of 40 to 60ac lower and crossbreds a general 30ac lower. Most of these losses occurred on the first day and it is worth noting that the final day produced a consolidation in price and witnessed better, but not widespread, competition and some confidence return to the sale rooms.

Auction sales next week in Australia have on offer a similar volume of around 43,000 bales. Most eyes and ears will be on China this weekend as the Nanjing Wool Market conference will be held over three days from Saturday through to Monday in Tongxiang. This annual conference is the single most important wool trade conference of the year and we look forward to some positive reports.

AUD Commentary - SAW

Remarkably strong employment number lifts Aussie to .8016 high, continues trend for 11th straight month, supports RBA views. The Aussie dollar shot nearly 40 points higher immediately after the release of yesterday's employment report at 11:30am, and at 1:00pm was trading at .8006. ABS Data showed the Australian economy added 54,000 jobs last month. The market was expecting an increase of just 15,000. The unemployment rate held steady at 5.6%, in line with forecasts.

Gains in the August report were led by strong growth of 40,100 in full-time employment, along with a rise of 14,100 in part-time jobs. Although the labour force participation rate ticked 0.1% higher to 65.2%, monthly jobs growth in August meant that the number of unemployed people actually fell slightly to 723,200. That left total employment at 12.269 million, easily surpassing the previous month's record.

The Australia's economy has now added jobs for the 11th straight month — the best jobs growth streak in more than six years. The July figure for total employment was also revised upwards to 2,214,700, from 12,201,400. In line with the strong rise in full-time employment, the ABS said the total numbers of hours worked in August rose by 3.9 million (0.23%) to 1.709 billion.

Callam Pickering, the Asia-Pacific economist at jobs website indeed.com, said that underemployment at current levels "partially explains the ongoing weakness in wage growth, and indicates that the economy still has some way to go before the Reserve Bank should tighten monetary policy".

Art meets fashion at the National Wool Museum Geelong.



The must-see fashion-art exhibition The Art of Wool has arrived in Geelong, being hosted at the National Wool Museum. Initially launching back in 2015 at Armidale's New England Regional Art Museum (NERAM), The Art of Wool has gone on to find success in regional cities across Australia including Hamilton, Dubbo and Albury.

When: Daily from 8 September 2017 - 19 November 2017

Where: National Wool Museum

26-32 Moorabool St, Geelong 3220

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