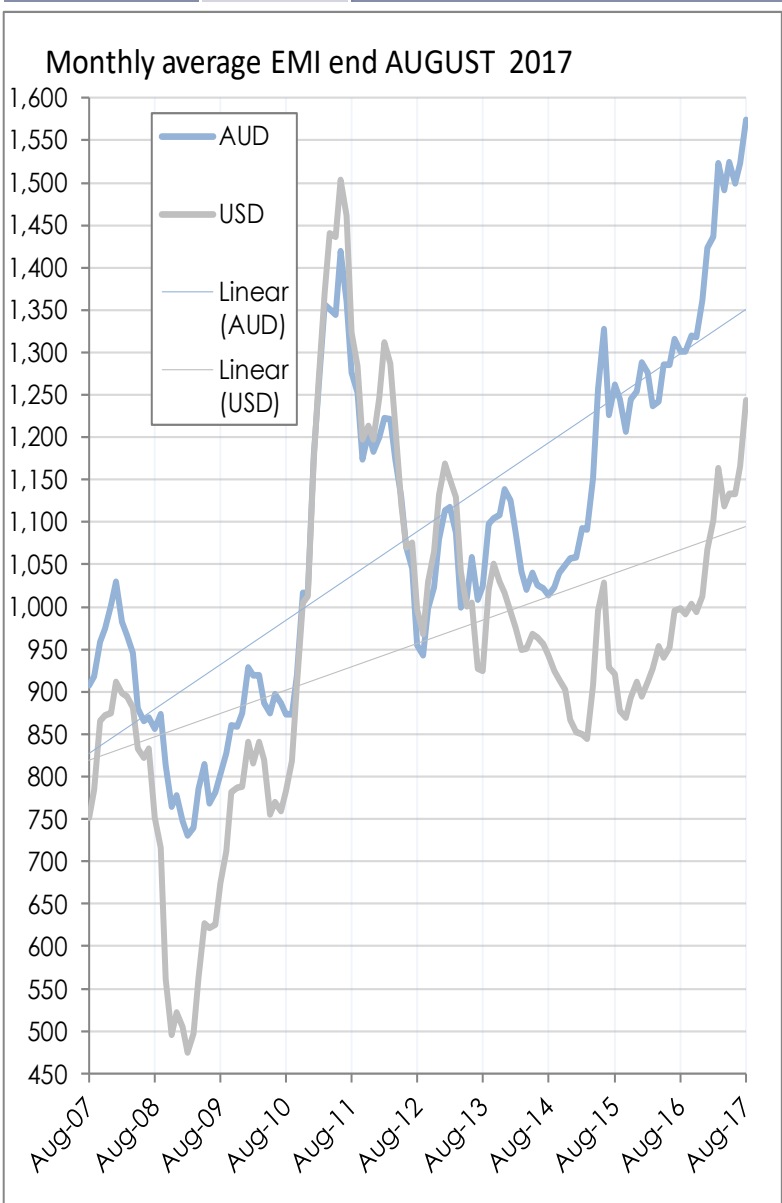




Offering—Aust. only		Currency movements		
Bales offered	40,699	AUD:USD	0.7964	-0.45%
Passed-In %	6.9 %	AUD:CNY	5.2495	+0.26%
Bales Sold	37,910	AUD:EUR	0.6701	-0.53%
Season Sold	365,399	RBA close rate Thurs 21st Sept 2017		

Eastern Market Indicator (EMI)			
AUD	1525 ac/kg	= ac/kg	-1.99%
USD	1215 usc/kg	-5 usc/kg	-0.45%
CNY	80.05 ¥/kg	+0.21 ¥/kg	+0.26%
EUR	10.22 €/kg	-0.05 €/kg	-0.53%



AWEX Auction Micron Price Guides.

Sales were held Wed 20th & Thurs 21st Sept 2017.

MPG	Sydney	Melbourne	Fremantle
17mic	2228 +21	2180n -33	-
18mic	2072 -6	2065 -3	-
19mic	1778 +4	1775 -19	1774 +10
20mic	1588 -7	1612 +5	1588 -6
21mic	1540 -7	1548 -3	1539 -8
22mic	1477n +4	1490 +27	1498n =
23mic	-	1439n -1	-
24mic	-	-	-
25mic	1192n -2	-	-
26mic	1101 -6	1100n -23	-
28mic	813 -3	813 -20	-
30mic	586 -15	573n -17	-
32mic	393n -5	400n -4	-
MCard	1113 +19	1117n +29	1149n +31

Scheduled Australian Wool Auction Sales

Sale week commencing	2017/18 forecast	2016/17 actual
Week 13 25/09/2017	41,483 bales	33,917 bales
Week 14 02/10/2017	42,981 bales	36,849 bales
Week 15 09/10/2017	40,371 bales	29,372 bales

Riemann Wool Platform- Forward trades past week

Maturity month	Type	Price	Trade weight
November 2017	21.0 micron	1530 / 1540	20,000
December 2017	21.0 micron	1540	4,500
Total			24,500 kgs

AWI Commentary

A rather mundane series of events this week at Australian wool auctions with a largely unchanged market being the result. This is well and truly reflected by the AWEX EMI (eastern market indicator) being unchanged at 1525ac/clean kg. Obviously the USD EMI adjusted just to the forex rate being 0.45 lower and as such fell 5usc to 1215usc/clean kg.

The ruling sentiment around wool remains positive from all sectors as local traders and growers are largely comfortable operating within the current levels of trade. Generally speaking, buyers are seemingly able to pass on the price up the chain and growers are mainly accepting of the offered values. Daily adjustments to price due to currency and finance availability will continue to occur as will the depression of prices due to harder to place sale lots. The growing incidence of higher PobM (position of break in the middle) and higher CVH% (co-efficient of variation of hauteur %) sale lots being the primary cause.

Volumes of wool available at auction are way in front of where they were last year at the same time. In fact almost 10%. The continuing dry conditions across large parts of our growing districts has allowed shearing to go unimpeded for months running, which is a two edged sword given that many wool growers are desperate for rain to alleviate the drought conditions they are facing. Production figures for the season will be now under pressure as sheep are being off loaded daily. Costs of feeding and the associated intensive labour requirements make selling off sheep rather than retention an easy decision given the attractive prices being made at the sale yards.

Merino fleece types spent the week basically trying to align levels between selling centres and for wools 19 to 23 micron this was generally achieved. For any wools finer than 19 micron though, some large disparity in the MPG's exist and range from 30 to 50ac. This seems to be dependent on the variable offerings in each centre rather than one market being better than the other. Merino skirtings experienced a rise then fell to remain unchanged and crossbreds continued to drift lower by up to 20ac clean/kg.

Auction sales next week in Australia have on offer a similar volume of around 43,000 bales. Similar operations to this week are expected as September shipments are being completed and buyer's letters of credit flow in, providing stronger liquidity for the wool market.

The annual Nanjing Wool Market Trade Conference was held earlier in the week at Tongxiang, China. Over 400 delegates were in attendance, and the mood was generally buoyant and confident. A few concerns were raised from the manufacturers around the perceived high wool prices, but in general, acceptance of those levels remaining for the short term was the consensus.

Interestingly to wool growers, the conference witnessed the announcement of two E-commerce platforms, or portals, for all things wool in China. One has commenced operations within China and also includes functions of providing finance and logistics.

A common theme from the Chinese delegates at the conference centred firmly around the need for further industry programs within the education, promotion and innovation fields. In particular, it is perceived that the high prices can be maintained by continually innovating new wool products, as witnessed recently by the double faced and fake fur fabrics creating new consumers of wool. We thank Nanjing Wool Market for the opportunity to attend and acknowledge that this is the single most important wool trade conference.

AUD Commentary - SAW

It was a wild ride for the Aussie this week, soaring on Wednesday to .8090 and plunging Thursday to .7917. Today, Friday the Aussie is at .7930. The catalyst for this volatility was the major announcement from Janet Yellen and the Federal Reserve that the Fed would embark next month on the biggest post-recession policy shift since it first raised interest rates at the end of 2015, and will start trimming the \$US4.5 trillion balance sheet it built up after the GFC Recession. Now with the U.S Economy back on its feet, this emergency measure — or quantitative easing — is no longer needed.

This immediately led Traders to predict another rate hike in December, and possibly three more next year. This led the U.S Dollar to move swiftly higher and remarkably the Dow Jones hit its 40th record high for 2017. On Thursday Reserve Bank of Australia Governor Philip Lowe said Australia's economy is improving and forecast growth to around 3 percent over the next couple of years, faster than current estimate. Overnight a warning from S&P Global Ratings that it has downgraded China's long-term sovereign credit rating rattled traders citing increasing risks from its rapid build-up of debt.

Technically the Aussie is still staying within a range of 0.7807/8124. A deeper fall cannot be ruled out, however with 0.7807 support intact, another rise is expected. Break of 0.8124 will turn bias to the upside and target the projection of 0.8135, .8260 then .8335.

Southern Aurora Wool Forwards report

The market struggled at auction with all micron groups losing ground as buyers continued to be concerned about finding off shore at these levels. Finer microns lost up to 20 cents while medium microns tried to hold their prices. This was reflected in the forward market. 21.0 microns traded November and December near cash (1530 to 1540) but few growers took the opportunity to lock in certainty over summer production. Bids on the finer microns retreated, in line with the auction, as the week progressed. Volatility in the currency saw the AUD trade in an almost 2 cent range adding to the uncertainty for exporters. Both buyers and sellers looking for direction in a market that been a rollercoaster since the return from the break. 19.0 microns opened the season at 1838 rose 89 cents in two weeks to then lose 102 in the next two weeks. They rose 23 cents to the retrace 69 cents to 1784 . 54 cents under the season open. The movement in 21.0 has been a little less dramatic to the downside but still volatile. Opening the season at 1534 then market rose 131 cents then gave back 83 cents. The market steadied between 1580 and 1590 before giving up 44 cents last week to finish at 1549, 15 cents above the season opening. We end the week, particularly for 21.0 microns, surprisingly steady for the balance of the year and into January and February considering the last six week's movement.

Anticipated trading levels next week

	18.5u	19.0u	21.0
October	1920	1750	1530
November	1910	1750	1530
December	1900	1750	1530
Jan to March	1890	1730	1490
April to June	1870	1720	1470

7 year percentile bands

18.5 90%	1870	95%	1950
19.0 90%	1700	95%	1830
21.0 90%	1430	95%	1485
28.0 85%	800	95%	870

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