



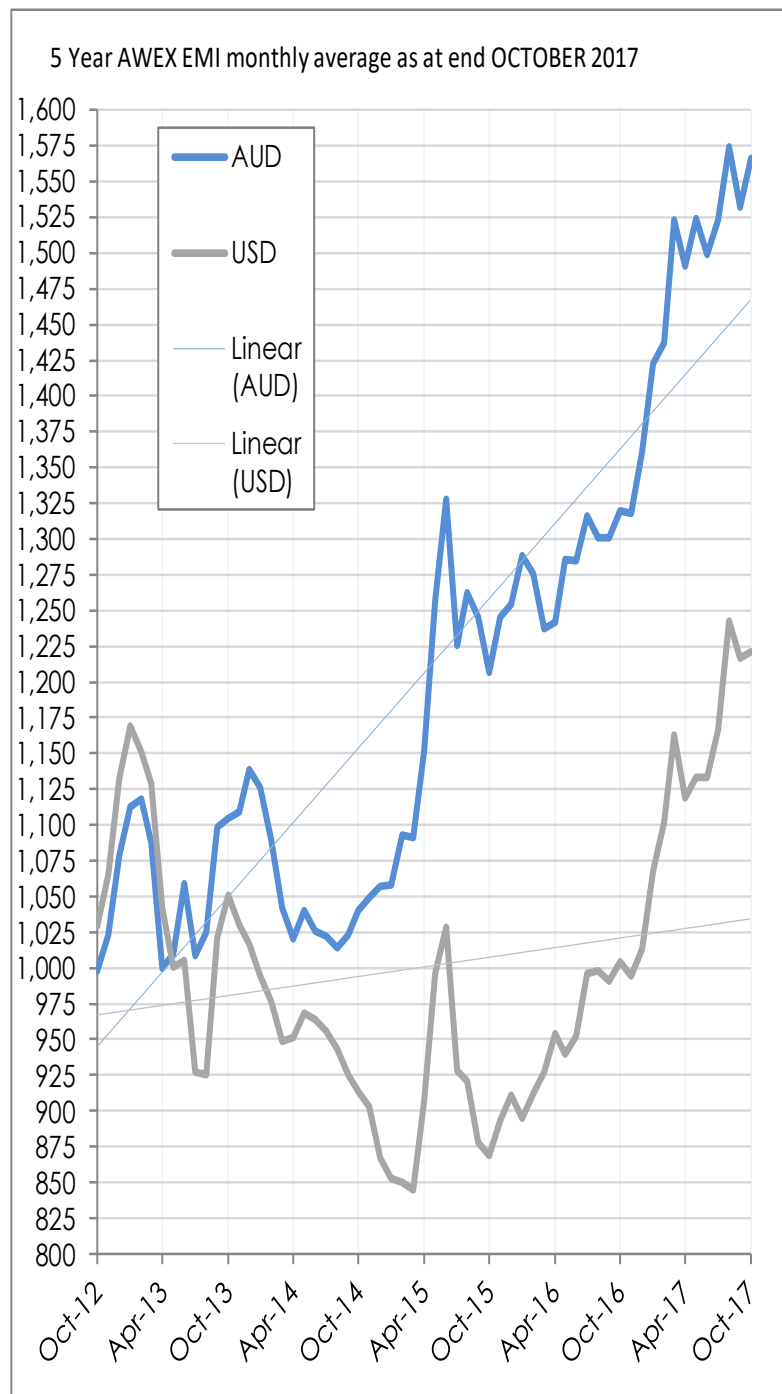
WOOL MARKET WEEKLY REPORT

Sale Week20 Fri 17th Nov 2017



Offering—Aust. only		Currency movements		
Bales offered	50,648	AUD:USD	0.7594	- 1.16%
Passed-In %	3.2 %	AUD:CNY	5.0403	- 1.04%
Bales Sold	49,009	AUD:EUR	0.6448	- 2.67%
Season Sold	695,916	RBA close rate Thurs 16th Nov 2017		

Eastern Market Indicator (EMI)			
AUD	1683 ac/kg	+ 2 ac/kg	+ 0.12%
USD	1278 usc/kg	- 13 usc/kg	- 1.04%
CNY	84.83 ¥/kg	- 0.79 ¥/kg	- 0.92%
EUR	10.85 €/kg	- 0.28 €/kg	- 2.56%



AWEX Auction Micron Price Guides.

Sales held Tues to Thurs 14th to 16th Nov 2017

MPG	Sydney	Melbourne	Fremantle
17mic	2494 +6	2465 +16	-
18mic	2303 +20	2306 -12	2222n +25
19mic	2009 +4	2005 -3	1978 -6
20mic	1783 +19	1765 +7	1764 +8
21mic	1647 +2	1634 -2	1640 -9
22mic	1571n+9	1548n -12	1548n -13
23mic	-	-	-
24mic	-	-	-
25mic	1206n -18	-	-
26mic	1075 -28	1065n -28	-
28mic	768 -47	773 -55	-
30mic	584 -32	603 -13	-
32mic	465n -11	-	-
MCard	1382n +34	1389 +12	1366n +43

Scheduled Australian Wool Auction Sales

Sale week commencing	2017/18 forecast	2016/17 actual
Week 21 20/11/2017	48,767 bales	45,727 bales
Week 22 27/11/2017	44,950 bales	49,145 bales
Week 23 04/12/2017	44,045 bales	52,412 bales

AWI Commentary

Following on from the recent outstanding gains in wool values, Australian wool markets generally consolidated around ruling price levels. The main competition in the Merino sector came again from the largest locally based trader/exporter fighting fiercely for volume against the largest Chinese indent buyer. This strength of purchasing saw over 36% of the available volume head into just these two company's inventory. The crossbred lift unfortunately hit the wall this week and the huge gains of last week diminished throughout selling. Cardings performed admirably once more and advanced further skyward.

At the end of a rather eventful and mixed week of results, the AWEX EMI (Australian Wool Exchange - Eastern Market Indicator) managed a 2ac rise to 1683ac/clean kg. This figure represented a new weekly closing record after setting an all time single day EMI number of 1689ac clean/kg on Wednesday. When measured in USD, the market went in favour of our overseas users for the first time in a few weeks and dropped 1% to 1278usc clean/kg.

Growers are enjoying some of their best returns ever for their wool clips which is a just reward for their dedication to their industry. All sectors rely on their endeavours to participate in the supply chain and hopefully these sort of prices can encourage other landholders to consider wool and sheep as an alternative land use. Obviously wool growers production varies considerably over Australia but returns are being reported as somewhere between \$2,000 and \$3,2000 per bale. Hopefully these sale returns can stimulate further production to satisfy the growing demand for wool.

The Merino fleece offering this week featured wool types far more suitable to the Chinese market. European types were less in number, particularly in the large offering ex the Melbourne selling centre. As such there were diverging results with Sydney quotes all to the positive whilst Melbourne saw most wool sell at around the current prices. The best superfine types of 19 micron and finer actually gained 20ac clean kg in Sydney and all wools of those descriptions were destined for Italy as their major buyer was still intent on taking all of the spinners wools. They didn't have it all their own way though, as the other Italian operator also showed better intent.

Chinese interests remained at the forefront this week, with most exporters purchases supplying that nation. Reports continue to flow through of low global stocks or raw wool in front of machines for manufacturing and the prompt demand for Australian wool remains strongest from the Chinese. With just a few weeks of sales left for the year, the downside looks quite limited with both supply and decreasing time remaining to deliver hampering any intentions of overseas interest to look for a retraction of price.

Next week's volumes is similar at around 49,000 bales.

AWI AGM News

At today's AWI AGM shareholders voted on the make up of the AWI board. Incumbent directors Colette Garnsey and James Morgan being re-elected with Donald Macdonald successfully elected.

Following the meeting, Wal Merriman was re-elected as Chairman and he thanked the effort of Paul Cocking as a strong contributing director during his time on the board.

AUD Commentary - SA Markets

The Aussie Dollar dropped to a 5 month low this week, and is trading Friday at .7580, just off the weeks low of .7572, after opening on Monday at the weeks high at .7665. The Australian data releases on Wages and Employment this week were both well below market expectations, pressuring the Aussie Dollar lower, and confirming that the RBA is unlikely to be lifting rates till late next year, at the earliest. This is occurring against the backdrop of better than expected growth numbers coming out of Europe, Asia and the U.S, with analysts now almost certain that the U.S Federal Reserve will raise rates in December. Overnight President Trumps Tax Bill passed the lower house triggering a rally in U.S Equities, with the Dow lifting 187 points and the Nasdaq close at a new record high. This rally in Equities are well supported by the surge in U.S Corporate profits which have well out performed analysts expectations, and was seen in Walmart's overnight numbers, which again confirmed the health of U.S Retail sector. Australia's Employment Data this week showed a sharp slowdown in new jobs growth, as Data disappointed with 3,700 new jobs created against the 18,000 expected, also the release of the ABS Wages Data surprised with hourly wage growth up by only 0.48% for the September quarter, missing 0.7% forecast. Continued weakness in wage growth and high personal debt levels are likely to weigh on the outlook for domestic consumption — which makes up around 60% of Australia GDP. A large 3.3% rise in Australia's minimum wage rate in July was expected to add positively to the wages data, and analysts say that without this quarterly growth could potentially have been the lowest on record. As Tapas Strickland, from National Australia Bank said, "Wages growth was well below expectations, and with underlying inflation running at around 1.9% year-on-year, there continues to be virtually zero real wages growth in Australia — a phenomenon that has existed since December 2013. Technically the bias in AUD/USD remains on the downside, but it is still contained within a broad sideways pattern. Near term support is found at .7520, and then .7380. Overhead resistance is at .7680 then .7750. The market is actually oversold and a small bounce is expected, before the next downward move.

SA Markets Wool Forwards report

Wool Forward Prices on the Riemann OTC Market again moved higher this week, reflecting the solid demand seen at auction. These record wool prices are bringing out a larger number of Wool Growers across Australia who are looking at the best ways possible to lock in some of this remarkable price rally. The rally also is being met by exporters who are also active in wanting to cover forward commitments by hedging in their buying price, and in the process helping to create an efficient market. A highlight this week has been the surprising demand across the board by wool growers for the longer dated Wool Put Options, as growers reflect concerns that while spot prices remain firm there is worry on where prices might be in a year or even six months from now. The purchase of these Put Option allows the wool grower to have price insurance by create their own minimum floor price, while still leaving them free to enjoy any future rally. In a swiftly rising market growers are keen to participate, but at the same time are seeking some price protection in case off a steep downturn. Again this week, as in last week there was active price enquiry across all microns, from the 18M out to the 28M, however most activity was seen in the 19 and 21 Micron Categories. The sentiment from buyers suggests that these high prices are likely to stay for some time, however most say that in a swiftly rising market, there is higher potential for a sharp correction lower, and this is likely to result in quite volatile price moves ahead.

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