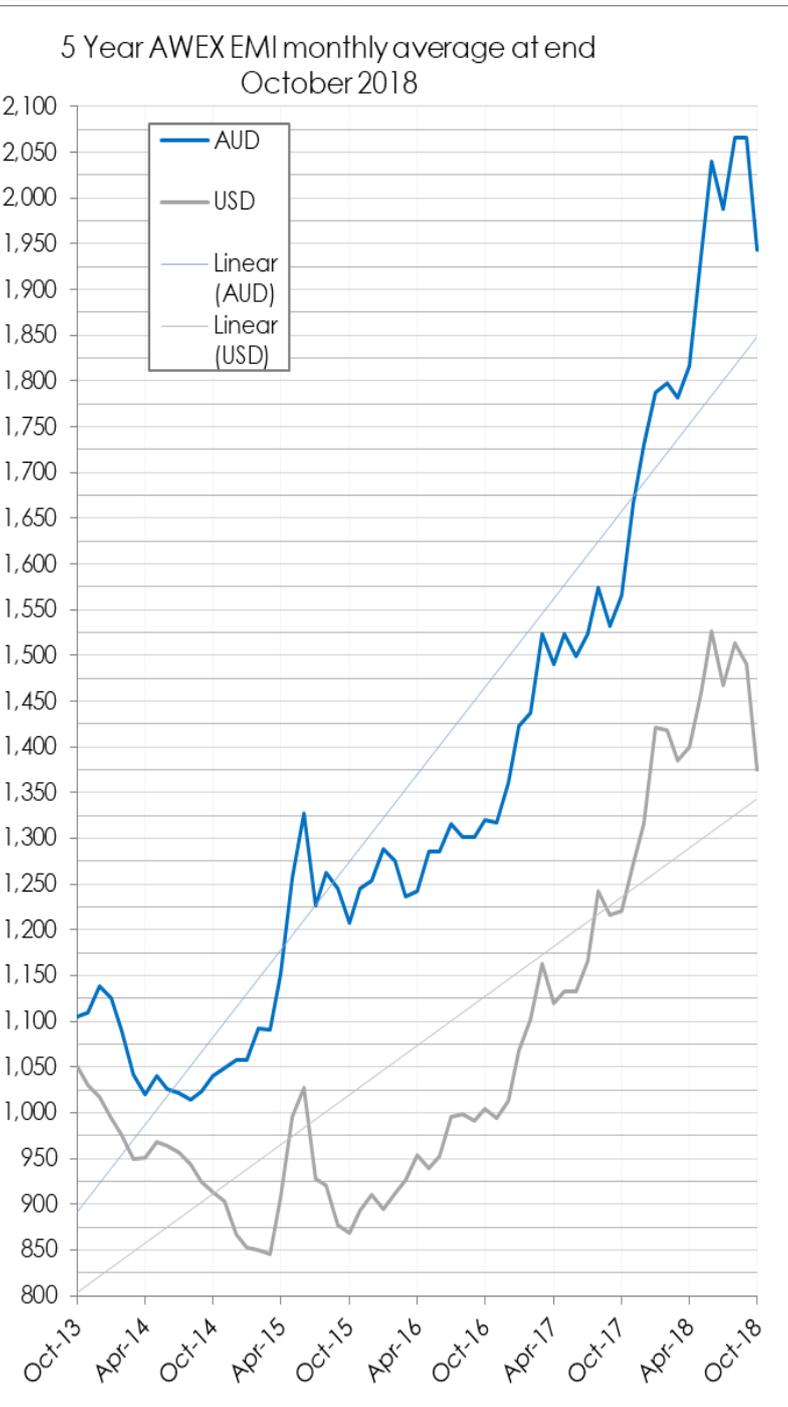




Offering—Aust. only		Currency movements		
Bales offered	35,326	AUD:USD	0.7279	+ 0.07%
Passed-In %	10.9 %	AUD:CNY	5.0507	+ 0.16%
Bales Sold	31,487	AUD:EUR	0.6420	+ 0.83%
Season Sold	553,426	RBA close Thurs 15th Nov 2018		

Eastern Market Indicator (EMI)			
AUD	1781 ac/kg	+ 5 ac/kg	+ 0.28%
USD	1296 usc/kg	+ 4 usc/kg	+ 0.35%
CNY	89.95 ¥/kg	+ 0.39 ¥/kg	+ 0.44%
EUR	11.43/kg	+ 0.12 €/kg	+ 1.12%



AWEX Auction Micron Price Guides.

Sales held Wed 14th & Thurs 15th Nov 2018

MPG	Sydney	Melbourne	Fremantle
17mic	2445 -50	2403 +16	-
18mic	2278 -40	2248 +41	2179n -40
19mic	2104 -5	2100 -7	2086 -30
20mic	2057 +7	2071 +15	2052 +4
21mic	2048 +5	2058 -6	2042 -4
22mic	-	2085n -15	2037n -6
23mic	-	2021n -25	-
24mic	-	1713n	-
25mic	-	1343n	-
26mic	1140n -3	1126 +7	-
28mic	760 +15	765 +14	-
30mic	663n +27	684 +14	-
32mic	-	480n +5	-
MCar	1100 +80	1114n +69	1130+118

Scheduled Australian Wool Auction Sales

Sale week commencing	2018/19 forecast	2017/18 actual
Week 21 19/11/2018	35,334 bales	47,370 bales
Week 22 26/11/2018	37,540 bales	49,058 bales
Week 23 03/12/2018	36,778 bales	48,599 bales

AWI Commentary

Some semblance of confidence has appeared back at the Australian wool auction sales rooms. Widely variable results were being published, but by and large, the trade by week's end were all reporting better price levels and sentiment within the selling centres. The origins of this change and the longevity remain uncertain, but the positive nature of the action this week was naturally warmly welcomed by grower sellers. The Australian Wool Exchange (AWEX) Eastern Market Indicator (EMI) closed the week 5ac dearer or 0.1% to 1781ac clean/kg. A small step up but good indications abound particularly as the Australian dollar was also slightly stronger this week against all forex rates. In US Dollar (USD) terms the market was similarly dearer at 4usc or 0.2% higher to close to 1296usc clean/kg.

The most notable of trade movements was again recorded in the Euro as the AUD has been getting exponentially stronger in recent weeks when compared with the other major currencies used in the trade. This week saw a further 1.1% jump when the EMI is expressed in Euro. In fact the Euro forex rate has gone from 62.02 to 64.20 making a collective gain of 3.52% in just 3 weeks. This makes it more expensive to purchase wool for those using this currency, but it hasn't stemmed the demand from those users, as they have continuously supported the better super fine Merino types throughout this downturn and continue to do so despite their rising currency.

Whilst the general news out of China has been reportedly downbeat, last Sunday saw a remarkable show of consumer confidence that reflects the state of play in that nation; the annual "singles day" holiday in China. The day is named so because it celebrates pride in being alone in relationship terms and held on the 11/11 as the numeral 1 looks like a single stick person! Anyway, this holiday has morphed into an annual day of retail sales and dominated by focus on the global online retailer Alibaba. This year saw an incredible scenario where 2 billion AUD of goods were purchased on Alibaba in the opening 2 minutes of the day and by the end of the day's trade, A\$43 billion had been transacted through the Alibaba sales platform.

The "singles day" sales surpassed all expectations and results were 27% higher than they were last year. In comparison, the famed USA "Black Friday" sales transacted 11 billion. As quoted by the highly respected Forbes publication, "Singles Day is symbolic of an unstoppable China. At current rates of growth China could be a bigger customer globally than America within five years" and continued with some somewhat ironic commentary: "Dear Mr. President, the Chinese consumer is not aware that there is a trade war going on."

Where the better activity from auction buyers came from is somewhat unknown, but it was clear the prices being offered were significantly better in several identifiable type sectors. The carding types, and specifically the locks and stains types, bounced the highest, with many quotes over 100ac dearer for the week. Additionally all Merino fleece sale lots reaching European greasy inspection standards and specifications hit a sweet spot in the market and gained a general 40 to 60ac. The final day of selling also witnessed strong rises in the tender, inferior and burry Merino fleece lots to the order of 40ac, whilst the standard lots were largely unchanged to slightly dearer. Crossbreds were all 15ac dearer and similar gains on skirting types of all breeds were attained.

Next week a little over 35,000 bales is being offered to the trade. Seller resistance was less this week, although 10% of the offering still failed to reserves and was subsequently passed in. Looking forward, the next three weeks has a staggering 32.2% less wool currently scheduled to sell than at the same 3 week period of auction sales last year. With the dropping supply having had little, to no effect, on the market thus far, perhaps the market may have found its feet for now.

Wool forwards report - SA (Southern Aurora) Markets

Another volatile week for the auction and forward markets. On the forward market the week opened with trade selling dominate indicating that overseas buyers were yet to come back to the table and a support level yet to be found. Sentiment improved as the week progressed with buyers holding levels and sellers less aggressive. This played out into the spot auction which closed firmer and most qualities finishing the week unchanged retracing the losses of Wednesday.

Forward market volumes were solid with 70 tons traded with more interest in the nearby months. 19.0 micron continued to trade out in November and December 2019.

Bidding into the early new year is now coming through and likely to delivery reasonably hedging opportunities as we lead into the Christmas recess. The current uncertainty and volatility highlights the value of hedging strategies that sets price targets to take advantage of short term rallies.

Trade Summary

19.0	January	2040	5t
19.0	November19	1930	10t
19.0	December19	1930	10t
21.0	November18	2000/2040	30t
21.0	December18	1990	5t
21.0	May19	1910	10t
		Total	70 t

AUD Commentary - SA (Southern Aurora) Markets

The Australian Dollar rose strongly this week, lifting off the week's early low of .7165 to rally to a high Thursday of .7298 after the release by the ABS of remarkably strong Australian employment data. Today Friday the Aussie has eased a little to .7274. The Employment data showed a surge of 32,800 in new jobs, well higher than the expected 20,000, with full-time employment up by a surprising 42,300 making for a solid yearly increase of 238,800 ! We now have a record number of Australians employed, however the broader measures of underemployment and underutilisation show that 8.3% of all employees still work fewer hours than they would like, with the underutilisation rate high at 13.3%, meaning wage pressures should remain week.

Shane Oliver, Chief Economist at AMP said that despite the strong employment data, "Australian households face the headwinds of the ongoing housing market correction and high debt levels caused by an extremely low savings rate". As a result "we remain of the view that the RBA won't start raising interest rates until 2020 at the earliest, and given the housing related downturn, there is a significant chance that the next move could turn out to be a rate cut, however that's unlikely before second half next year given the RBA's relatively upbeat thinking on the economy". The Australian Dollar also lifted on optimism over US-China trade negotiations on leaked news that the U.S had put on hold any new tariffs increases till after the next trade talks, but the biggest new late this week is the collapse in support for British PM Theresa May as the whole Brexit deal is now in turmoil and the British Pound has its heaviest one day sell-off for the year.

Technically the Australian Dollar rally this week was halted at .7302, however a break of the nearby resistance of .7314 would be needed to trigger a rally that could extend to .7450. For the moment the bias is neutral. A fall below .7162 would signal a fresh wave of selling and confirm a bearish trend. We feel any rally is likely to be temporary at this stage, and favour further downside.

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