



Offering—Aust. only		Currency movements		
Bales offered	34,513	AUD:USD	0.7314	+ 0.88 %
Passed-In %	10.9 %	AUD:CNY	5.0759	+ 1.02 %
Bales Sold	31,883	AUD:EUR	0.6424	+ 0.94 %
Season Sold	614,304	RBA close Thurs 29th Nov 2018		

Eastern Market Indicator (EMI)			
AUD	1860 ac/kg	+ 2 ac/kg	+ 0.11%
USD	1360 usc/kg	+ 13 usc/kg	+ 0.99%
CNY	94.41 ¥/kg	+ 1.05 ¥/kg	+ 1.13%
EUR	11.95/kg	+ 0.13 €/kg	+ 1.05%

AWEX Weekly EMI past 2 years



AWEX Auction Micron Price Guides.

Sales held Wed 28th & Thurs 29th Nov 2018

MPG	Sydney	Melbourne	Fremantle
17mic	2487 +15	2426 -22	-
18mic	2372 +29	2315 -4	2215n -14
19mic	2188 -16	2195 -15	2166 -11
20mic	2141 -31	2152 -12	2128 -23
21mic	2129 -29	2138 -21	2113n -23
22mic	-	2141n -3	-
23mic	-	-	-
24mic	-	-	-
25mic	-	1503n	-
26mic	1335 +90	1359	-
28mic	-	946 +85	-
30mic	-	753 +19	-
32mic	-	-	-
MCar	1199 +19	1181 -2	1183n+30

Scheduled Australian Wool Auction Sales

Sale week commencing	2018/19 forecast	2017/18 actual
Week 23 03/12/2018	39,510 bales	48,599 bales
Week 24 10/12/2018	41,452 bales	50,913 bales
Week 25 17/12/2018	RECESS	RECESS

Whilst the general market indicator would seem to signify a rather mundane sale series, the facts showed some very mixed results across differing wool types as the outcome at this week's Australian wool sales. Confidence remained buoyant for the week, yet some price sensitivity around the Merino types was apparent from the outset, following the perplexingly large gains of the preceding week of selling. Conversely, the fine crossbreds (25 to 28micron) registered some similarly mystifying and extraordinarily large gains, and it was this sector that largely accounted for the EMI holding on.

The Australian Wool Exchange (AWEX) Eastern Market Indicator (EMI) closed the week at just 2ac higher to 1860ac clean/kg, but a larger rise of 1% or 13usc in the USD EMI to 1360usc clean/kg occurred which indicates the underlying strength of demand that still remains. A minor dampening effect was placed on the auction as the forex rates all went against the AUD prices by approximately 1%.

The absence of the largest Chinese indent trader operating this week to normal fashion caused some initial questioning from other buyers and then the subsequent price losses, but other buyers soon took advantage of the lack of that usually strongest of competition to obtain some volume of risk or forward coverage. The local traders stepped up their buying percentages, but key to note was the continued vigorous purchasing activity of one of China's premier top makers. During the downturn in prices, this topmaker buyer has remained steadfast to picking up quantity, which now looks to be a wise move as the quality of the selection diminishes and the volume of wool available from Australia retracts heading into the three-week Christmas recess.

Some talk abounded of quota issues now in play in China, with the global allocation totalling around 300 million greasy kgs of all wool allowed to be imported into China rumoured to have been fulfilled. Australia has largely retained our share of that quota, with the official figures at the end of September revealing just a slight decrease of 1% of volume less having occurred year to year. More importantly though, the value of that lesser supply from Australia has increased in value by 22% year on year. As we are just one month from the issuance of fresh quota and given that the lag time of three weeks for shipments landing in China, very little impact is expected if the quota is confirmed as having been closed off for the calendar year.

Looking at all wool types on offer this week, the big movements were within the lower priced type sectors. The fine crossbred movement of 80ac was very evident, but all lower specification merino fleece types were somewhat masked in their price increases. These lower, and of course relatively cheaper, wool descriptions were well sought and appreciated from a general 30ac and up to 80ac higher for very weak staple strength (ss) ultra fine (finer than 16.5mic). As one well-placed wool trading expert stated "cheap as possible machinery fodder" as factories are starting to ramp up operations again as retail sale figures are coming in from the northern hemisphere and are looking OK. With carding types also rising significantly the past few weeks, the lower priced wools have all soaked up strong gains and usually indicative of an overall recovering and stabilisation of the market.

Next week now sees around 40,000 bales rostered to sell. In fact, the final two sales remaining of the first half of the season will be around that figure, which is 5% higher than last weeks forecast of what was originally offered to sell. This is far short though of the 100,000 bales that was offered at the same time last year. Market results will depend on strength of indent operators, if they return.

The Exception that proves the Rule.

In a season where volatility has reigned supreme this week's spot market was overall quiet stable with the exception of the crossbreds. Mostly prices tended to realign after last weeks dramatic rise.

The forward market was a little dull as sellers expectation of a continuation of the relief rally were quickly quashed. Interest from the buy side waned as the medium micron lost momentum and forward interest from processors still lagging behind cash. With consumer confidence receding and ongoing trade concerns the ability for the market to hold at this current level is doubtful. The interest in the Crossbreds continued with both 28.0 and 30.0 bid over cash early in the week and trading at 740 cents for 30 micron. Bids remained solid lifting as the spot prices rose. January to June closed bid 880 to 900 for 28.0 micron. Solid bids on the 21.0 with 2050 on the bid out to June

The retention of bidding levels one and two years out (19.0 1930 for Nov 2019 and 1880 for Nov 2020) gives rise to the confidence that a base will be formed well above the long term (10 year) average of 1470 for 19.0 and closer to the 3 year average of 1840.

A forward hedging strategy is important for all participants in the pipeline to reduce risk and increase confidence. Bringing growers and end users closer together to share risk, manage margins and moderate volatility should be our collective goal.

Expectations remain that the last two weeks of auctions will follow a similar pattern. Buyers selectively filling commitments where necessary and avoiding holding stock over the break. The result will be varying differences on specific lots with good style and high strength commanding premiums. Overall tone is expected to be moderate.

Trade Summary

19.0	August	2035	5t
30.0	January	740	5t
30.0	February	740	15t
30.0	April	740	2t
	Total		27 t

Projected forward trading levels for next week:

Month	19.0 Micron c/kg	21.0 Micron c/kg
Dec	2170	2120
Jan	2160	2100
Feb	2100	2050
March	2060	2050
Apr / May	2040	2050
June/July	2025	2050
Aug / sept	1985	1920
Oct/Dec	1950	1900



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