



Offering—Aust. only		Currency movements		
Bales offered	45,130	AUD:USD	0.7049	- 1.36 %
Passed-In %	8.8 %	AUD:CNY	4.7299	- 0.43 %
Bales Sold	41,166	AUD:EUR	0.6236	- 0.46 %
Season Sold	1,055,269	RBA close March 7th 2019		

Eastern Market Indicator (EMI)			
AUD	2008 ac/kg	- 8 ac/kg	- 0.40%
USD	1415 usc/kg	- 26 usc/kg	- 1.75%
CNY	94.98 ¥/kg	- 1.28 ¥/kg	- 1.33%
EUR	12.52 €/kg	- 0.14 €/kg	- 1.11 %

AWEX EMI weekly closing rate as at 8th March 2019



AWEX Auction Micron Price Guides.

Sales Tues 5th, Wed 6th, Thurs 7th March 2019

MPG	Sydney	Melbourne	Fremantle
17mic	2608 -4	2506n -18	-
18mic	2520 -5	2428 -40	2375n -31
19mic	2381 -15	2365 -9	2345 -38
20mic	2340 -17	2330 -9	2304 -43
21mic	2321 -17	2295n -38	2294 -40
22mic	-	2303n -27	2285n -10
23mic	-	-	-
24mic	-	-	-
25mic	-	-	-
26mic	1451n +15	1449n	-
28mic	1169n +18	1165n +32	-
30mic	-	945 -26	-
32mic	-	601n +10	-
MCar	1237 +27	1192n +16	1229n +46

Scheduled Australian Wool Auction Sales

Sale week commencing	2018/19 forecast	2017/18 actual
Week 37 11/03/2019	41,722 bales	42,465 bales
Week 38 18/03/2019	37,630 bales	38,219 bales
Week 39 25/03/2019	37,560 bales	44,841 bales

AWI Commentary

Australian Wool auction sale results split into two distinct trends this week. Merino fleece and skirtings traded to weaker levels with the deteriorating selection nominated as the primary cause. The crossbreds and carding sectors enjoyed better results though and prices progressed upwards throughout the selling week. The Australian Wool Exchange (AWEX) Eastern Market Indicator (EMI) dipped for the second consecutive week and 8ac or 0.4% was lost for the week to **2008ac clean/kg**. In US dollars (USD) terms, the EMI experienced a much greater downturn and fell away by 26usc or 1.75% to **1415usc clean/kg** on the back of a much weaker AUD.

Wool values were in conflict this week, as large offerings of drought affected wools are starting to hit the market again. Sale catalogues for Merino fleece were dominated by sale lots with very low yields, low strength, high PobM (position of break middle) and high calculated cvh (co-efficient variation hauteur). All these readings inhibit the buyers ability to average the standards required for batch lots to effect delivery. Whilst the visual appraisals may not see exporters type these lots as inferior, the readings alone was enough to see the market drift on these wools and a general 45ac was lost. Conversely, any of the sale lots with the "good" specifications sold rock solid with barely a cent difference from week to week.

In juxtaposition to the Merino long wools market, all carding and crossbred wools sold strongly to the sellers advantage. The cardings in particular sold best, with price gains approaching 50ac. Crossbred wools from 25 to 29 micron were 20 to 30ac dearer for the week, but noticeable was some heavy discounts appearing for wools in that category which did not meet minimum classing or preparation standards.

Key test data was released at the end of last week, and surprisingly showed an overall reduction in the cumulative loss levels of the Australian wool clip. After running at around a seasonal loss of 12% for some months, the February report showed a season to season loss of wool tested back to 11.2%. This is some disparity against the current auction sales figure which sees 202,513 bales less sold to the trade this season compared to last, which is a 16.1% difference.

The South African (RSA) wool industry remains somewhat in limbo as the Chinese halt on RSA imports into that country remains unresolved. The RSA sale went ahead anyway this week and the market ended higher as the Cape Wools Merino Indicator increased by 1.9%. All buyers remained in the market and were solid in their support.

Next week sees just short of 42,000 bales on offer. As witnessed this week, a larger volume of better specified lots is needed in order for buyers to average correct batch specifications, so market results at the moment appear to hinge on the quality of the weekly selection.

AWTA Key Test Data

Key Test Data Summary for February 2019

- The monthly comparisons of total weight for February 2019 compared February 2018 shows 5.5% less weight tested for the month.
- The progressive comparison of total weight for July 2018 to February 2019 compared with the same period last season shows 11.2% less tested wool.
- AWTA Ltd has tested 218.3 mkg (million kilograms) this season compared with 245.8 mkg for the equivalent period last season.

Wool forwards report - SA (Southern Aurora) Markets

This week's spot auction highlighted how vulnerable the market is while trading in these historically high ranges. All indicators pointed to a solid week. Last weeks auctions finished on a high note, exporters reported better sales and the January export statistics were better. When coupled with a weaker Australian Dollar expectation were high. Reality was that all micron groups slipped 20 to 30 cents with the exception being 28.0.

The forward market traded lightly with some growers backing levels away on the expectation of a stronger market. Solid levels were achieved with 19.0 trading June at 2280, 21.0 June at 2250 and 28.0 May at 1050.

Exporters are expected to be a little cautious as they gauge the offshore reaction to this week's market. As mentioned, January export numbers improved but still show a 16.8% decrease year to date indicating some demand destruction bought on by higher prices. The corresponding decline in supply leaves the market balanced but susceptible. Setting price goals based around production costs and margin management is critical in these volatile and uncertain times.

We expect next week to be a little more cautiously bid but should still provide the prospect of good hedging levels. All participants should look to mitigate risk and value certainty of margins over the fear of lost opportunity. Visit www.samarkets.com.au for full trades and price information.

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AUD Commentary - SA (Southern Aurora) Markets

The Australian Dollar was under pressure most of this week falling to multi-month lows after opening on Monday at the high of .7115 and falling to the low today, Friday of .7002.

The key news event was the release of Australia's Q4 GDP Numbers on Wednesday which were surprisingly weak and this prompted Macquarie Bank and JP Morgan to join Westpac and AMP in saying that the RBA will be forced to cut rates later this year. Westpac said they expect two rate cuts this year with Rates to fall to 1 per cent by November. The release of the January Retail Sales data this week also disappointed being lower than expectations.

The good news data this week was Trade, as Australia's merchandise trade surplus jumped to A\$4.549 billion in January against an expected A\$2.90 billion as Exports were up 5.0% while imports were up 3.0%.

The USD remained strong all week, but rallied sharply on Thursday night as the Euro fell to a two year lows on a statement from "ECB President Draghi that there would be a new round of cheap loans to Euro Banks and that the ECB had lowered growth forecasts saying that "downside risks dominate the economic outlook".

Technically the AUD has fallen to support at .7000 cents and is oversold so a corrective bounce is expected, however the bias remains negative, and we expect any rally to be short lived. Overhead resistance is found at .7216 and .7308, while support is at .6940.

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