



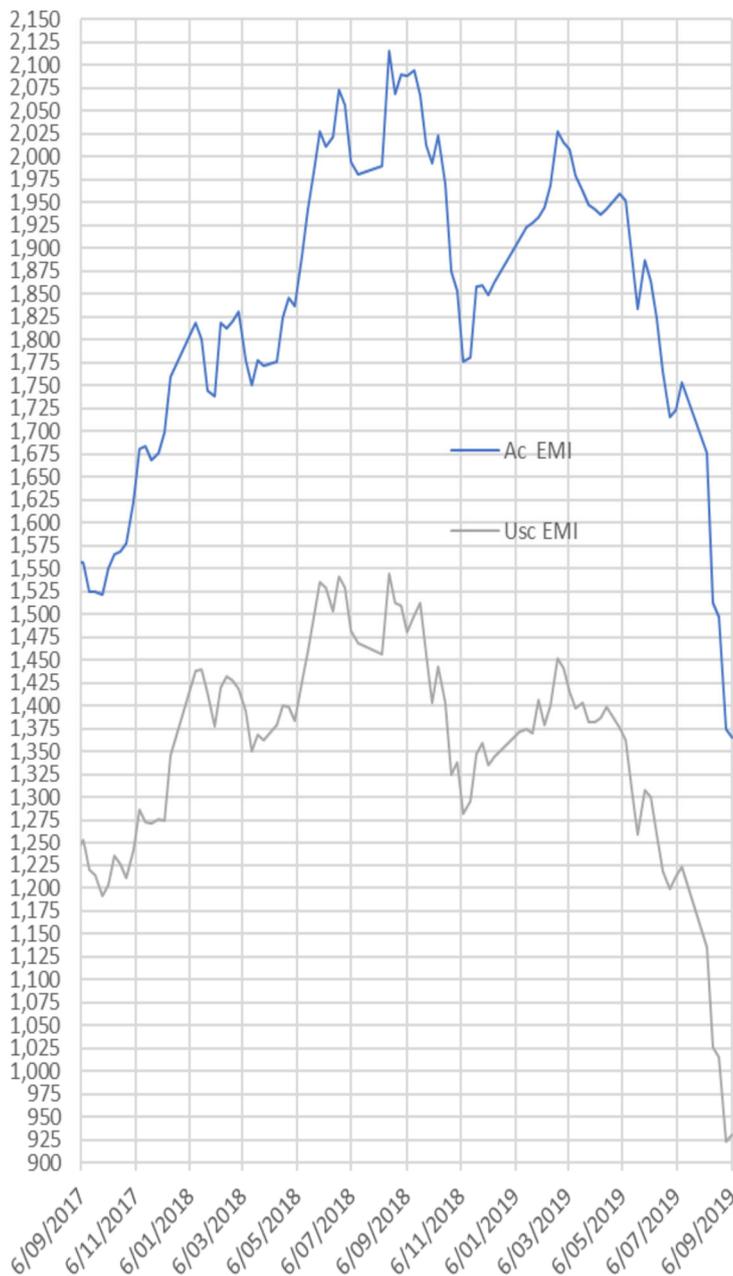
# WOOL MARKET WEEKLY REPORT

Sale Week 10: 6th Sept 2019



Offering—Aust. only		Currency movements			Eastern Market Indicator (EMI)			
Bales offered	21,694	AUD:USD	0.6817	+ 1.41 %	AUD	<b>1365 ac/kg</b>	<b>- 10 ac/kg</b>	<b>- 0.73 %</b>
Passed-In %	11.5 %	AUD:CNY	4.8645	+ 0.98 %	USD	931 usc/kg	+ 6 usc/kg	+ 0.68 %
Bales Sold	19,194	AUD:EUR	0.6182	+ 1.93 %	CNY	66.40 ¥/kg	+ 0.16 ¥/kg	+ 0.24 %
Season Sold	171,620	RBA close rates 5th Sept 2019			EUR	8.44 €/kg	+ 0.10 €/kg	+ 1.19 %

AWEX EMI weekly closing rate as at 6th Sept 2019



## AWEX Auction Micron Price Guides.

Sales held Wed 4th, Thurs 5th September 2019

MPG	Sydney	Melbourne	Fremantle
17mic	1842 -3	1823 +4	-
18mic	1783 -12	1747 -7	1577n -26
19mic	1578 -15	1582 -29	1510 -39
20mic	1497 -18	1481 -23	1451 -26
21mic	1487n -12	1477 -26	1438 -35
22mic	-	1478n -8	-
23mic	-	-	-
24mic	-	-	-
25mic	-	-	-
26mic	1100n	-	-
28mic	853n +10	849 +3	-
30mic	-	703n +5	-
32mic	-	456n -8	-
MCar	814n +8	821n +26	855n +12

## Scheduled Australian Wool Auction Sales

Sale week commencing	2019/20 forecast	2018/19 actual
Week 11 09/09/2019	27,923 bales	34,064 bales
Week 12 16/09/2019	33,465 bales	35,211 bales
Week 13 23/09/2019	28,654 bales	

## AWI Commentary

Whilst most week end values are showing price falls at Australian wool auctions, the sales were actually held under a much better tone. The first day selling was hit hard and it looked like another cascading price week was eventuating. This however turned out to not be the case as late on the first day, indications of strengthening interest and competition became apparent. This sentiment transferred fully into the final day where most types and descriptions posted modest gains.

The Australian Wool Exchange (AWEX) Eastern Market Indicator (EMI) lost 10ac or -0.7 % to 1365ac clean/kg. In US Dollar (USD) terms the USD EMI reversed the downturn of the past 4 weeks to see that indicator gain in value by 6usc or +0.7% to 931usc clean/kg. Given that much of the trade settlements are contracted using USD, this is perhaps the first glimmer of demand slowly returning, albeit in some of the smallest offered quantities seen in Spring for quite some years.

The auction environment is being dominated at present by sellers exercising their right to withdraw wool prior to sale or passing their wool sale lots in if they fail to meet the price expectation of the grower sellers. As prices fell initially this week more wool was withdrawn, but with many growers having to sell to meet the rising and constant financial commitments and costs associated with flock management in the tough drought conditions that unfortunately continue unabated.

The pre-sale sentiment and talk was firmly based around the tough trading conditions whereby just small volumes of trade was available and at very low cautious bids. Many exporters are facing the worst trading conditions in their history, whilst first stage manufacturers are hurting just as bad if not worse, hence the rapid decline of market values. Cash flow through the entire wool pipeline is poor at present with delays of delivery at many levels hampering the normal operations to budget.

Whilst the final days selling this week saw rising prices on all wool types, a general 15 to 20ac loss was the result on most Merino fleece and skirting types. On the other hand though the long suffering carding types saw small gains from the outset and closed the week 20ac higher to the sellers favour. Crossbreds sold solid throughout and small gains occurred across the selection on offer.

28,000 bales is rostered to sell in Australia next week with the very unusual 1 day sale occurring in Sydney in the middle of the main shearing time. With NSW normally producing around a third of the Australian wool clip, this is indicative of the big concerns many have in the industry for the stressed supply situation for the rest of the season.

## AWTA Key Test Data August 2019

- The monthly comparisons of Total Lots, Bales and Weight for August 2019 compared with the same period last season are:  
-18.0%, -19.8% and -19.5% respectively.
- The progressive comparison of Total Lots, Bales and Weight for July 2019 to August 2019 compared with the same period last season are:-13.2%, -14.5% and -14.1% respectively.
- AWTA Ltd has tested 38.2 mkg (million kilograms) this season compared with 44.5 mkg for the equivalent period last season.

## Wool forwards report - SA (Southern Aurora) Markets

For the second straight week the forward markets traded solid volumes to start the week. Levels indicated a continued easing with 19.0 trading down to 1550 and 21.0 micron down to 1455. The predicated fall came to pass at auction Wednesday but the forward markets held firm and traded at a premium. Strong bidding continued through Thursday and growers were able to hedge at a premium to cash out to November. Traders dominated the spot auction to close the week with all merino types posting gains for the first time since the July recess.

Volatility and risk remains at the forefront of all participants minds. The 36 percent retraction in price of the Eastern Market Indicator from it's high of 2116 caught everyone by surprise and has caused contractual difficulty along the pipeline. Sluggish domestic demand in China and the ongoing uncertainty of the tariff squabbles is stalling the take up of high priced stocks. The extent and length of any recovery from this point will rely on the easing of these tensions and an improvement in global consumer confidence. With off shore greasy stocks low any improvement in demand will flow into the spot market. Exporters wary of this will look to gain cover through the forward market. This should ensure opportunities for growers to hedge particularly into the late spring/early summer at or around cash.



Are you thinking about renovating an existing shearing shed or building a new one? Careful planning and design of new sheds or renovating existing ones can:- Improve the efficiency (and thus reduce costs) of the wool harvesting operation. Make the job easier. Improve operator safety.

For more information please go to: [www.wool.com/sheddesign](http://www.wool.com/sheddesign)

**OPEN DAY 20th Sept 10km from Dubbo.**

**Register at: [www.sheepconnectnsw.com.au/events/](http://www.sheepconnectnsw.com.au/events/)**

## AUD Commentary - SA (Southern Aurora) Markets

Global Markets were again volatile this week, with Brexit, the Hong Kong Protests and the Trade Wars at the top of the agenda. Over the last 48 hours however a calm seems to have returned, headed by news that China's Vice Premier Liu He and the US Trade Representative Robert Lighthizer have agreed to restart Trade talks in October. This saw a surge in global equities market, with the Dow Jones up by 384 points overnight at 26,728.15 and up nearly 2.5% in the last two trading sessions alone. Supporting that rally was stronger U.S domestic data as overnight U.S. Factory Orders jumped 1.4% for July while the Business Activity Index surged to 61.5 in August from 53.1 in July, primarily on new factory orders. In Japan data showed Household spending rising a healthy 0.8% for July.

The Australian Dollar reflected global news and lifted off the Monday low of .6687 to reach a high late Thursday of .6830 before easing today (Friday) to .6812.

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