

WOOL MARKET WEEKLY REPORT

FRIDAY 15 March 2013



SALE WEEK	
Week No.	37
Sale days	Wed, Thu
Locations	Syd, Mel, Fre

OFFERING	
Bales offered	42,310
Passed-In (%)	11.9%
Re-offer (%)	7.1%

CURRENCY MOVEMENTS	
AU:USD	1.0369 +1.15%
AU:CYN	6.4458 +1.09%
AU:EUR	0.8009 +1.52%

MPG	North	South	West
17	1419 -23	1390 -41	-
18	1319 -50	1317 -36	1293 -40
19	1286 -32	1270 -49	1263 -40
20	1221 -34	1222 -28	1208 -44
21	1211 -26	1215 -22	1192 -35
22	1194 -26	1199 -22	1182 -31
23	1166 -25	1163 -26	1173 -9
24	-	1083 -18	-
25	-	931 +7	-
26	826 +3	826 +4	-
28	646 +9	636 +4	-
30	594 -11	594 +1	-
32	498 +2	496 -3	-
MC	753 +5	743 -6	722 +3

AWEX EMI			
AUD	1097 c/kg cln	-19 c/kg	-1.70%
USD	1137 c/kg cln	-7 c/kg	-0.57%
CYN	7071 c/kg cln	-45 c/kg	-0.63%

Forecast offering: current season on last season		
Week 38	48,038 bales	43,256 bales
Week 39	46,283 bales	42,413 bales
Week 40	Recess	49,205 bales

Wool Forwards				
	19 um	20 um	21 um	22 um
10/04/13	1,290	-	1,240	-
19/06/13	1,310	-	1,210	-
18/09/13	1,300	-	-	-

Monthly AWEX EMI Tracking



COMMENTARY

A somewhat surprising series of wool auction sales were witnessed across Australia this week. In a relatively small volume of just over 40,000 bales, all prices for the Merino fleece sector failed to capitalise on the dearer trend set last week and losses of 25 to 50cents occurred. In an unusual circumstance, the majority of the FNF Merino fleece offering suitable for the Chinese market was dominated by just two of the largest exporting companies. Many of the usual buyers failed to take on these two buyers and hence the market was theirs to determine. The Merino skirting and carding market resisted the cheapening of the fleece sector and prices remained generally stable and competition was quite fierce in comparison to the Merino fleece. Once again the crossbred section of the market withstood best and attracted the keenest competition, and the price levels actually strengthened during the course of the week for a number of types and descriptions.

Disappointingly, in what has become a usual reporting item, the Superfine Merino fleece types of 18.5 micron and finer suffered the heaviest losses in the marketplace. Whilst the better types were only 10 to 20cents cheaper for the week, the general types were hit by as much as 50cents. A contributing factor in this area was the high percentage of sale lots that measured a high position of mid-break (POBm) reading combined with a weak strength (Nkt) test. Some of these hard to place lots were up to 80cents cheaper on an individual lot quote basis.

The 19.0 to 23.0 micron fine and medium Merino fleece market was well sought by two major buyers but the lack of any notable competition resulted in losses of approximately 25 to 35cents for the week. The least affected were the coarser end of the spectrum of 20.5 to 23 micron, which saw the smaller losses occur. The only positive for the week was the late rally in price levels towards the close of selling in Melbourne, which saw these types all recover 10cents from the low earlier in the day.

All Merino skirtings and cardings types continue to be extremely well sought, and when prices are compared to the Merino fleece types of similar micron, the gap in price levels is extraordinarily close. The open/broken top types are the standout in this sector with the 44 to 50mmH types being in strong demand and small discounts of only 40 to 50cents are being applied compared to the full warp length worsted types, particularly the Superfine micron bracket.

The comeback and crossbred market of all types and lengths continue to excel in the auctions and demand remains very strong forcing prices up again slightly this week. Most popular were the comeback microns of 25 to 27 micron which showed a positive gain of 10cents for the series. Generally speaking all of these coarser types of 25 to 32 micron are not in short supply. The volume of these descriptions on offer are consistent with levels of recent past seasons, so it can be reasoned that demand is driving the situation.

Next week will see a larger offering, with 48,000 bales currently rostered for sale. More than half of this volume will be offered in the Melbourne centre, where the market will once again achieve its direction. Skirtings, cardings and crossbred types look like they are still in a positive trajectory and prices should remain solid. As the Merino fleece market has weakened, hopefully more buyers should become active and arrest the slide in prices. The 2% rise this week in the strength of the AUD versus the USD has also contributed in a minor degree to the negative course the Merino fleece has taken, and the amount of new business written.

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