

# WOOL MARKET WEEKLY REPORT

FRIDAY 1 February 2013



SALE WEEK	
Week No.	31
Sale days	Wed, Thu
Locations	Syd, Mel, Fre

OFFERING	
Bales offered	39,993
Passed-In (%)	3.4%
Re-offer (%)	8.1%

CURRENCY MOVEMENTS	
AU:USD	1.0394 <b>-1.15%</b>
AU:CYN	6.4638 <b>-1.16%</b>
AU:EUR	0.7660 <b>-3.01%</b>

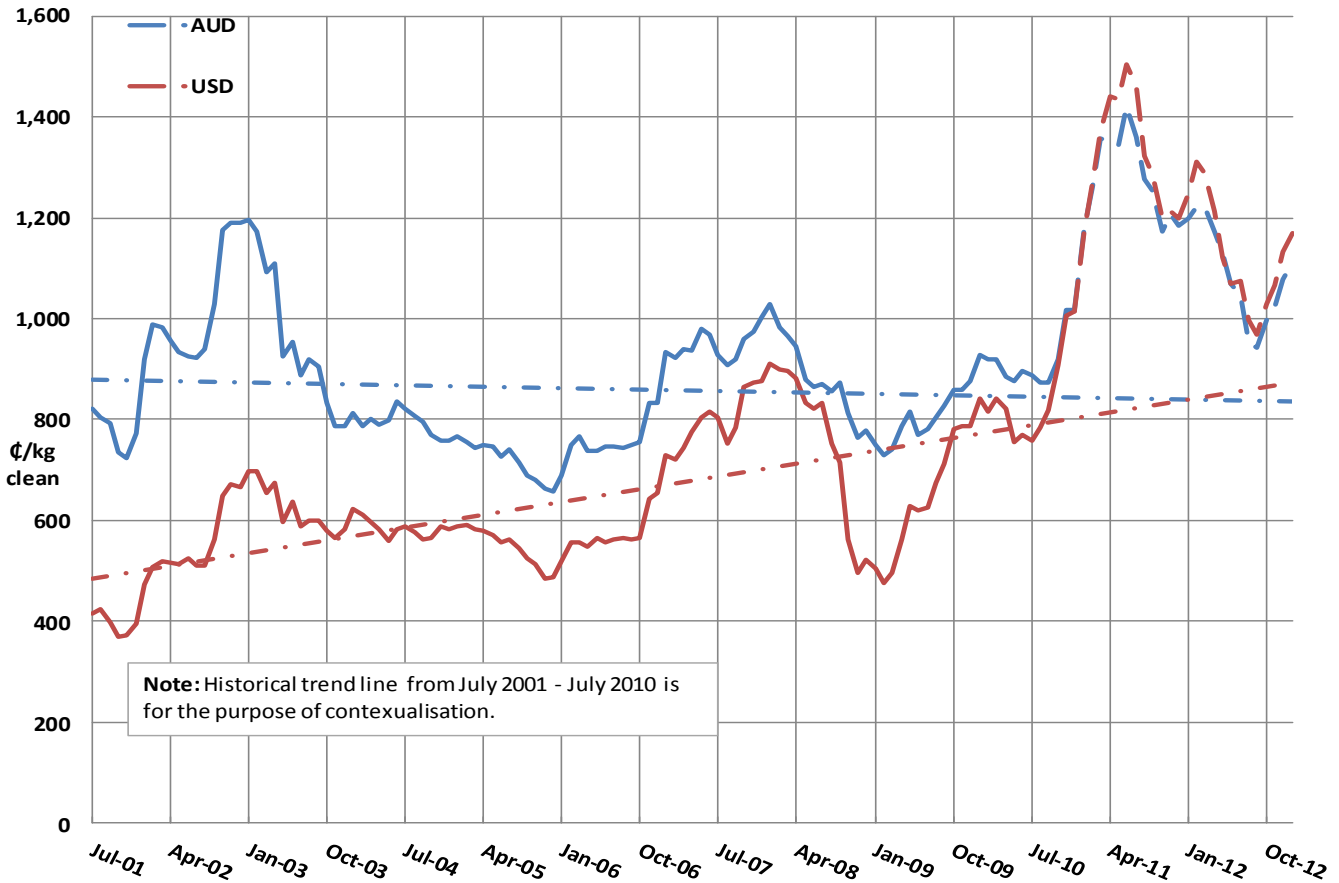
MPG	North	South	West
17	1505 <b>+47</b>	1481 <b>+37</b>	-
18	1414 <b>+35</b>	1423 <b>+78</b>	1408 <b>+71</b>
19	1348 <b>+42</b>	1344 <b>+51</b>	1337 <b>+45</b>
20	1260 <b>+37</b>	1276 <b>+54</b>	1272 <b>+40</b>
21	1241 <b>+32</b>	1254 <b>+58</b>	1243 <b>+41</b>
22	1224 <b>+33</b>	1236 <b>+53</b>	1225 <b>+48</b>
23	-	1206 <b>+40</b>	-
24	-	1067 <b>+22</b>	-
25	-	909 <b>+22</b>	-
26	814 <b>+11</b>	817 <b>+24</b>	-
28	624 <b>+11</b>	637 <b>+18</b>	-
30	584 <b>+7</b>	582 <b>+11</b>	-
32	498 <b>+9</b>	489 <b>+9</b>	-
MC	737 <b>+8</b>	723 <b>+4</b>	702 <b>+7</b>

AWEX EMI		
AUD	1138 c/kg cln	<b>+3.55%</b>
USD	1183 c/kg cln	<b>+2.36%</b>
CYN	7356 c/kg cln	<b>+2.35%</b>

Forecast offering: current season on last season		
Week 32	51,956 bales	42,907 bales
Week 33	50,400 bales	47,418 bales
Week 34	51,700 bales	52,527 bales

Wool Forwards				
	18 um	19 um	21 um	23 um
06/03/13	1,400	1,325	-	-
10/04/13	-	1,335	-	-
24/04/13	-	1,335	1,235	-

## Monthly EMI Tracking



## COMMENTARY

Wool auction sales across Australia continued in the erratic fashion we have been witnessing in past months with substantial rises on all types and descriptions on offer. The extremely positive pre-sale show floor talk amongst the exporters converted into reality from the opening lot, with a progressively dearer market occurring, particularly for the better types at the finer end of the Merino selection. Rumours of large quantities being sold into China last Friday, for the relatively prompt February and March deliveries, added to the forward commitments already in place in the market creating a price volatility of significant upward trending. The strong demand continued through the early part of this week with reports of a lift of up to 60 usc/kg in the level of price that the major Chinese users were prepared to pay from the previous week.

Pleasingly for our growers of our superfine wools, the market exhibited a major appetite for the better Merino wools of 18.5 micron and finer. Whilst the general quotes finished the week at levels of 40 to 70cents dearer, some individual lots showed a far more substantial rise, with the higher Newtons per kilotex (Nkt) and better spinners styled lots being well over 100cents dearer. The Italian and Indian premium orders were leading the way in the purchasing of these types but there was some very good support from one or two Chinese mills who are obviously looking for a better end product.

The fine and medium Merino markets of 19.0 to 23.0 micron were also in good demand, and this section of the offering closed the week at levels 35 to 50cents dearer. Interestingly, a lot of pressure was applied to the Merino lots coarser than 22.0 micron, which are very much dwindling in supply locally, due much to the breeding programs of growers and studs and also to the drier feed conditions being experienced, causing a natural fining up of the clip.

Whilst the auction showed rises across the large offering of crossbred fleece and lamb types, the intensity was not as great as the Merino section, but pleasing rises of approximately 15cents/kg were made by the close of selling. With this sector now making up a large proportion of weekly supply, the steady and consistent price rises must surely help to combat, in some small way, the drop of values in the meat area of sheep and wool production.

Sales next week will offer greater than 20% of supply and this is expected to slow the market somewhat, but the strong demand is expected to continue for a week or two more until the immediate pressure for prompt delivery is relieved. With a large number of the forward sellers obviously hurting under the current price levels, they will surely be looking to methods of loss reduction at every opportunity.

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