

WOOL MARKET WEEKLY REPORT

FRIDAY 22 March 2013



SALE WEEK	
Week No.	38
Sale days	Tue, Wed, Thu
Locations	Syd, Mel, Fre

OFFERING	
Bales offered	45,631
Passed-In (%)	10.6%
Re-offer (%)	6.4%

CURRENCY MOVEMENTS	
AU:USD	1.0372 +0.03%
AU:CYN	6.4441 -0.03%
AU:EUR	0.8012 +0.04%

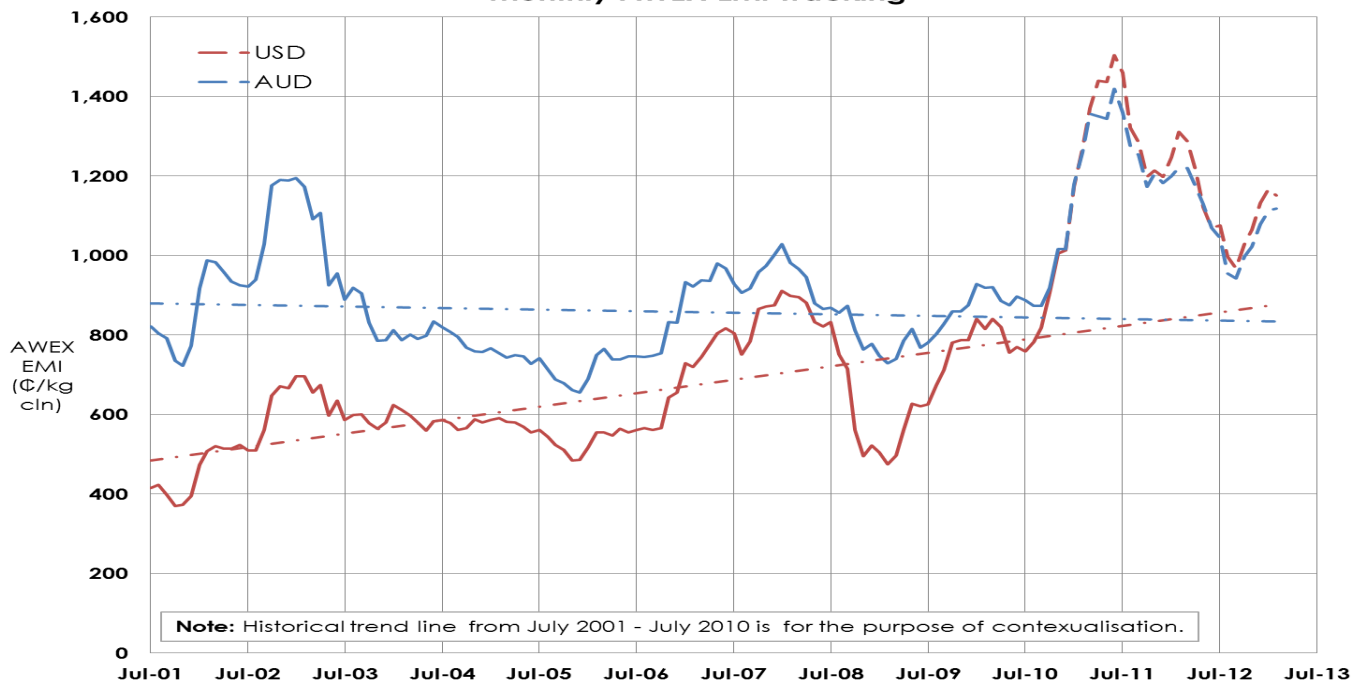
MPG	North	South	West
17	1378 -41	1357 -33	-
18	1293 -26	1290 -27	1278 -15
19	1259 -27	1256 -14	1242 -21
20	1206 -15	1210 -12	1202 -6
21	1197 -14	1198 -17	1188 -4
22	1181 -13	1191 -8	1172 -10
23	1151 -15	1160 -3	1148 -25
24	-	1082 -1	-
25	-	921 -10	-
26	819 -7	822 -4	-
28	629 -17	627 -9	-
30	583 -11	590 -4	-
32	493 -5	490 -6	-
MC	752 -1	735 -8	723 +1

AWEX EMI			
AUD	1081 c/kg cIn	-16 c/kg	-1.46%
USD	1121 c/kg cIn	-16 c/kg	-1.43%
CYN	6966 c/kg cIn	-105 c/kg	-1.48%

Forecast offering: current season on last season		
Week 39	46,122 bales	42,413 bales
Week 40	Recess	49,205 bales
Week 41	50,670 bales	Recess

Wool Forwards				
	19 um	20 um	21 um	22 um
10/04/13	-	-	1,198	-
24/04/13	-	-	1,200	-
08/05/13	-	-	1,200	-

Monthly AWEX EMI Tracking



COMMENTARY

Wool auction sales continued this week on the weakening trend basis we have been experiencing over the past two sale series. An average seasonal offering of just over 45,000 bales saw price levels falter in every sector of the selection up for sale. Competition across all types and descriptions opened on the first two days of selling very weakly, with buyers being extra cautious in their approach to purchasing and the price they were willing to pay or let their competitors buy wool in at. In a very similar vein to last week, just two of the largest exporters dominated the Merino fleece sector initially, but most encouraging was the final days selling which saw many of the buying houses return to the market to some degree, arresting and slowing considerably the price slide.

Unfortunately for the long suffering producers of this wool growing sector, the largest falls in the market again occurred in the Superfine Merino fleece types of 19.0 micron and finer. Further retractions of 30 to 40cents were witnessed for most types, with lots containing a high position of mid-break (POBm) reading, combined with a weak strength (Nkt) test, showing the largest losses. A small offering of best top making and spinners types were not as affected, with Italian interests showing some interest in the waning selection of these better types. If the price levels for this area of Australia's wool production do not recover soon, growers will turn away from this enterprise en masse, and the processors of these types will be left with a rapidly diminishing supply of the raw resource to produce their luxury apparel garments.

The fine and medium Merino fleece of 19.5 to 23.0 micron market was again in more demand and fared better comparatively to their finer counterparts. Whilst the two major buyers, who operated strongly last week, continued in their aggressive buying pattern, prices still finished the week at levels of 10 to 15cents cheaper than the previous weeks close. Competition on the final day of selling was much more widespread amongst the exporters and similarly to last week, prices were actually very firm to slightly dearer for the entire last day.

All Merino skirting types exhausted the strong rising trend that has been in operation for the past few weeks and losses of up to 40cents occurred over the sale series. Carding types continue to be in demand, although small losses of 5cents were recorded this week.

The comeback and crossbred market of all types and lengths lost ground this week and approximately 10cents was taken off all the closing quotes of the previous series.

Next week will see a very similar in volume offering, with just over 46,000 bales currently rostered for sale. With more activity, from more buyers being evidenced at the end of selling this week, we should expect a much better market. Also all of the auction markets will close the following week for the celebration of the Easter period, which will place pressure on the exporters contracted delivery schedule. Note that next weeks auction will sell on Tuesday and Wednesday only in order to accommodate the Easter recess.

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