

WOOL MARKET WEEKLY REPORT

THURSDAY 28 March 2013



SALE WEEK	
Week No.	39
Sale days	Tue, Wed
Locations	Syd, Mel, Fre

OFFERING	
Bales offered	43,730
Passed-In (%)	11.3%
Re-offer (%)	6.3%

CURRENCY MOVEMENTS	
AU:USD	1.0466 +0.91%
AU:CYN	6.5022 +0.90%
AU:EUR	0.8149 +1.71%

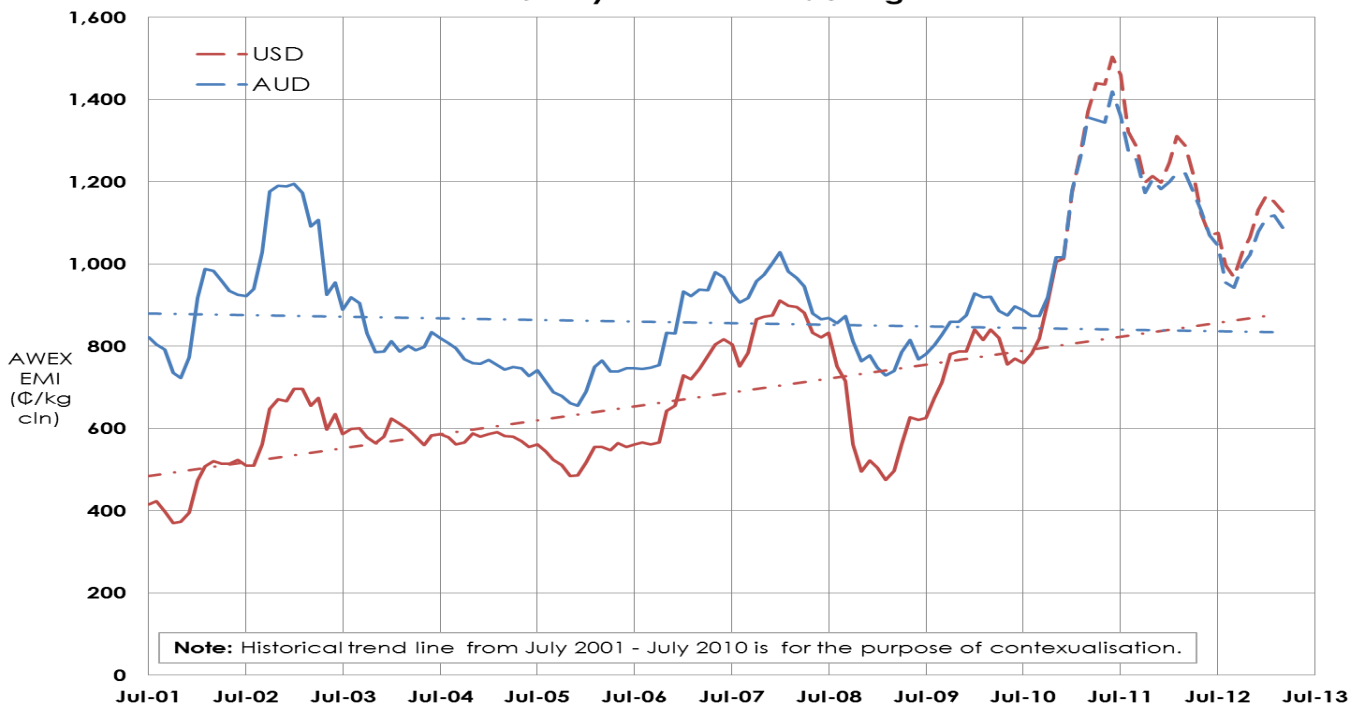
MPG	North	South	West
17	1356 -22	1331 -26	-
18	1263 -30	1260 -30	1249 -29
19	1233 -26	1220 -36	1207 -35
20	1192 -14	1185 -25	1186 16
21	1180 -17	1169 -29	1167 21
22	1169 -12	1154 -37	1153 -19
23	1141 -10	1142 -18	-
24	-	1071 -11	-
25	-	914 -7	-
26	823 +4	818 -4	-
28	621 -8	611 -16	-
30	576 -7	572 -18	-
32	483 -10	474 -16	-
MC	750 -2	735 +0	721 -2

AWEX EMI			
AUD	1059 c/kg cIn	-22 c/kg	-2.04%
USD	1108 c/kg cIn	-13 c/kg	-1.15%
CYN	6886 c/kg cIn	-80 c/kg	-1.15%

Forecast offering: current season on last season		
Week 40	Recess	49,205 bales
Week 41	51,327 bales	Recess
Week 42	45,706 bales	55,594 bales

Wool Forwards				
	19 um	20 um	21 um	22 um
20/11/13	-	-	1,150	-
-	-	-	-	-
-	-	-	-	-

Monthly AWEX EMI Tracking



COMMENTARY

The Australian wool auction markets continued on the downward trend again this week, with all wool types on offer showing losses in their price points. Most affected was the Merino fleece and skirting sector, with a general softening in levels of 10 to 30cents. Some of the Merino skirting types finer than 18.0micron were hit hard and losses of up to 55cents were witnessed for specific types, although the quantity sold was light. Cross-bred types which have traded strongly all year were caught up in the lack of confidence and prices fell from 5 to 15cents across all the types and descriptions. Open/broken top types showed the most reduction, with some of the finest types in the 15 to 17 micron area depreciating by as much as 100cents. Cardings remain the only relatively strong segment of the market and were generally firm unchanged for the week, with only some minor variations being exhibited in individual types.

The continued strengthening of the Australian dollar against the US dollar, accompanied by the apparent weaker prompt demand from our major customers, has placed the market into this rather negative sentiment. Some reports state a weakening demand and unstable financial markets from Europe as a cause. This may be a highly contributing factor, but the absence of some of the larger, domestic consuming Chinese and Indian operators in the sale rooms must also be playing a role in the downturn. Amongst all the negativity though, it must be noted that the falls in price appear controlled, whereby the market is in a drifting state rather than previously seen free-fall situations, when falls of a far larger degree are witnessed over a far shorter time span.

Fears from some areas of the industry of a shortfall in supply from Australian woolgrowers have not been realised up until this point. Forecasts independently produced earlier in the selling season of an unchanged supply this year, as compared to last, appear at this stage to be very accurate. Offered rates at auction are nearly identical in volume to last year and with just 3 months of selling left to complete the season, it is difficult to see any radical change to expected volumes in the last quarter. Some wool brokers are reporting advanced shearing on some farms due to the continuing dry weather across Australia, but this only brings forward our wool clip by a few weeks so any drop off in volume is only likely towards the mid to end of June 2013.

Wool auction centres across Australia will go into recess next week for the celebration of the Easter period. For many it will be a welcome respite to the very difficult trading period over the last months, and as one wool exporter was overheard commenting "well at least we know that prices won't change next week!" Sales will resume in all centres on the week commencing the 8th of April, with an expected large volume of over 52,000 bales sure to test the resolve of the market.

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