

WOOLMARK

WEEKLY REPORT

FRIDAY 18 January 2013



SALE WEEK	
Week No.	29
Sale days	Tues, Wed, Thu
Locations	Syd, Mel, Fre

OFFERING	
Bales offered	58,189
Passed-In (%)	8.3%
Re-offer (%)	4.7%

CURRENCY MOVEMENTS	
AU:USD	1.0508 -0.39%
AU:CYN	6.5324 -0.49%
AU:EUR	0.7911 -2.18%

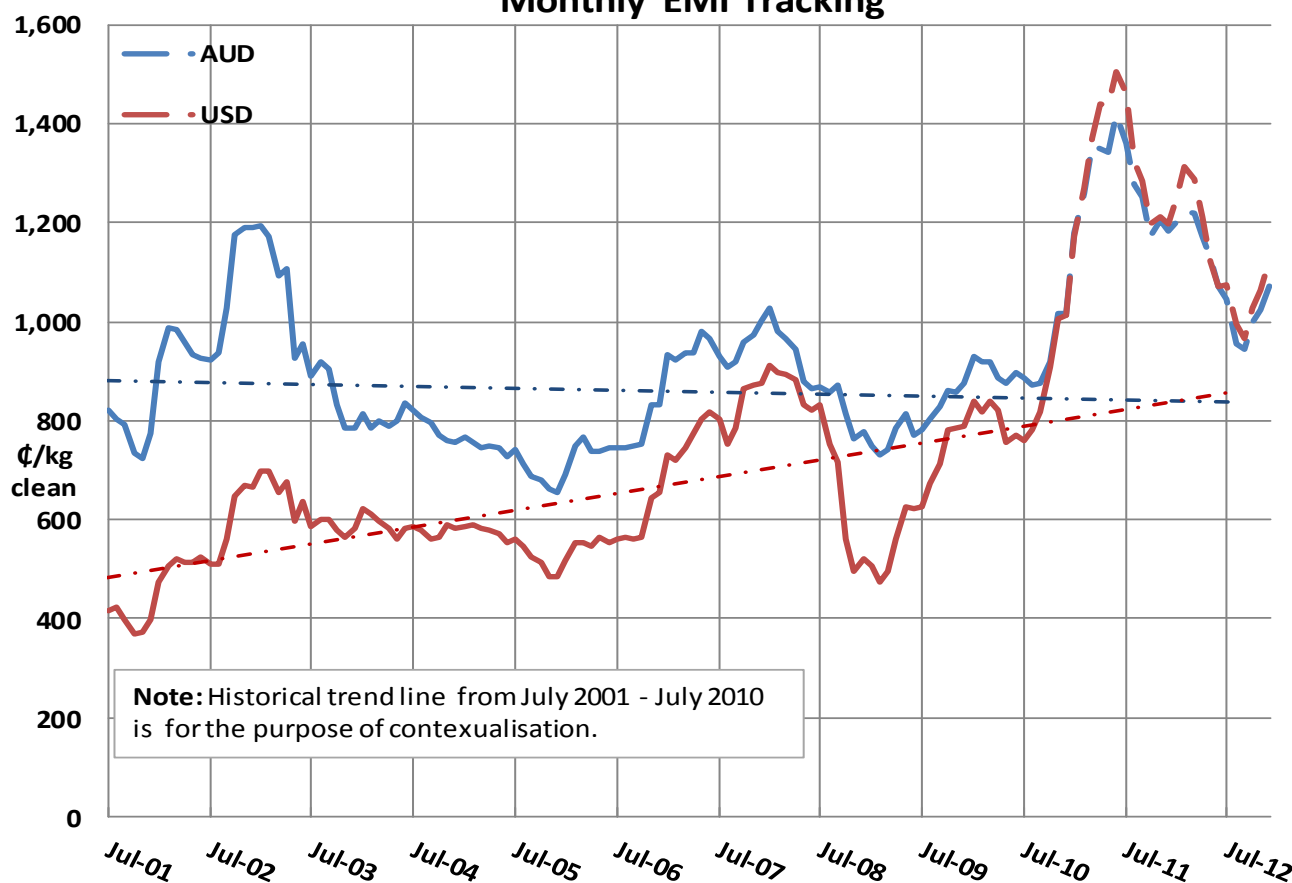
MPG	North	South	West
17	1469 +22	1435 -11	-
18	1380 +20	1345 -3	1343 -14
19	1314 -19	1308 -14	1303 -30
20	1235 -24	1239 -25	1242 -31
21	1214 -26	1213 -19	1202 -40
22	1200 -11	1188 -16	1193 -20
23	-	1184 -5	-
24	-	1062 +4	-
25	-	898 -6	-
26	818 +10	793 -14	-
28	621 +8	620 +1	-
30	576 +0	577 -2	-
32	491 -7	493 +3	-
MC	729 +25	716 +12	684 +22

AWEX EMI		
AUD	1105 c/kg cln	-0.54%
USD	1161 c/kg cln	-0.93%
CYN	7218 c/kg cln	-1.03%

Forecast offering: current season on last season		
Week 30	53,314 bales	44,751 bales
Week 31	44,440 bales	37,382 bales
Week 32	48,700 bales	42,907 bales

Wool Forwards				
	18 um	19 um	20 um	21 um
20/02/13	-	1,300	-	1,225
20/03/13	-	1,300	-	1,225
24/04/13	-	1,310	-	1,228

Monthly EMI Tracking



COMMENTARY

Another very surprising series of wool auction sales occurred across Australia again this week. The continuing negative sentiments being expressed pre sale by the major exporters were in evidence once again, but the largest offering for quite some time failed to dampen the underlying strength of demand and prices either escalated or lost very little ground in their respective micron categories. The ever strong USD vs. AUD exchange rates are seemingly unwilling to lower into more favourable trading areas for all, and a "book the wool and cover immediately the currency" policy is prevailing amongst buyers who are not prepared to carry any risk on a currency position.

In what was expected to be a falling price level for the extremely large offering of sub 18.5 micron types, the opposite eventuated, with strong gains against all types in the superfine categories. Whilst most market indicators are showing rises of 20 to 30cents, when viewed closely, the sizeable selection of the better spinners and best top making types posted gains of between 50 to 65cents, with the strong competition being led by one of the two large Italian buyers. Interesting to note was also the strong interest in the better superfines from a large mill in China and from a major vertical textile operation from India, giving some of the better auction activity we have witnessed in the finer end of the catalogues for quite some time. The price levels remained strong through to the close, although some easing at the very top end of pricing was noted.

The fine and medium Merino's of 19.0 to 21.5 micron were also being chased hard earlier in the week by mainly the Chinese forward sellers with some good support by the Indian forward markets and the Chinese indent operators, with prices firm on the previous weeks levels. Under the sheer weight of the large supply, Thursday's auctions saw a retreat somewhat in prices being achieved by a somewhat modest 15 to 20cents per kg. The negative result for the week was similar to an unchanged market for the forward traders holding some tough position contracts, and as some of the leading exporters expressed, "15cents is barely a movement when 21 micron is trading above 1200cents".

Another week of a large crossbred fleece and lambs 25 to 32 micron offering also failed to cause a retraction in price levels. Any evidence or sense of a loss of appetite for these types failed to materialise, with a basically unchanged to slightly stronger market prevailing. The continuing strength in this area is a positive sign for the broader wools, of which the volume is approaching levels not seen since the end of the 1990's.

As we head into a much smaller volume of selection in the next two weeks, we expect a largely unchanged to stronger market as mills lock in some supply before the holiday period of the Chinese New Year period. Wool purchased and shipped from next week will arrive as mills re-open, and the current demand seems strong enough to carry through the CNY period where the lack of indent orders usually subdue the demand. Fresh business on the standard Merino fleece types is apparently limited at present for the exporters, although demand is said to be fierce for the cheaper wools such as Merino skirtings, open top wool, carbonising and all types of crossbred.

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