

WOOLMARK

WEEKLY REPORT

FRIDAY 25 January 2013



SALE WEEK	
Week No.	30
Sale days	Tues, Wed, Thu
Locations	Syd, Mel, Fre

OFFERING	
Bales offered	52,461
Passed-In (%)	8.3%
Re-offer (%)	6.1%

CURRENCY MOVEMENTS	
AU:USD	1.0515 +0.07%
AU:CYN	6.5397 +0.11%
AU:EUR	0.7898 -0.16%

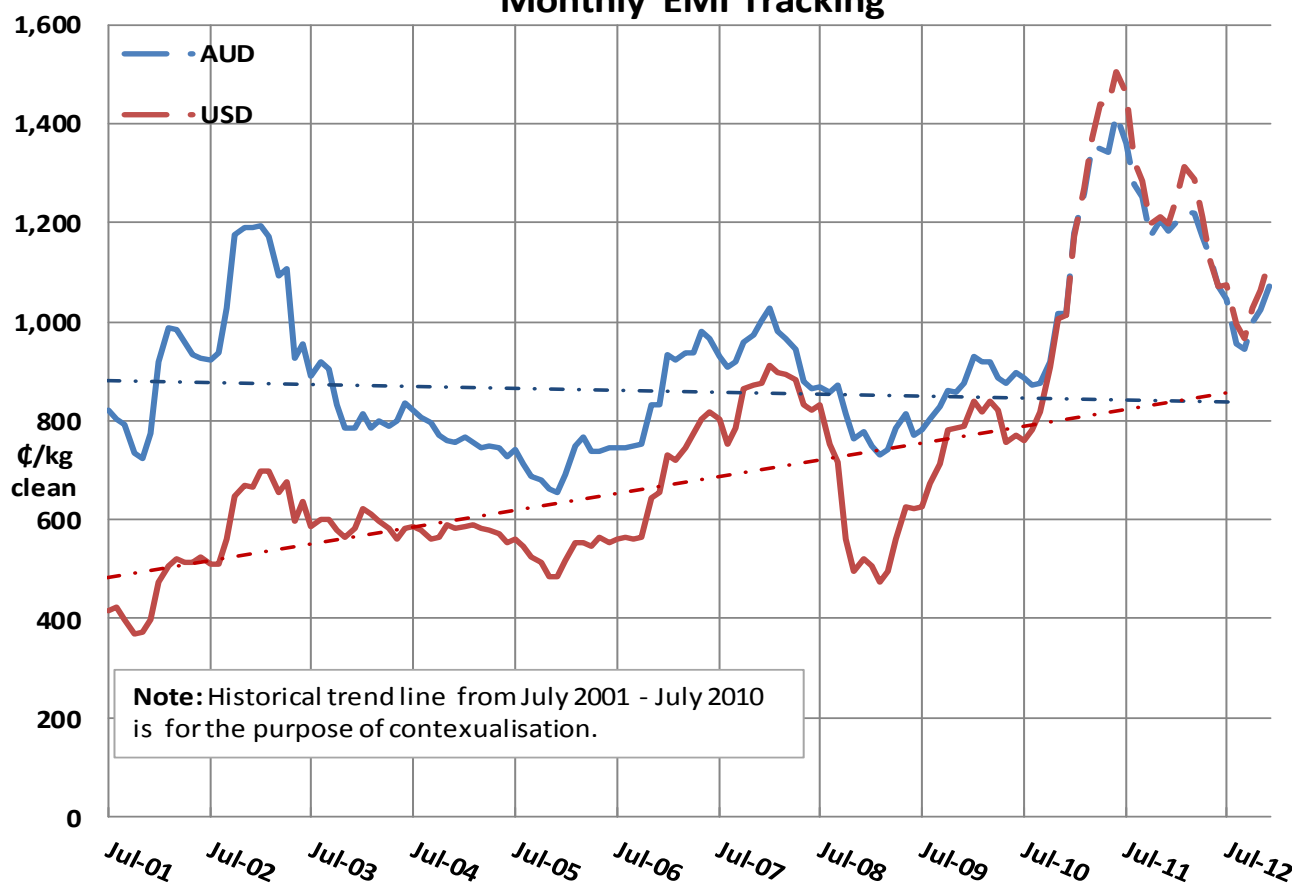
MPG	North	South	West
17	1458 -11	1444 +9	-
18	1379 -1	1345 +0	1337 -6
19	1306 -8	1293 -15	1292 -11
20	1223 -12	1222 -17	1232 -10
21	1209 -5	1196 -17	1202 +0
22	1191 -9	1183 -5	1177 -16
23	1172	1166 -18	-
24	-	1045 -17	-
25	-	887 -11	-
26	803 -15	793 +0	-
28	613 -8	619 -1	-
30	577 +1	571 -6	-
32	489 -2	480 -13	-
MC	729 +0	719 +3	695 +11

AWEX EMI		
AUD	1099 c/kg cln	-0.54%
USD	1156 c/kg cln	-0.48%
CYN	7187 c/kg cln	-0.43%

Forecast offering: current season on last season		
Week 31	42,986 bales	37,382 bales
Week 32	48,550 bales	42,907 bales
Week 33	54,100 bales	47,418 bales

Wool Forwards				
	18 um	19 um	20 um	21 um
20/02/13	-	-	-	1,210
22/05/13	-	-	-	1,200
23/10/13	-	1,260	-	-

Monthly EMI Tracking



COMMENTARY

A very lacklustre series of wool sales this week in Australia, with most types struggling to maintain their price levels in another large offering of over 50,000 bales. In what is turning out to be a hefty January clearance of bales, the month has mainly been a period where the majority of buying has been undertaken by forward sellers executing their sold position book. Indent operators, acting on behalf of their mainly Chinese and Indian clients, continue to remain quiet and very selective in their buying, although towards the end of this week's series some more aggression was being witnessed by some Chinese indents.

All types across the entire offering of Merino and crossbred were basically 5 to 15cents cheaper for the week. An exception to this was the very keen demand for Merino fleece types finer than 19.0 micron showing strength readings above 37 Newtons per kilotex (Nkt) and 1.5% vegetable matter (VM) or less, causing these types to go against the market trend and be 10 to 15ac dearer by the close. Very good orders from Italy and India were responsible for the interest.

The quality of wool on offer in general, continues to be of a good to high quality, with the incidence of cotted and coloured types regressing as the season goes on. Strength of the fibre remains high, with the prevalence of tender, low Nkt wool being seen in the sales catalogues quite low in comparison to previous past few seasons. VM readings are reducing, with many of the Merino and crossbred fleece wools testing at levels of 0.8% or less. Quite noticeable is the price in the market for very low (less than 0.5%) VM types which, when quoted on a Schlum dry basis, are often cheaper than similar micron wools of 1.5 to 2% VM tests. Obviously this is due to our largest customer, China, buying on a scoured 16% yield, which is calculated inclusive of VM giving a higher yield.

A highlight of the auction sales this week was the return to significant activity by the largest exporter. After an absence of a couple of months and only operating to a subdued buying pattern, this company hit the Merino market with force this week. Their market domination led them to accumulate nearly 8,000 bales of Merino fleece for the week, representing up to 32% of the available supply.

An announcement was made this week that the company responsible for the leasing of most wool showfloors across Australia has failed to find suitable premises for lease at Newcastle. Effectively, this will mean the permanent cessation of wool auction sales at Newcastle following the conclusion of the sale scheduled for the end of February 2013. This will leave just the three major centres of Sydney, Melbourne and Fremantle operating as wool auction centres within Australia.

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