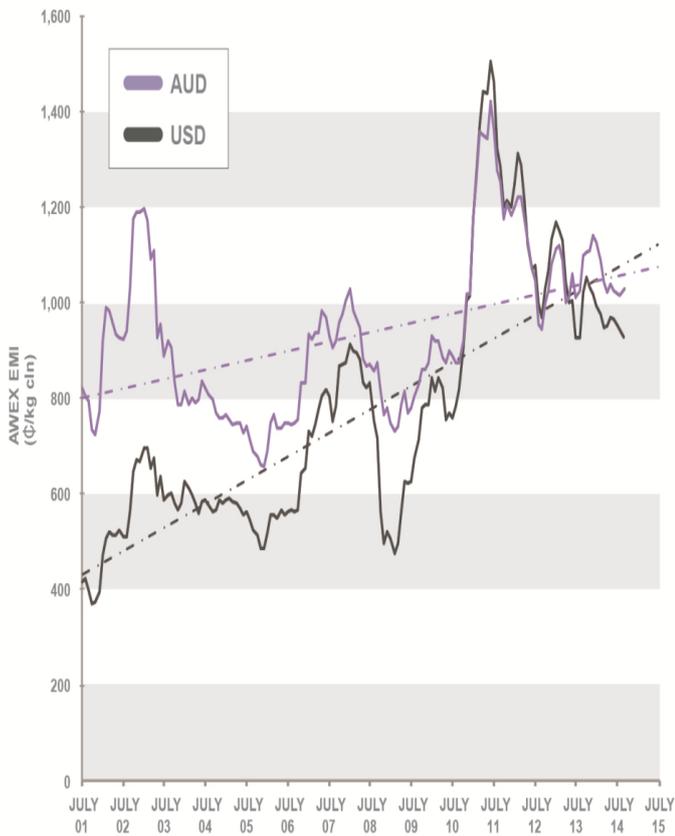




Offering		AWEX EMI				Currency movements		
Bales offered	46,084	AUD	1036 c/kg cIn	-8 c/kg	-0.77%	AU:USD	0.8763	-0.28%
Passed-In (%)	12.8%	USD	908 c/kg cIn	-10 c/kg	-1.05%	AU:CNY	5.3622	-0.35%
Re-offer (%)	5.6%	CNY	55.55 ¥/kg cIn	-0.63 ¥/kg	-1.12%	AU:EUR	0.6933	+1.17%
		EUR	7.18 €/kg cIn	+0.03 €/kg	+0.39%			

Monthly AWEX EMI Tracking



Sale days		Tue, Wed, Thu		
MPG	North	South	West	
17	1301 -4	1258 +0	-	
18	1264 -2	1241 +1	1172n -1	
19	1183 -8	1185 -6	1158 +1	
20	1141 -18	1139 -8	1138 -9	
21	1133 -18	1133 -10	1127 -10	
22	1128n -18	1121 -14	1117n -14	
23	-	1113n -10	-	
24	-	1044n	-	
25	-	920n -26	-	
26	819n +3	824n -10	-	
28	676 -4	675 -1	-	
30	652 -1	641 -13	-	
32	610n -5	611n -2	-	
MC	788 +2	785 +0	797n +4	

MPG and indicator data in AU cents and sourced from AWEX

Riemann Wool Forwards			
21 Micron		Values	
Maturity month	Sum of kgs	Low	High
Nov – 2014	16,500	1160	1170
Dec – 2014	9,000	1125	1150
Jan – 2014	2,000	1170	1170

Forward wool prices in the above table are in AU cents and supplied by Riemann, [www.riemann.com.au](http://www.riemann.com.au)

Sale week	2014/15 forecast	2013/14 actual
Week 18	53,101 Bales	45,127 Bales
Week 19	46,382 Bales	43,417 Bales
Week 20	46,700 Bales	40,750 Bales

Australian wool auctions continued this week on a similar basis to the prevailing market trends. The Merino fleece sector is experiencing very mixed results under the large volumes of hard to place wool types, but all other market segments are relatively stable. The EMI (eastern market indicator) finished the series at 1036ac clean/kg, a modest reduction of 8ac clean/kg. Lower auction price levels for high pobm (position of break middle) merino fleece types and merino skirtings were once again the major factors in the drifting EMI.

The Merino fleece market for wool types finer than 19 micron split away into two sections and are showing vastly different results for grower sellers. Those local sellers fortunate to have higher NKT (strength) or lower Pobm are getting quite good premiums out of the market, with price gaps within the same micron ranging from 80ac clean/kg to upwards of 150ac/kg for the better end of type descriptions. Although most micron indicators showed only slight reductions of around 5ac clean/kg for this area, the better types actually improved slightly whilst the bottom end types fell away 25ac clean/kg.

Fine and medium Merino fleece wools of 19.5 to 23 micron drifted downwards from the outset of the selling week, and by the close, a general 15ac clean/kg had been eliminated from the established quotations. Similar trends to the finer categories are starting to emerge, with good premiums of between 35 and 50ac clean/kg being extracted for the higher strength and lower Pobm types.

Cardings of all descriptions came under renewed pressure this week and was the only market sector to maintain and slightly improve their indicators. Locks, stains and crutching types were in keen demand, but the wool types suitable for open/broken top production corrected downwards by 20 to 30ac clean/kg, as the supply of the correct wools increased sharply from week to week.

Merino skirtings of all descriptions sold to a cheapening trend throughout, and all types were being quoted at levels of 15 to 25ac clean/kg by the close. Demand for these types remain good, and levels are being subdued by the relativity in price compared to the poorer tested fleece equivalents. In many cases, the grower sellers skirting pieces lines are fetching similar prices to their main lines. Unfortunately, a lot of the poorer fleece cannot be used in the skirting orders because of the predicted processing length and GSL (greasy staple length) being over long.

The comeback and crossbred (25 to 32 micron) market initially fell away, but prices somewhat stabilized and then commenced to head upward by the close of selling. Returns from this segment of the wool market continue to be at historically high levels, and the trading range of these types now appear to be set at movements of around 40ac clean/kg from the high to low points.

A notable feature from this week's auctions was the prominence in buying of the professional top makers of the industry. Buyers list showed the top two buyers of the merino fleece sector were dedicated top makers, which is quite an unusual situation for two to knock the greasy wool traders from the top positions. Obviously they are of the belief that wool can be converted to tops and sold profitably at the current levels.

Next weeks Australian wool auctions roster is currently showing over 53,000 bales to be put under the hammer. It is expected the offering will feature a large offering of sale lots testing weak strength and a high Pobm. With such wools on offer in volume, it is hard to envisage the market roaring upwards, but the price levels that these types concluded this week at should surely entice some new orders into the market. Conversely the better specified wools on offer should remain in the well sought category, and prices should be maintained at least to a dearer trend.

## Industry News

In the UK, consumer confidence is at its highest level compared to the last three years, driven by improving sentiment on levels of income and debt. Lower oil prices, commodity prices and a strengthening pound have led to a sharp decline in inflation. An improving jobs market and lower inflation have been a real tonic for UK consumers.

Despite a setback in September, consumer confidence in the US remains considerably higher than during the same time last year. A good rebound in the US labour market since last spring, and year over year gains in personal income, all bode well for consumers and point to a likely solid increase in holiday spending.

## Commentary from Riemann

After a short lived price rally in the physical wool market earlier this month and some revived interest on the Riemann forward market, buyers and sellers have taken a wait and see approach this week. Buyer bids for 21MPG contracts with November/December maturities have been sporadic and around 20-25¢ below the current spot price, at 1115-20¢/kg clean. That's well below the traded levels seen just two weeks ago at around 1170-75¢/kg clean. Producers continue to sit tight with offers at and above 1180¢/kg clean for late spring/summer while sell orders for autumn 2015 are around the 1140-50¢/kg clean mark.

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