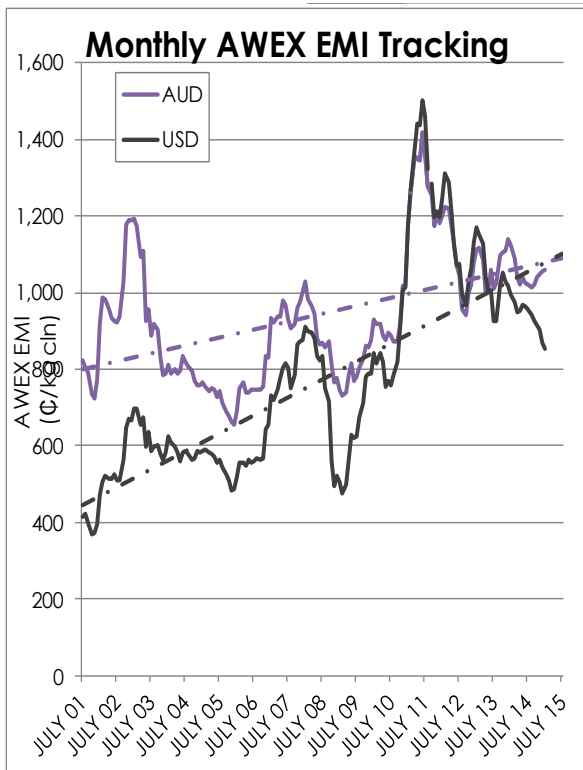




| Offering      |               |
|---------------|---------------|
| Bales offered | <b>46,722</b> |
| Passed-In (%) | <b>8.5%</b>   |
| Bales Sold    | <b>42,732</b> |

| AWEX EMI |                |                  |               |
|----------|----------------|------------------|---------------|
| AUD      | 1088 c/kg cln  | <b>-2 c/kg</b>   | <b>-0.18%</b> |
| USD      | 854.8 c/kg cln | <b>5 c/kg</b>    | <b>0.63%</b>  |
| CNY      | 53.51 ¥/kg cln | <b>0.37 ¥/kg</b> | <b>0.70%</b>  |
| EUR      | 7.52 €/kg cln  | <b>0.08 €/kg</b> | <b>1.03%</b>  |

| Currency movements |               |              |
|--------------------|---------------|--------------|
| AU:USD             | <b>0.7857</b> | <b>0.81%</b> |
| AU:CNY             | <b>4.9182</b> | <b>0.89%</b> |
| AU:EUR             | <b>0.6909</b> | <b>1.19%</b> |



| Sale days |                 | Wed, Thu        |                 |
|-----------|-----------------|-----------------|-----------------|
| MPG       | North           | South           | West            |
| 17        | <b>1346 +7</b>  | <b>1308 -5</b>  | -               |
| 18        | <b>1300 -7</b>  | <b>1291 -3</b>  | <b>1223n -5</b> |
| 19        | <b>1202 -4</b>  | <b>1200 -1</b>  | <b>1203 +10</b> |
| 20        | <b>1165 -2</b>  | <b>1160 -7</b>  | <b>1186 +15</b> |
| 21        | <b>1163 -3</b>  | <b>1160 -4</b>  | <b>1162 +9</b>  |
| 22        | <b>1159 -5</b>  | <b>1156 -5</b>  | <b>1151n +4</b> |
| 23        |                 | <b>1148n -6</b> | -               |
| 24        | -               | -               | -               |
| 25        | <b>993n +20</b> |                 | -               |
| 26        | <b>899n +11</b> | <b>885n +5</b>  | -               |
| 28        | <b>820 +6</b>   | <b>808 +2</b>   | -               |
| 30        | <b>785 +8</b>   | <b>775 +3</b>   | -               |
| 32        | <b>691n +8</b>  | <b>695n +4</b>  | -               |
| MC        | <b>915 +5</b>   | <b>922 -1</b>   | <b>891n +13</b> |

MPG and indicator data in AU cents and sourced from AWEX

| Riemann Wool Forwards |                |        |       |
|-----------------------|----------------|--------|-------|
| 21 Micron             |                | Values |       |
| Maturity month        | Sum of kgs     | Low    | High  |
| Feb - 2015            | 5,000          | 1,170  | 1,170 |
| Jun - 2015            | 2,000          | 1,132  | 1,132 |
| Jul - 2015            | 5,000          | 1,132  | 1,132 |
| Aug - 2015            | 2,500          | 1,150  | 1,150 |
| Sep - 2017            | 17,000         | 1,150  | 1,155 |
| Oct - 2015            | 5,000          | 1,135  | 1,135 |
| Nov - 2015            | 7,000          | 1,150  | 1,150 |
| Dec - 2015            | 27,000         | 1,150  | 1,150 |
| Jan - 2016            | 20,000         | 1,137  | 1,157 |
| Mar - 2016            | 10,000         | 1,140  | 1,140 |
| <b>Total</b>          | <b>102,500</b> | -      | -     |

| Sale week | 2014/15 forecast | 2013/14 actual |
|-----------|------------------|----------------|
| Week 36   | 45,632           | 42,323         |
| Week 37   | 44,495           | 42,337         |
| Week 38   | 45,000           | 40,587         |

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

When market indicators show a fall in the market that is never a positive sign, but Australian wool auction markets actually performed admirably this week. Numerous factors abounded this week that could have led to prices falling away dramatically, but all sectors showed considerable strength to resist. A strengthening Australian dollar, Chinese holidays and talks of diminishing stocks of local finances to purchase heavily at auction failed to dim the current demand, and as a result, only 2ac/clean kg was lost on the EMI (Eastern Market Indicator) for consecutive weeks to close out at 1088ac / clean kg.

In what was designated as a super fine sales series it was interesting to note that the previous week had indeed offered more wool in the "super fine" category. Some stylish wools of good strength were offered ex the New England region of NSW and these types actually strengthened by a subdued 15 to 20ac clean kg. Other types were largely unchanged in this area and the final day saw a strengthening towards the cessation of selling of mainly the average and inferior end of the selection.

Fine and medium (19 to 23micron) Merino fleece remained around their quoted levels for the sale series. Demand was strong on any wools broader than 20.5 micron with some sporadic buying from Chinese indents adjusting to the wayward AUD v USD exchange. The quality of these wools was generally of a higher standard than recent months with good strength and style being evident. It was only the overlong and under prepared clips that suffered to any degree, with a growing evidence of a further few cents discount being applied to clips not bearing a "P" certificate (registered classers stencil on farm lots).

Merino skirtings of all types and descriptions were largely unchanged for the week. Some better style LB VM (light burr vegetable matter) types were well sought and sold at dearer levels, but these types were relatively hard to find.

The carding market remains in favour from our auction buyers and all prices were traded at similar to higher levels than their record levels recorded over the previous sale or two. As prices resisted, and in some cases strengthened once more in the 2 Eastern selling centres, buyers appeared to take their orders across to the Western Australian centre at Fremantle, which saw their indicator head close to their Eastern counterparts. A sold 10 to 15ac clean kg was added in the WA market whereas the East was largely maintained.

Crossbred (25 to 32micron) and comeback types were a mirror image of last week when referring to market movements. A small supply of the finer comeback types of 24 to 26 micron saw prices escalate by up to another 20ac clean kg, whilst the 27 to 32 micron types saw a handy gain of 5 to 10ac clean kg. Once again the market leader in buying terms were the 2 largest Chinese indent operators, whom accumulated nearly 4,000 bales of these wool types.

Next week we have China back in play after a week off, and hopefully they are full of good will for the New Year and are keen to buy more Australian wool. In a market volume expected to be around 45,000 bales, we fully expect a firming to dearer market as the close of selling this week saw a strong buying interest across the entire range from indent operators. If the AUD should happen to weaken further, we may see some positive volatility.

## Industry News

Brands are being urged to invest to help build a more sustainable cotton industry for the future

The call has come from sustainable cotton consultancy CottonConnect, which today (26 February) published a new report warning that the falling price of cotton in China, coupled with the country's massive stockpiles of the fibre, has left smallholder cotton farmers across the country struggling to earn a living.

Many are also choosing to plant less cotton and switch to alternative crops instead, with inter-governmental group the International Cotton Advisory Committee (ICAC) predicting that cotton planting will fall 6% to 31.6m hectares across China by 2015-16.

## Commentary from Riemann

A steady physical market saw little activity on the Riemann forward market this week. The spread between bids and offers remains very large with producers unwilling to lock in 21 micron wools for spring delivery below the 1170¢/kg clean mark. Buyers, on the other hand, remain very timid with bids around the 1100¢ for August until October delivery. While the market looks for clearer directions, the forwards persist on a steady state mode. As season 2013/14 draws to an end, just over 1.4 million kg clean have been traded. That's a considerable fall from 2012/13 when close to 4.3 million kg clean were traded.

[www.wool.com](http://www.wool.com)