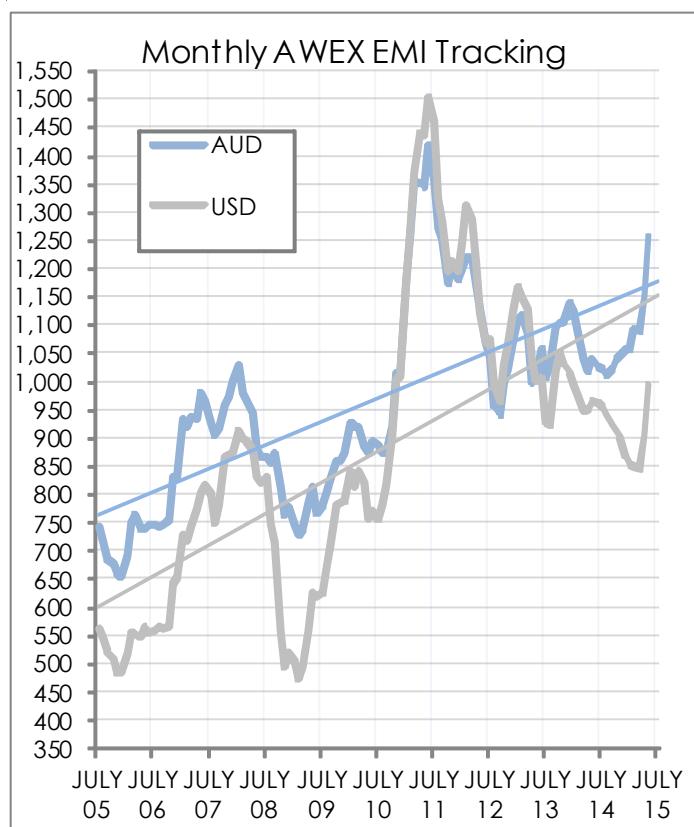




Offering		AWEX EMI			Currency movements		
Bales offered	25,641	AUD	1373 c/kg cln	+61 c/kg	+4.65%	AU:USD	0.7725
		USD	1061 c/kg cln	+50 c/kg	+4.92%		
Passed-In (%)	1.0%	CNY	65.77 ¥/kg cln	+3.12 ¥/kg	+4.97%	AU:CNY	4.7905
		EUR	9.41 €/kg cln	+0.15 €/kg	+1.67%		
Bales Sold	25,396					AU:EUR	0.6856
							-2.85%



AWEX Auction Micron Price Guides.				
Sales held on Wednesday & Thursday				
MPG	North	South	West	
17	1624 +73	1620 +83	-	
18	1607 +77	1592 +74	-	
19	1553 +82	1548 +73	NO SALE	
20	1516 +94	1521 +89	WEST	
21	1499 +96	1511 +82	THIS WEEK	
22	1458n +90	1475n +89	-	
23	-	1396n +32	-	
24	-	-	-	
25	-	-	-	
26	1155n +56	1163n	-	
28	955 +27	975n +54	-	
30	863n +10	-	-	
32	743n =	-	-	
MC	1096 +8	1127n +14	-	
Upcoming Wool Auction Sales				
Sale week	2014/15 forecast		2013/14 actual	
Week 50	35,723 bales		34,158 bales	
Week 51	24,768 bales		23,457 bales	
Week 52	35,400 bales		30,953 bales	

Continued over

AWI Wool Market Commentary

The Australian wool auction market continued to roar this week, in a sale which saw many wool types and descriptions set record levels or extend freshly set highest ever levels in Australian dollar terms. In general, all Merino types broader than 22 micron, all crossbred types and most of the carding sector sold to new highs. The strength of the competition caused a further 61ac/clean kg rise in the EMI (Eastern Market Indicator), which concluded the week at 1373ac/clean kg, a leap of 4.65%. On the year on year basis, the market now sits at levels 32% better, or a 336ac/clean kg increase.

All Merino types were strongly sought throughout, with price gains of 70 to 90ac/clean kg being achieved. A few better top making and spinners style, high strength super and ultra fine fleece types (finer than 17.5 micron) on offer gained upwards of 125ac/clean kg, with the 15 to 16 micron area most affected. As the week progressed, price gaps began to appear again for the measured characteristics of PobM (position of break in the middle) VM (vegetable matter) and Cvh%, and these gaps widened towards the close of selling, as the lesser types peeled away some of the gains put on during the week, particularly for the 19 to 21 micron types.

A difference in auction operations this week was that the local traders and forward sellers led the charge. The Chinese indent operators remained keen and active, but they were not pushing as hard as they have been the previous weeks. The majority of wools were still purchased for Chinese interests and orders.

In very small offerings the Crossbred types gained a general 15 to 35ac/clean kg for the week, and cardings were 10 to 20ac dearer. Demand remains very strong in both sectors, but some price sensitivity became apparent late in the week, and some easing in parts took place.

Whilst it is acknowledged the current refilling of the wool pipeline with greasy stocks is a significant driving force behind the current strong market, the widely reported reasoning of a shortfall in supply is being questioned by many export trade operators. Australian wool auctions this season have offered almost 7% more bales than last year and the AWTA Key Test Data is showing an increase of total weight of wool tested of nearly 2%, or 6.3 million kgs, at the end of May compared to the same period of the season last year.

When isolating just Australian wool in a simplistic supply versus demand evaluation, and given the above supply facts, demand for the raw wool product has seemingly been given a major boost. With China taking over 70% of the national clip, these demand signals are often masked from local Australian traders, as official and accurate Chinese public reporting of economic and consumption data of wool is often hard to come by, hence the highly reactionary directions the wool market trends to.

Next week all three Australian centres are rostered to sell and just shy of 36,000 bales will go under the hammer. The expectation is of a fully firm market with possibly a few holes starting to appear as urgent requirements are filled. South Africa will hold their final sale next week prior to their 2 month recess, then the full focus will be on Australian market.

Riemann Wool Forwards - TRADES this week—(cont.)			
Maturity month	Type	Price low/high	Sum of kgs
February 2016	21.0 micron	1250	2,500
February 2016	28.0 micron	800	2,500
March 2016	21.0 micron	1285	5,000
April 2016	18.5 micron	1420	3,500
April 2016	21.0 micron	1250 / 1280	25,000
July 2016	19.0 micron	1360	2,000
August 2016	21.0 micron	1210	5,000
September 2016	21.0 micron	1220	2,500
October 2016	21.0 micron	1250	2,500
			TOTAL 206,750 kgs

Industry News

Major textile exporter Vietnam has signed a free trade agreement (FTA) with the Eurasian Economic Union (EEU). The agreement comes as the Moscow-backed body looks to increase its presence in Asian markets. The FTA covers over 90% of all goods traded between Vietnam and the EEU and is estimated to increase foreign trade between the two by at least USD10 billion over the next 5 years, an increase of USD6 billion from 2014.

Another 40 countries have expressed interest in partnering with the EEU over Free Trade Agreements. Last month, after signing an agreement with South Korea that is predicted to more than double bilateral trade over the coming 5 years, pushing annual trade between the two nations to USD70 billion by 2020. Vietnam are also nearing the final stages of the Trans-Pacific Partnership (TPP) agreement with twelve countries, including Japan, Australia, Canada and the US. Source: Just-Style, 2 June 2015

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