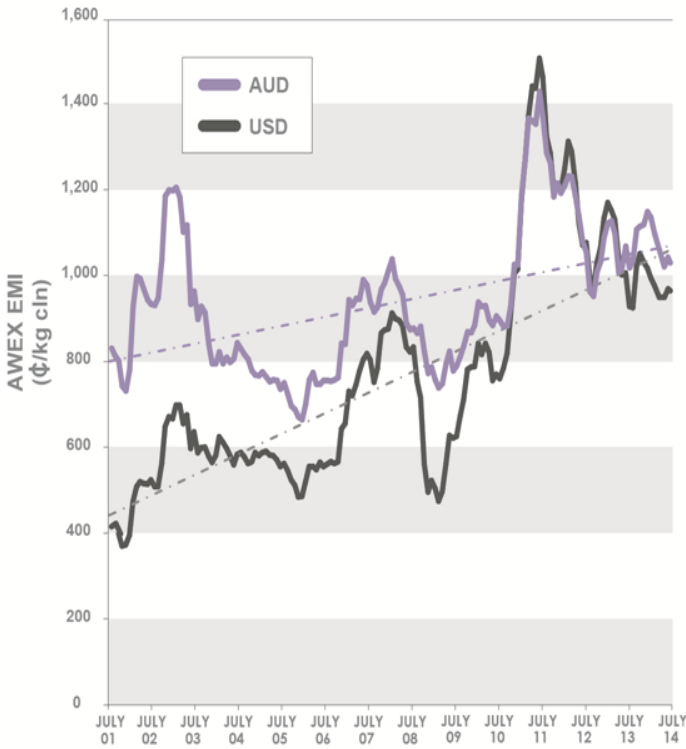




Offering		AWEX EMI				Currency movements		
Bales offered	40,323	AUD	1026 c/kg cln	+8 c/kg	+0.79%	AU:USD	0.9397	+0.18%
Passed-In (%)	10.1%	USD	964 c/kg cln	+9 c/kg	+0.97%	AU:CNY	5.8243	-0.08%
Re-offer (%)	7.8%	CNY	59.76 ¥/kg cln	+0.42 ¥/kg	+0.70%	AU:EUR	0.6886	+0.19%
		EUR	7.07 €/kg cln	+0.07 €/kg	+0.98%			

Monthly AWEX EMI Tracking



Sale days		Wed, Thu		
MPG	North	South	West	
17	1242 +18	1231 +8	-	
18	1192 +19	1187 +11	1137n	
19	1154 +13	1160 +13	1123 -13	
20	1135 +5	1145 +16	1117 -13	
21	1142 +5	1148 +5	1107 -21	
22	1138n +2	1152 -5	1111n -14	
23	1135n +1	1151n -6	1106n	
24	-	-	-	
25	-	-	-	
26	793n	848n	-	
28	676n +2	674 -7	-	
30	643n -3	645 -5	-	
32	576n +0	571n	-	
MC	796 +1	800 +6	780n -1	

MPG and indicator data in AU cents and sourced from AWEX

Sale week	2014/15 forecast	2013/14 actual
Week 3	Recess	Recess
Week 4	Recess	Recess
Week 5	Recess	Recess

Riemann Wool Forwards				
	19.0 µm	19.5 µm	21 µm	30 µm
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

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

ICAP Wool Forwards						
China Wool Type	54p (18.5 µm)		55 (21.0 µm)		T424 (28.8 µm)	
	Low	High	Low	High	Low	High
Aug-14	1135	1180	1125	1170	1120	1160
Sep-14	1135	1180	1125	1170	1120	1160
-	-	-	-	-	-	-

## AWI Commentary

The final sale before the July recess closed in positive territory this week, with all types on offer continuing under ever increasing competition from the trade. Sales commenced the week rather quietly with the market quoted as being just largely maintained in a week that saw over 40,000 bales being put to auction. However, the final day of selling brought on a vastly differing scenario, with overnight sales to China spurring the market into action. Whilst most sales were for further out delivery, this interest seemed to give the buyers the much needed confidence to re-enter the market with vigour. By the close of the week, most Merino types were at levels of 15cents clean/kg dearer than the previous day, with some of the better style and strength types gaining 20 to 25cents clean/kg. The most sought after were the better quality superfine descriptions finer than 18.5 micron, which attracted premiums of nearly 80cents clean/kg compared to the lower quality wools within this micron category.

The Merino skirtings and carding market travelled pretty much in the same direction as the fleece sector. A sluggish start was soon followed by a strengthening last day, with the 18.5 micron and broader broken and pieces types coming under most demand. Pleasing to note was the revitalized interest on all open top Merino types from the trade, which in recent months had seemingly fallen out of favour with manufacturers and had drifted over 10% lower.

Comebacks and crossbreds 25 to 32 micron types of all descriptions struggled throughout the week to maintain their levels and by week's end a few cents were generally eliminated from their established quotations. Talk on the show floor of stocks being held in this wool type area in our largest customers' warehouses seem to have spooked the trade into a more pragmatic approach to their buying. With an increasing production of sheep within this sector in Australia and other nations, local buyers are also expecting to see a dearth of these wools come spring time, so the willingness to

carry stock at today's prices into that selling zone is practically nil.

Wool auction sales now go into recess for a period of three weeks. The best and most positive conclusion to sales before a break for some time has buyers and manufacturers somewhat bullish into the near future. One problem during the break in sales may be that exporters are reticent to "set" overseas buyers at the current market levels, given that the majority see a strong price come the new season. Also the lack of any significant stock held by local buyers will prevent any access to prompt delivery. All this bodes well for woolgrowers for a robust start to sales come early August when wool auctions will resume in Australia.

## Industry News

Ermenegildo Zegna Group, an Italian luxury menswear company who uses fine Australian wools to produce its premium quality fabrics, has acquired "Achill", an Australian wool farm known for its exceptional wool style, high tensile strength and low vegetable matter. This purchase consolidates Zegna's involvement in every stage of the Merino wool supply chain, from the farm to the final consumer.

The Südwolle Group, a German textile manufacturer who makes pure wool and wool blend worsted spun yarns for weaving, and circular and flat knitting, plans to open its first US operation. Südwolle's US wool yarn market is critical and continues to grow in importance, with key focus on circular knit fabrics for active/outdoor apparel and legwear.

## Commentary from Riemann

Despite the clear improvement in buyer confidence on Thursday, buyer activity on the Riemann Forward Market remained quite restrained. Aside from a 10¢ lift in bids for 30MPG contracts for August delivery to 600¢/kg clean, little was observed across the fine and medium wool contracts. Bid -Offer spread for 21MPG contracts remains around 70-80¢ with sellers leaving offers unchanged at around the 1170-80¢/kg clean mark for August until November 2014 delivery. Forward markets should act as a barometer for the wool market during the annual three-week recess with bids expected to lift on the back of any clearer signs of improved export demand.

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