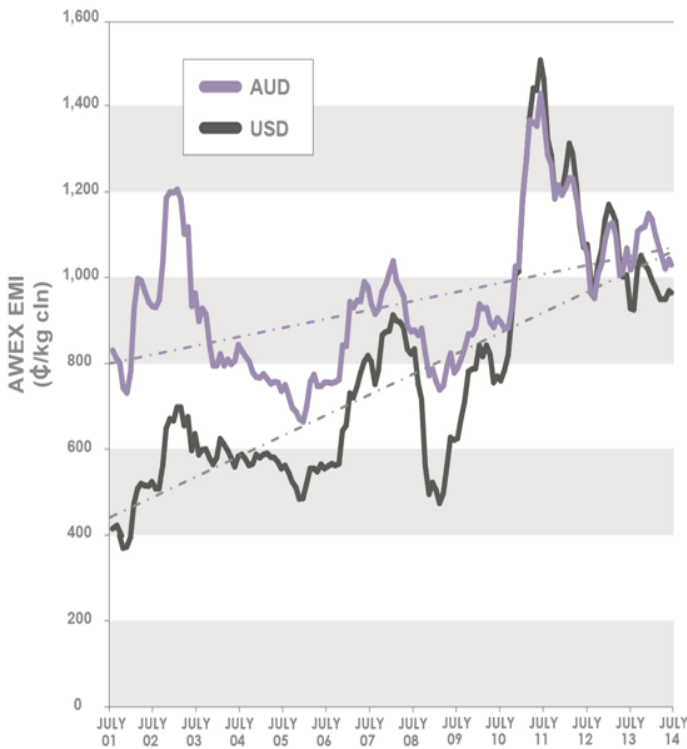




Offering		AWEX EMI				Currency movements		
Bales offered	38,030	AUD	1018 c/kg cln	+2 c/kg	+0.20%	AU:USD	0.9380	-0.28%
Passed-In (%)	7.2%	USD	955 c/kg cln	-1 c/kg	-0.08%	AU:CNY	5.8290	-0.55%
Re-offer (%)	5.0%	CNY	59.34 ¥/kg cln	-0.21 ¥/kg	-0.36%	AU:EUR	0.6873	-0.35%
		EUR	7.00 €/kg cln	-0.01 €/kg	-0.15%			

Monthly AWEX EMI Tracking



Sale days		Wed, Thu		
MPG	North	South	West	
17	1224 +6	1223 +2	-	
18	1173 +10	1176 +8	-	
19	1141 +7	1147 +3	1136 +8	
20	1130 -1	1129 -3	1130 +6	
21	1137 +6	1143 +5	1128 +7	
22	1136 +3	1157 +15	1125n -5	
23	1134n +5	1157n +20	-	
24	-	-	-	
25	-	-	-	
26	-	-	-	
28	674 +9	681 +5	-	
30	646 +6	650n +8	-	
32	576n +7	-	-	
MC	795 -1	794n +2	781n +2	

MPG and indicator data in AU cents and sourced from AWEX

Sale week	2014/15 forecast	2013/14 actual
Week 2	41,508 bales	49,062 bales
Week 3	Recess	Recess
Week 4	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

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	-	-	1100	1165	-	-
Sep-14	-	-	1090	1165	-	-
Oct-14	-	-	1080	1165	-	-

## AWI Commentary

The first sale of the 2014/15 Australian wool season opened this week to largely positive results for sellers. All types on offer came under ever increasing competition from the trade as the sales progressed. The final day saw the AUD:USD exchange weaken considerably and rapidly by over half a cent, which further added to the intensity of buying activity. The positive behaviour of buyer's actions last week flowed fully into the auctions of this week, with the recovering indicators from most global industry giving impetus to the change of the wool price trend to positive charting.

Superfine Merino descriptions became surprisingly sought after in Sydney in what were relatively large offerings of 17 to 18.5 micron types. Indicators for this section showed gains posted of between 10 and 20cents clean/kg. Pleasing to see were the higher Nkt (Newtons per kilotex, wool staple strength), better style types appreciating by as much as 30 to 40cents clean/kg as European interest and forward sellers clashed to secure supply, as the unknown quality of the spring offering started to play on buyers' minds. Oppositely, in Melbourne, the types broader than 21 micron sold to the better demand, with similar rises of 10 to 20cents clean/kg being posted by week's end. In fact, the 22 and 23 micron indicators finished the week above that of all microns between 18 and 21 micron.

Skirting types had very mixed results through the week, with the lower VM (vegetable matter) types on offer in Melbourne and Fremantle being well sought by the trade, whilst Sydney saw slight reductions as that market was somewhat hampered by heavier VM percentages. For those mills able to handle types above 6 to 8%VM, the discounts must now be seen as quite advantageous.

Comebacks and crossbreeds also experienced a strong auction week, with the good quality, but small selection appreciating by a good 5 to 10cents clean/kg for all types on offer. Smaller offerings are expected of these types up until we

see the spring shearings occur towards September.

The revised AWEX Indicators for last week's wool auctions took affect from this week. Adjustments to the closing values for last week are:

AWEX EMI - Week 52 2013/14 season		
Indicator published last week		Revised Indicator
AUD	1022 c/kg cln	1016 c/kg cln
USD	961 c/kg cln	956 c/kg cln
CNY	59.90 ¥/kg cln	59.55 ¥/kg cln
EUR	7.05 €/kg cln	7.01 €/kg cln

Next week sees the final week of selling for a month. An ever growing roster now has 41,500 bales being put before the trade, but the voracity of buying from many exporters this week should see a largely positive and rising market leading into the recess. With the Republic of South Africa also on break mode, those mills left short of greasy raw material for first stage processing will need to guarantee some supply and place indent orders into the market, so we could see quite a volatile market.

## Industry News

The economy in China continues to show signs of recovery. Last month, for the first time in six months, manufacturing in China saw an improvement in operating conditions with the HSBC Purchasing Managers' Index (PMI) indicating output rose at a "moderate" pace to 50.7. The rise in new export orders over the last two months have also seen the fastest stock depletion of finished good in almost three years.

China continues to strengthen its economic relationship with Russia through a long-term agreement to import gas to the value of US\$400 billion.

## Commentary from Riemann

Limited activity on the Riemann forward market continues to depict the lack of direction in the wool market and the relatively steady prices. Some fresh bidding for 21MPG contracts with August delivery were observed earlier in the week at 1120¢/kg clean but have been reduced to 1105¢/kg clean this Friday. Bids for 19MPG contracts for Sep-Oct 2014 delivery remain at the 1135¢/kg clean level, or around 10¢ below spot prices. Producers stayed put again this week leaving offers unchanged as they wait for improved forward prices for spring.

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