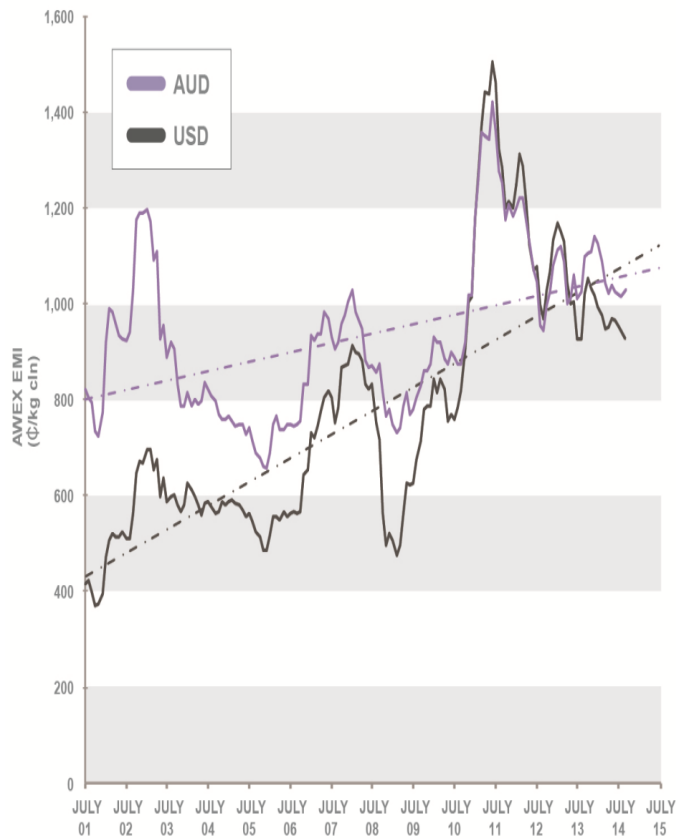




Offering		AWEX EMI				Currency movements		
Bales offered	44,428	AUD	1038 c/kg cln	+15 c/kg	+1.47%	AU:USD	0.8813	-0.08%
Passed-In (%)	6.8%	USD	915 c/kg cln	+13 c/kg	+1.39%	AU:CNY	5.4107	-0.03%
Re-offer (%)	7.2%	CNY	56.16 ¥/kg cln	+0.79 ¥/kg	+1.43%	AU:EUR	0.6969	+0.87%
		EUR	7.23 €/kg cln	+0.17 €/kg	+2.35%			

Monthly AWEX EMI Tracking



Sale days		Wed, Thu		
MPG	North	South	West	
17	1263 +13	1237 +14	-	
18	1237 +20	1229 +15	1193n +10	
19	1193 +31	1185 +17	1173 +11	
20	1155 +29	1149 +22	1142 +15	
21	1146 +25	1139 +17	1132 +9	
22	1128n +34	1132 +15	1117n +10	
23	-	1122n +13	-	
24	-	1048n +0	-	
25	-	947n +30	-	
26	820 +17	825n +30	-	
28	684 +13	680 +13	-	
30	660 +5	662 +14	-	
32	613n +13	617n +12	-	
MC	777 +2	775 +3	784n +3	

MPG and indicator data in AU cents and sourced from AWEX

Riemann Wool Forwards			
21 Micron		Values	
Maturity month	Sum of kgs	Low	High
Aug – 2014	55,500	1160	1170
Sep – 2014	26,500	1125	1150
Nov – 2014	10,000	1170	1170

Forward wool prices in the above table are in AU cents and supplied by Riemann, www.riemann.com.au

Sale week	2014/15 forecast	2013/14 actual
Week 15	42,151 Bales	38,592 Bales
Week 16	46,418 Bales	46,249 Bales
Week 17	43,200 Bales	42,967 Bales

AWI Commentary

Positive results for Australian wool markets this week, with keen activity across all wool types eliciting good price gains for the entire selection on offer. After a somewhat sluggish opening to the week, the auction sales gathered momentum. The further into the week, the stronger the competition became, with the highest point being at the close. The EMI (eastern market indicator) finished the series at a level of 1038ac clean/kg, representing an average rise of 15ac clean/kg within the basket of types used for quoting the EMI.

Whilst short covering of forward sales by the local exporters led the rally, it was predominantly the buying strength of the indent operators, representing Chinese interests, which ultimately controlled the extent of the rise. Reasonable new forward sale business had reportedly been written at the end of last week and the procurement interest extended into this week. Interest for forward bookings came mainly from China, but moderate interest from Europe, North-east Asia and the sub-continent was also apparent. Purportedly, the buy in levels of price also rose from week to week, giving signs of a genuine demand re-appearing.

The selling week was also influenced by the wildly fluctuating Australian dollar exchange rate. Across the two days of selling on Wednesday and Thursday, the AUS:USD varied considerably and traded in the very wide range of the low at 0.8666 to a high of .8812, making trading in USD particularly difficult with a high risk of currency exposure coming into play in relatively extremely short periods.

The Merino fleece offering of all types came under intense buying pressure. Auction room buyers competed strongly all of the better tested sale lots exhibiting low CVH (co-efficient of variation of Hauteur) and Low Pobm (position of break in the middle). These lots, which were in short supply, ended the week at levels of a minimum of 30ac clean/kg dearer for the week, with some individual lots being well over 50ac clean/kg dearer.

Thankfully, the competition transferred itself to the lower end types within the offering, with most types in this sector also managing to reverse the cheapening trend that had been apparent the past month or so. 5 to 10ac clean/kg was added to the established quotations for the segment.

Merino skirtings and cardings of all descriptions basically followed the sentiment of Merino fleece market into positive territory, but not to same extent of rises. Skirtings added 15ac clean/kg, with the better end being the most sought. Cardings held on well, and managed to add up to 5ac clean/kg. Wool types suitable for open/broken top production came under buying pressure again, and competition was significantly stronger in the auction rooms, particularly for types broader than 18 micron.

The comeback and crossbred (25 to 32 micron) market continues to trade significantly well, with all descriptions gaining a further 10 to 15ac clean/kg for the week. Rises were generally consistent across the Sydney and Melbourne centres, but slight variations were evident. The closing quotes ended pretty well within a cent or two by the close.

Next week has seen a 10% fall in offering volumes to around 42,000 bales. With the auction sales this week concluding under such strong circumstances, we can expect to see a further heightening in price levels followed by a consolidation towards the end of the week. With the local auction seemingly swinging towards a sellers' market, a wider range of selling opportunities now appears to be opening for our growers', giving chance for setting selling strategies into the near future, rather than just taking the price as has been in play for a month or two now.

Industry News

Euratex, the Brussels-based European Apparel and Textile Confederation, has hailed the completion of negotiations for a European Union - Canada Comprehensive Economic and Trade Agreement (CETA) - but says it regrets that origin rules have been weakened for 15 clothing products under the deal.

China, the world's top cotton consumer, has announced a significant reduction to its 2015 cotton import quota to boost demand for domestically-produced fibre. But experts disagree on whether the policy could pose risks for textile and clothing manufacturers

Commentary from Riemann

Wool prices generally picked up this week, with the major combing indicators lifting by around 2%, however it wasn't translated to the Riemann market where activity is still in "waiting" mode.

The Australian dollar is down by around 5% from early-September levels. The fall in currency has prompted traders to sit on the sidelines, waiting to see where the currency was headed. This has held back some demand that will have to come into the wool market in order to feed the supply chain.

This is the time of the season when wool prices tend to make their spring lows and begin to rise; this also usually coincides with growers placing forward sale orders for 2015 season.

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