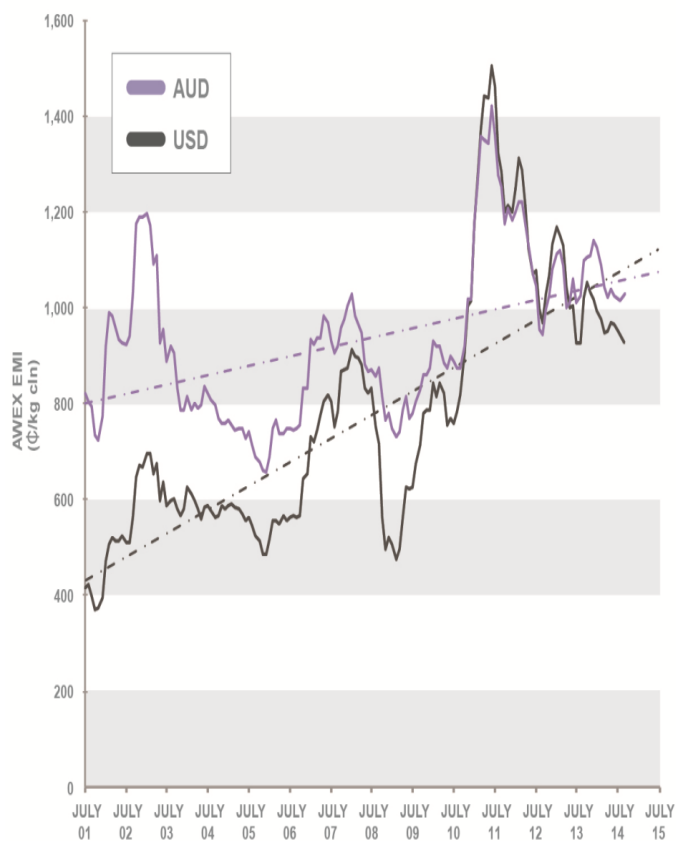




Offering		AWEX EMI				Currency movements		
Bales offered	47,583	AUD	1029 c/kg cln	-7 c/kg	-0.68%	AU:USD	0.8768	-0.23%
Passed-In (%)	14.5%	USD	902.2 c/kg cln	-8 c/kg	-0.90%	AU:CNY	5.3608	-0.38%
Re-offer (%)	7.4%	CNY	55.16 ¥/kg cln	-0.59 ¥/kg	-1.05%	AU:EUR	0.6954	1.47%
		EUR	7.16 €/kg cln	0.06 €/kg	0.79%			

Monthly AWEX EMI Tracking



Sale days		Wed, Thu		
MPG	North	South	West	
17	1291 -10	1258n 0	-	
18	1259 -5	1242 +1	1168n -4	
19	1179 -4	1181 -4	1156 -2	
20	1137 -4	1140 +1	1136 -2	
21	1129 -4	1131 -2	1117 -10	
22	1122n -6	1119 -2	1112n -5	
23	1111n	1106n -7	-	
24	-	-	-	
25	-	918n -2	-	
26	801n -18	822n -2	-	
28	671 -5	670 -5	-	
30	644 -8	641 0	-	
32	605n -5	603n -8	-	
MC	782 -6	777 -8	789n -8	

MPG and indicator data in AU cents and sourced from AWEX

Riemann Wool Forwards			
21 Micron		Values	
Maturity month	Sum of kgs	Low	High
Nov – 2014	15,000	1,170	1175
Dec – 2014	7,500	1,170	1,170
Jan – 2015	2,000	1,150	1,150

Sale week	2014/15 forecast	2013/14 actual
Week 19	53,101 Bales	43,417 Bales
Week 20	46,382 Bales	40,750 Bales
Week 21	46,700 Bales	47126 Bales

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

## AWI Commentary

Whilst final sale results from Australian wool auctions showed only slight movements, both up and down, in the indicators, a vastly irregular market was experienced throughout the selling week. Once again the distorted movements were predominantly in the Merino fleece sector, where large volumes of high POBm (position of mid-break) sale lots tracked to a negative trajectory whilst the better wools trended upward. All other types on offer showed small losses on final quotes, as the relatively larger supply over the past few weeks has met a period of subdued demand.

The sale week Merino fleece results were firmly split in half, with two selling days producing two vastly different results. A very gloomy start to the sale week saw prices for the lower end types fall drastically by around 30ac clean/kg on the first day, whilst prices for the better end barely maintained their levels. The second day extracted a much more pleasing result for wool sellers, as prices recovered by 10 to 15ac clean/kg on the lower types, and the better types appreciated by up to 25ac clean/kg. Overall the EMI (eastern market indicator) finished the week at 1029ac clean/kg, a reduction of 7ac clean/kg.

It was pleasing to see the buying pressure a big Italian operator was placing into the super fine area of the Merino fleece market finer than 19 micron, particularly in the Sydney centre, where a large selection of better wool sourced from the New England district featured prominently. These better wools actually managed to gain a good 20 to 30ac clean/kg for the week whilst all other the other wool type sections battled to find direction. A healthy premium of around the 200ac clean/kg mark for most of the spinners types on offer is now evident in the market.

Merino skirtings of all descriptions sold to a cheaper tendency throughout, and by the close of selling a general 20ac clean/kg had been eliminated from the ruling quotations. Most of the damage was done on the first day of selling, with the final day producing a consolidation around the lower levels, rather than a recovery as experienced in their fleece counterparts.

Cardings of all descriptions remained under strong demand once more, but the negativity surrounding other sections of the market eventually flowed through and a minor loss of 5ac clean/kg was recorded on the indicators. Most of the influence downwards came from the locks and crutchings types, as stained descriptions were in sold in strong demand. Types suitable for open/broken top production remained very firm for the week, and only the very short end attracted any sort of discount at all.

The comeback and crossbred (25 to 32 micron) market opened generally 5 to 10ac clean/kg cheaper and traded at the new lower basis through to the cessation of selling for the week. A huge indent order from one Chinese operator was in play for the entire week, and by weeks end this single buyer had accumulated over 2,800 bales of crossbred wool. A very impressive buying effort not usually seen on a very restrictive area of the market.

Next week has a rostered quantity of around 45,000 bales nation wide. With the Merino fleece market in an apparent rollercoaster ride of buying demand, the direction closed in an upward direction, so we should be hopeful of a continued strengthening. For all other wool type areas a good solid market can be expected. A designated super fine week in Sydney should see good volumes of high end wool suitable to the current Italian orders, and we can expect their strong appetite to continue.

## Industry News

Unseasonably warm weather has been one of the major drags on US apparel retailers in October; it is limiting consumers' demand for autumn merchandise. Analysts believe the month overall has been "scary" with "relatively weak" sales and headwinds that are likely to continue into the all-important fourth quarter.

There are concerns around apparel demand in the US, some of the factors are: lack of a strong fashion trend, shift in consumer spending into electronics and other non-apparel categories, continued weak mall traffic and disruptions at the US busiest ports in Los Angeles/Long Beach causing shipping delays.

## Commentary from Riemann

The restricted number of sell offers of 21MPG on Riemann for the short term has seen buyers finally making a move into 2015 territory. While offers around the 1180-90¢/kg clean mark for late spring and summer remain well above current spot prices and still prohibitive for buyers, they seemed happy to start taking some cover for April/May next year. Two 21MPG contracts were traded this week with prices ranging from 1100¢ (late May-15) to 1140¢/kg clean with maturity in mid-April 2015. Buyers continue to bid at 1135¢ for April-15 contracts while sellers are now sitting only 15¢ above at 1150¢/kg clean.

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