

WOOL MARKET WEEKLY REPORT

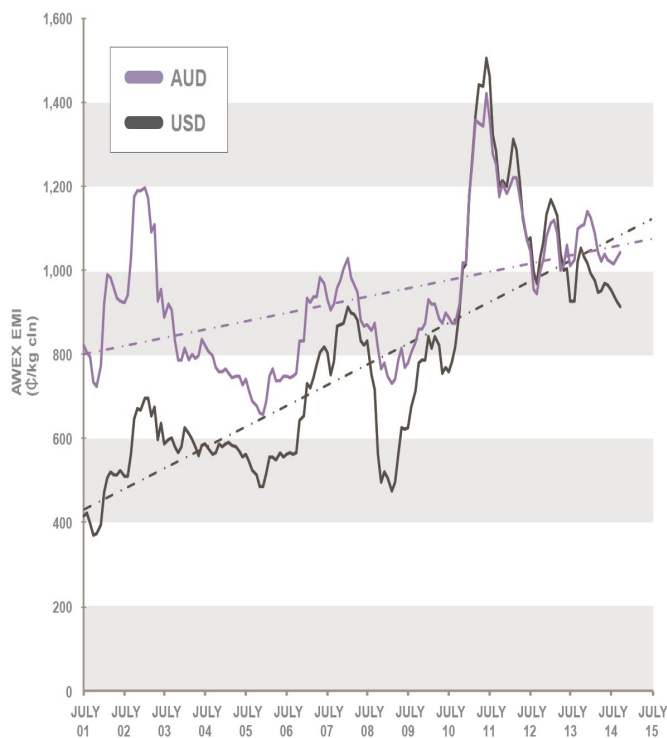
Sale Wk 20: Fri 14th Nov 2014

THE WOOLMARK COMPANY

awil
Australian Wool Innovation Limited

Offering		AWEX EMI				Currency movements		
Bales offered	45,345	AUD	1,050 c/kg cln	+8 c/kg	+0.77 %	AU:USD	0.8701	+1.08%
Passed-In (%)	6.5%	USD	913.6 c/kg cln	+17 c/kg	+1.86%	AU:CNY	5.3315	+1.31%
Bales Sold	42,411	CNY	55.98 ¥/kg cln	+1.14 ¥/kg	+2.09%	AU:EUR	0.6992	+1.66%
		EUR	7.34 €/kg cln	+0.17 €/kg	+2.44%			

Monthly AWEX EMI Tracking



Sale days		Tues, Wed, Thu		
MPG	North	South	West	
17	1302 +4	1284n +13	-	
18	1276 +6	1267 +14	1203n +21	
19	1215 +19	1222 +25	1183 +21	
20	1179 +26	1178 +16	1162 +15	
21	1163 +16	1166 +9	1147 +21	
22	1146n +10	1145 +3	1137n +15	
23	-	1137n +14	-	
24	-	-	-	
25	913n -3	906n	-	
26	818n +5	818n +1	-	
28	698 +14	697 +14	-	
30	663 +6	655 +8	-	
32	610 +5	611n =	-	
MC	782 -3	786n +3	797n +6	

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	25,000	1,170	1,180
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 21	50,226 Bales	47,126 Bales
Week 22	46,800 Bales	44,215 Bales
Week 23	44,000 Bales	46,547 Bales

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

AWI Commentary

Australian wool auctions continued to advance the price levels across almost the entire range of wool types again this week. Selling got off to a sluggish start on Tuesday with competition being somewhat subdued. Prices slipped, albeit very lightly by just a cent or two, with just the standalone Melbourne centre operating. As all three selling centres came on line on Wednesday, the tone improved rapidly and prices quickly reversed to be heading upwards again. The Merino fleece sector of 18.0 to 21.0 micron was again the major beneficiary of the positive sentiment, and most prices showed gains between 15 and 20ac clean/kg. Merino skirtings and cardings maintained levels whilst the crossbred sector came under close attention once more to be dearer. All sections concluded the week at the highest price point.

After 5% of the offering was withdrawn prior to sale, the week eventually saw a little over 45,000 bales being put before the trade nationally. Positive price movements in mainly the Merino and Crossbred fleece sectors caused the EMI (Eastern Market Indicator) to continue its upward trajectory to finish at 1050ac clean/kg. up 8ac clean/kg from last the sale. Forward selling exporters dominated the buying, but very good support from two Chinese buying order operators later in the week helped strengthen the pressure being placed upon the market.

In all auction centres, the better super fine Merino fleece types of 19.0 micron and finer met strong competition, with emphasis being placed on the higher Nkt and better style sale lots. As has been the season long trend, the Italian buying interests managed to procure a near absolute dominance of the best wools on offer once again. These types added a general 15ac clean/kg to their quotes, with the exception of the few lots available around the 18.0 micron area which were 30ac clean/kg dearer. Lower specified types finer than 17.5 were lacklustre in demand and only just held their ground to showing small gains of 5 to 10ac clean/kg towards the close.

The evidence of renewed interest last week in the fine and medium 19.0 to 23 micron Merino fleece was confirmed this week with major price gains being extracted from the market in this area. Price levels appreciated by a general 20ac clean/kg as forward sold commitments competed strongly with the Chinese indents. The price gap of the better wools extended slightly as these better wools gained 30ac clean/kg and the lower types just 10ac clean/kg.

Merino skirtings of all descriptions sold to a fully firm market in a rather unremarkable series as far as price change goes. Similarly the cardings of all descriptions basically spent the week in the unchanged zone.

The comeback and crossbred (25 to 32 micron) market remains the starring sector of the wool market scene, as prices edge ever closer to record levels. For example the AWEX 28 micron price guide currently sits in the 97th percentile. In what is now a regular occurrence, volumes are large but price levels are seemingly rising daily. The end result for this week was another general rise of 5 to 15ac clean/kg across the offering. The Chinese buying orders once again dominated, with the top 2 buyers purchasing over 3000 bales between them.

Next week sees an auction roster currently showing over 50,000 bales to be put under the hammer. With the 3 week Xmas recess fast approaching, and the market tracking to a positive direction, we will again be hopeful of a continued strengthening. Whilst the AUD:USD has spiked up by over a full cent for the week, an exchange rate of around the 87 usc mark should do little to deter users from writing orders for wool.

Industry News

October proved to be another mixed bag for US apparel retailers. While the majority reported comparable store sales gains thanks to an improving economy and strong consumer demand, others were impacted by warmer weather during the month.

US apparel imports surged in September as retailers continued to stock up on holiday merchandise amid fears of possible disruption to shipments due to the ongoing dockworkers dispute at major West Coast container ports. Four of the top-ten supplier countries - China, Vietnam, Indonesia and India - saw strong double-digit gains

Commentary from Riemann

Underpinned by a boost in confidence in the physical wool market, the Riemann forward market was also very active this week with trades executed on the 21, 28 and 30MPG contracts. The 21MPG contract traded up to a 15¢ premium to spot prices, at 1180¢/kg clean for late November delivery. This suggests some buyers are expecting the price recovery to continue in the short-term, at least. On the crossbred front, the 30MPG contract traded at 640¢ for February 2015 delivery while the 28MPG fetched 675¢/kg clean for late March 2015. Current bids for the 19 and 21MPG contracts are around 15-25¢ below the spot market going as far as March 2015.

www.wool.com