



WOOL MARKET WEEKLY REPORT

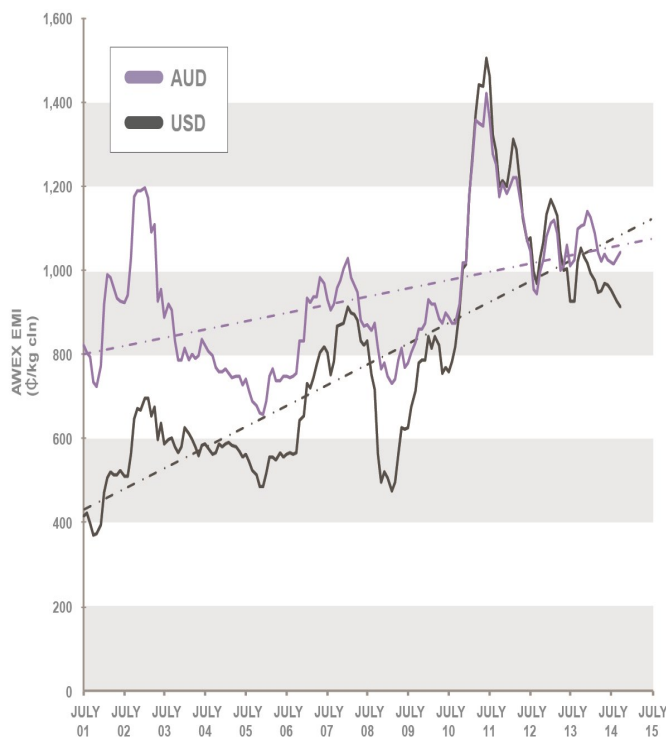
Sale Wk 22: Fri 28th Nov 2014

THE WOOLMARK COMPANY

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Australian Wool Innovation Limited

Offering		AWEX EMI				Currency movements		
Bales offered	52,367	AUD	1,056c/kg cln	+9 c/kg	+0.86%	AU:USD	0.8599	+0.07%
Passed-In (%)	7.4%	USD	908.1 c/kg cln	+8c/kg	+0.93%	AU:CNY	5.2785	+0.25%
Bales Sold	48,498	CNY	55.74 ¥/kg cln	+0.61 ¥/kg	+1.11%	AU:EUR	0.6874	+0.37%
		EUR	7.26 €/kg cln	+0.09 €/kg	+1.23%			

Monthly AWEX EMI Tracking



Sale days		Wed, Thu		
MPG	North	South	West	
17	1293 -5	1270n +2	-	
18	1285 +8	1266 -1	1227n +15	
19	1216 +1	1209 -11	1214 +18	
20	1182 -1	1174 +11	1182 +1	
21	1161 +1	1168 +14	1171 +13	
22	1152n +6	1153 +11	1151n +9	
23	-	1148n +13	-	
24	-	-	-	
25	926n +13	-	-	
26	825 +7	823n +14	-	
28	714 +11	712 +15	-	
30	684 +12	673 +13	-	
32	621n +11	628n +17	-	
MC	790 -1	791 +5	795n +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
Dec – 2014	7,500	1,170	1,170
Jan– 2015	2,000	1,150	1,150
Feb– 2015	5,000	1,170	1,170

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 23	56,290 Bales	46,547 Bales
Week 24	50,992 Bales	54,764 Bales
Week 25	RECESS	

Under a large volume of wool on offer, Australian wool auctions appeared to have found some renewed vigour across all types and descriptions this week. Whilst the price increases were not major, it was more the positive tone from exporters that was most pleasing. Initial concerns re the closing 3 weeks of sales offering over 150,000 bales were alleviated somewhat, as the 50,000 odd bales this week were competitively fought for. The EMI (eastern market indicator) reacted kindly to the improved market conditions and managed to put on a healthy 9ac clean/kg for the week, and posted a level of 1056 ac clean/kg by the close of the series

The ruling exchange rate of around .855 AUD against the US dollar certainly aided in the positive approach the buyers and overseas users took to the market, as did the improving quality of the growers offering. The high Pobm (position of break in the middle) wool types are diminishing, and more availability of lower Pobm to average with, has allowed the price gap to narrow. An exception is the fleece wools finer than 16.0 micron with high Pobm and low strength, which are very difficult to place into standing orders.

In what is developing as a familiar market pattern, the first day of selling saw prices across most sections get off to a sluggish start in a stand alone Melbourne sale. Most Merino fleece types finished the day on a cheaper basis, but all other areas showed quotes at a fully firm to slightly dearer level. Wednesday had Fremantle and Sydney join in, which rapidly reversed the trend. Prices commenced on an upward trajectory and the further the sales progressed the better the competition became. Buyers who had initially sat out expecting an easy buying situation were forced back into the auction, and by the close of selling on Thursday, all participants were in full operation once again.

Giving rise to the underlying market strength was the exceptionally strong Fremantle market, which by the close, had the highest prices being paid in Australia for Merino fleece 19.5 to 21.5 micron.

Industry News

Speaking at the Cashmere World Forum 3015 in Hong Kong, Karl Spilhaus called for stronger efforts to target fraudsters who repeatedly mislabel cashmere and other fine fibre products, and urged the development of “unwavering and affordable” technologies to test and guarantee their integrity.

Meanwhile Mohair South Africa marketing executive Anle Marais unveiled the organisation’s new Mohair Mark – a symbol designed to be used to indicate when a product contains at least 10% mohair.

Reflecting the fact that South African mohair is often blended with other fibres, Marais called for increased collaboration between different fibres, businesses, international institutions and countries.

The Merino fleece sector behaved very erratically once more between the selling centres, with the prices trying to align themselves over the course of the week. The differences have narrowed, but are still unusually variable between selling centres. In general, the market closed at levels of 5 to 15ac clean/kg dearer for most Merino fleece., although all types finer than 17.0micron struggled somewhat, as the Italian operators became extremely selective in this area, in what was a designated super fine sale in Sydney. .

Merino skirtings of all descriptions sold to the strengthening trend that emerged last week, and competition forced prices 10 to 15ac clean/kg higher. Demand was more evident on the LB and B fault (less than 5%) skirting wools, although slight improvements were made on the ever increasing supply of the heavier fault wools.

Cardings of all descriptions crept slowly higher, with crutching, locks and stained types being well sought. A minor 5ac clean/kg gain was achieved. Lambs types were largely unchanged for the week, with some weakness in demand appearing on lambs wools destined for carding batches only/ Open top types remain well sought and were sold in the sellers favour throughout.

Crossbred fleece (25 to 32 micron) again hit a very strong demand, and under a relatively massive volume of over 10,000 bales a surprising 15ac clean/kg rise was attained. Each passing week, buyers are expecting a slow down, but demand through strong Chinese indents keeps kicking prices up. Crossbred skirtings were well sought, but prices remained flat with a slight easing evident towards the cessation of sales.

The final 2 weeks of selling will see over 100,000 bales being offered with 56,000 bales to go to auction next week. With our large overseas users able to get set for relatively good quantities without spooking the market, a positive run into the Xmas recess should now be possible.

Commentary from Riemann

Although buyers continue to gradually increase their bids for 21MPG Riemann contracts, sellers have not yet jumped into the sell bandwagon. Bids remain around the 1160¢/kg clean mark for December to March 2015 delivery while for late autumn/early winter are within the 1140-55¢/kg clean range. Trading activity remains restricted as most sellers’ offers remain around the 1175-1200¢/kg clean mark for the first half of 2015. That said, buyers are slowly reaching those levels on the back of improved export demand prospects in recent weeks. A 21MPG contract with delivery in mid-February 2015 was traded at small premium to the spot market at 1170¢/kg clean this week.

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