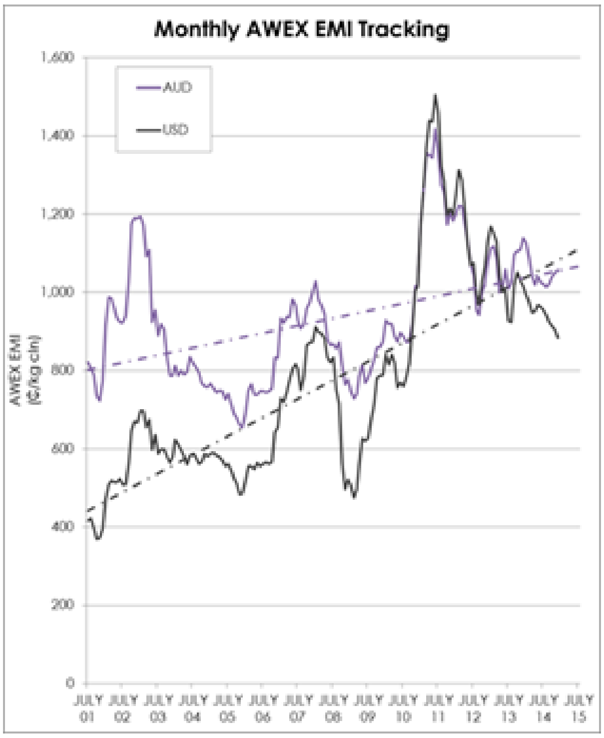
WOOL MARKET
WEEKLY REPORT

Sale Wk 24:Fri 12th Dec 2014

Offering	
Bales offered	58,622
Passed-In (%)	8.9 %
Bales Sold	53,406

AWEX EMI			
AUD	1059c/kg cln	+5 c/kg	+0.47%
USD	881.4 c/kg cln	-4c/kg	-0.42%
CNY	54.40 ¥/kg cln	-0.04 ¥/kg	-0.08%
EUR	7.08 €/kg cln	-0.11 €/kg	-1.54%

Currency movements		
AU:USD	0.8323	-0.89%
AU:CNY	5.1366	-0.55%
AU:EUR	0.6687	-2.01%



Sale days	Tues, Wed, Thu		
MPG	North	South	West
17	1272 -2	1256 +6	-
18	1250 -10	1250 +3	1223n +15
19	1210 -5	1217 +1	1207 +19
20	1176 -6	1174 +2	1177 +19
21	1164n +3	1164 +1	1162 +14
22	1157n +5	1155 +11	1146n +14
23	1142n	1135n +7	-
24	-	-	-
25	931n +8	-	-
26	840 +7	831n =	-
28	741 +6	741 +18	-
30	705 +7	694n +12	-
32	637n +7		-
MC	804 +6	829 +21	805n +5

MPG and indicator data in AU cents and sourced from AWEX

Riemann Wool Forwards			
21 Micron		Values	
Maturity month	Sum of kgs	Low	High
Feb– 2015	5,000	1,170	1,170
April—2015	15,500	1,140	1,160
May– 2015	12,500	1,100	1,160

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 25	RECESS	
Week 26	RECESS	
Week 27	RECESS	

AWI Commentary

The final Australian wool auctions for the year 2014 were staged this week under a large offering of nearly 60,000 bales. Although there was a negative tone initially from buyers, that sentiment improved vastly from day to day, and the markets for all wool types finished the first half of the season on a highly encouraging note.

Whilst both the crossbred and carding sectors have been performing exceptionally well for some time now, it was the positive approach by overseas users to the Merino fleece and skirtings that differed from recent trends. Demand, and therefore competition and prices appeared to be stronger in this area as exporters reported new forward bookings at higher levels and several requests for offers for prompt or short time shipment. As a result, the buyers' enthusiasm saw them take the EMI (Eastern Market Indicator) to a closing level of 1059ac clean/kg, which represented a handy 5ac clean/kg rise for the series and the highest point the EMI has been for 10 months.

Quite remarkably, the Merino fleece auction sales were an almost exact mirror image of the direction the market has taken over the past 4 weeks. An opening standalone Melbourne sale on the Tuesday saw prices fall away by at least 10ac clean/kg, then as Fremantle and Sydney joined in on the Wednesday, prices recovered instantly. By the closing Thursday sale day, all prices were again dearer.

Whilst the Merino micron indicators showed some slight falls in the superfine(18.5micron and finer) area in Sydney, this was due more to the lesser amount of the better wools available as most exporters operating in that centre saw and reported the general superfine Merino fleece market as being fully firm to 10ac clean/kg dearer for the week. The fine and medium (19 to 23 micron) Merino fleece were well sought in both Eastern selling centres and gained 5 to 10ac clean/kg, whilst the Western centre of Fremantle performed the best by putting on a very healthy 15 to 20ac clean/kg for the week.

After being somewhat in the doldrums for the past month or so, Merino skirtings of all descriptions rebounded back into favour this week. Competition was strong enough to hold prices at the commencement of the selling series, but prices slowly climbed the further the week progressed. By the close of selling, all pieces, brokens and bellies types of all faults were quoted as being 10ac clean/kg dearer.

Cardings of most descriptions continued strengthening once more, with merino locks leading the charge with a 15ac clean/kg rise for the week. Carbonizing and washing Merino lambs, plus the Merino crutching types gained 5 to 10ac clean/kg whilst Merino stained descriptions and Merino wools suitable for open top production remained at firm unchanged levels.

The star performers of the past 6 months has been the Crossbred and Comeback fleece (25 to 32 micron) segment of the wool market. The past week has been no exception, as prices scaled to new heights not seen for over a decade. All microns came under close scrutiny from mainly the larger Chinese operators, and by the close of sales, a further 5 to 15ac clean/kg had been added to the fleece quotations. Crossbred skirtings, cardings and lamb types managed to hold onto their gains of last week, and were sold to fully firm levels.

With this being the final sale of the first half of the 2014/15 wool season we now head into a period of three weeks without any wool auction sales. A close eye will be on the AUD : USD foreign exchange rate and the rostered quantities to be sold through January during the recess, as these figures will support the primary market factor of demand as being the determining influence on the immediate future of the market direction. Wool auction sales will resume in the week commencing 5th January 2015 with all three centres in operation.

Industry News

The Woolmark Company and China's Eve Group have signed a marketing collaboration agreement as the demand for Australian merino wool in China continues to increase.

Eve will use the Woolmark Gold branding on their suits made from fabric supplied by a number of Woolmark Gold exclusive licensed weaving companies in Europe - including Vitale Barberis Canonico, Reda, Dormeuil, Scabal - in offerings through their premium stores branded Kevin Kelly. They also have a made to order suit service. This will represent a growth opportunity for Australian superfine wool in China.

Demand for Australian merino wool in China is on the rise thanks to more growing interest from consumers about the provenance of the materials used to make their clothes.

Commentary from Riemann

The strong buyer interest to get some cover for crossbred wools in 2015 continued this week. However, this time buyers and sellers were looking to lock in prices later on in the April-June period. As far as prices are concerned, 30MPG contracts for winter delivery were traded at 665¢/kg cwt while 28MPG for late April 2015 fetched 710¢/clean. On the medium wools front, the interest for late 2015 and 2016 deliveries was also worth noting with a 21MPG contract for April 2016 traded at 1140¢/kg cwt. Bids for the first quarter of 2015 remain around the 1140-50¢/kg clean level.