

WOOL MARKET WEEKLY REPORT

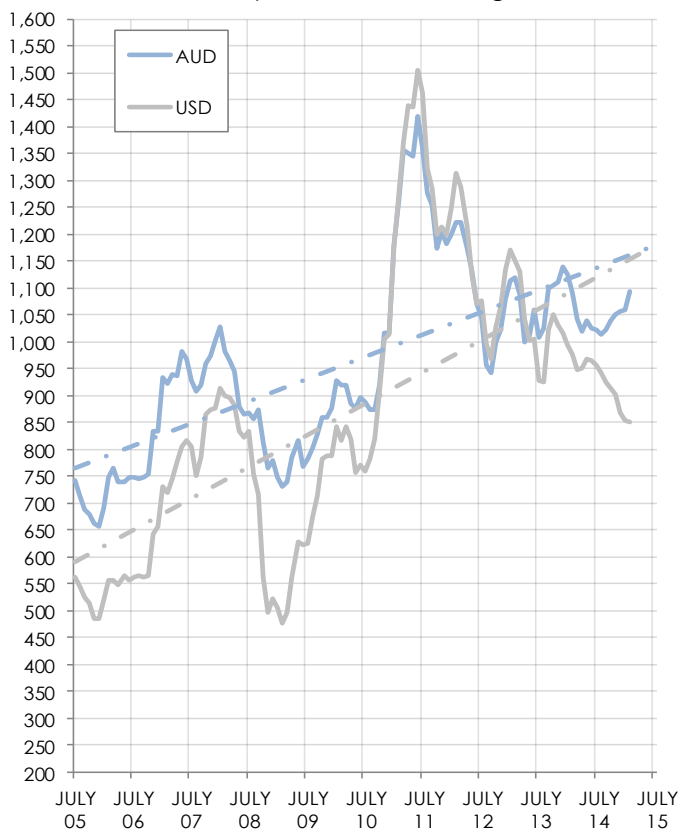
Sale Week 37: Fri 13th Mar 2015

THE
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COMPANY

awii
Australian
Wool Innovation
Limited

Offering		AWEX EMI				Currency movements		
Bales offered	42,960	AUD	1092 c/kg cln	+7 c/kg	-0.65%	AU:USD	0.7604	-2.76%
Passed-In (%)	6.7%	USD	830.4 c/kg cln	-20 c/kg	-2.40%	AU:CNY	4.7627	-2.82%
		CNY	52.01 ¥/kg cln	-1.31 ¥/kg	-2.46%			
Bales Sold	40,086	EUR	7.90 €/kg cln	+0.38 €/kg	+5.03%	AU:EUR	0.7233	+2.29%

Monthly AWEX EMI Tracking



AWEX Auction Micron Price Guides.

Sales held Tuesday Wednesday & Thursday.

MPG	North	South	West
17	1334 +4	1326 +10	-
18	1303 +13	1301 +2	1228n +6
19	1204 +10	1201 +5	1188 +2
20	1170 +11	1165 +8	1168 +1
21	1165 +7	1163 +11	1153 0
22	1152n 0	1150 -1	1142n
23	-	1141n -2	-
24	-	1082n +7	-
25	993n	991n +1	-
26	915n +11	898n +10	-
28	831 +15	822 +20	-
30	786 +8	778 +10	-
32	698n +5	698n +3	-
MC	908 -1	925 +2	888n -1

Riemann Wool Forwards

21 Micron		Values	
Maturity month	Sum of kgs	Low	High
Mar'15	10,000	1,170	1,170
Apr'15	12,500	1,160	1,170
May'15	15,000	1,150	1,159
Jun'15	2,000	1,132	1,132
Jul'15	5,000	1,132	1,132
Aug'15	12,000	1,145	1,145
Sep'15	17,000	1,150	1,155
Nov'15	7,000	1,150	1,150
Dec'15	7,000	1,150	1,150
Jan-16	20,000	1,137	1,157
Total	107,500	-	-

Upcoming Wool Auction Sales

Sale week	2014/15 forecast	2013/14 actual
Week 38	45,073 bales	40,587 bales
Week 39	42,550 bales	37,565 bales
Week 40	44,100 bales	34,679 bales

A resurgent Australian wool auction market this week, with handy gains recorded across almost all of the types and descriptions on offer. The renewed buying interest came mainly from our three largest forward selling exporters, but strong support also came from the Chinese-represented indent buyers. More manageable quantities of around the 43,000 bales combined with the ever weakening Australian dollar against the US dollar to assist the reversal of the drift downwards of the past month. As a result, 7ac/clean kg was added to the EMI (Eastern Market Indicator), to finish the week at 1092ac/clean kg.

Super fine (16.6 to 18.5micron) and ultrafine (16.5micron and finer) types are becoming increasingly harder to find, and the buyers of these types are starting to show some urgency in securing supply of these wools at their historically low prices. In very small offerings this week, the better types of 16.5 to 18.5 micron exhibiting good tensile strength and best top making to spinners' style managed a solid 20ac/clean kg increase whilst their lesser counterparts added 5 to 10ac/clean kg. A smattering of ultrafine types with mainly mid-range strength readings (30 to 38nkt) met with stronger demand and 30 to 50ac/clean kg additions were made to the established quotations.

Fine and medium (18.6 to 22 micron) Merino fleece came under strong attention from all wool using nations and common gains of 10 to 15ac/clean/kg by the close of selling. Competition was robust from the outset, with our largest exporter leading the charge, having been rather subdued in it's purchasing the past month in the Merino fleece sector. The Sydney auction centre opened on Wednesday to levels 10ac/clean kg higher, and by the time Melbourne commenced an hour later, the better tone had been set and both Melbourne and therefore Fremantle traded at the higher basis right through to the cessation of sales on Thursday.

Merino skirtings of the better types and descriptions were met with much better competition this sales series and good gains of up to 15ac/clean kg were achieved. Offerings are being subjected to some poor pieces and broken lines,

Industry News

US apparel imports from China drop in January

There has been quite an apparent performance change between the top two individual supplier countries of apparel imports. China, the largest apparel supplier to the US (42.5% share of the market) fell 7.8% to 848m SME in January, while Vietnam increased by 0.9% resulting in 241m SME when compared with the previous year. However it is inarguable that when it comes to size of supply base, range of skills, quantity levels and completeness of supply chain, China is still years in front of other countries, as productivity gains balance out the rising prices. Vietnam does however continue to benefit as producers and buyers broaden their supply chains.

Shipments from China were lower than December(-9.7%), while Vietnam was 12.6% higher than the previous month.

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containing various amounts of cotted parts and jowl edges. Buyers are severely discounting these wool types, and grower sellers would do well to get their classer to remove such types into a separate line.

The carding market remained largely unchanged to slightly cheaper once more, as overseas users adjust to the new higher levels that eventually have to be passed downstream and accepted through to the garment manufacturer. Of a notable exception was the sudden and rapid rise of up to 40ac/clean kg witnessed on all types suitable for open/broken top production. All these open top types 17 to 19 micron rose immediately as selling commenced and sold at the higher basis throughout. A small offering of open top types finer than 17 micron also appreciated by as much as 25ac/clean kg for the week.

Crossbred (25 to 32micron) and comeback types came back into favour this week as prices rose a solid 10 to 20ac/clean per kg. Demand remains similar but the weaker currency allowed those Chinese buyers using USD a few more Aussie cents to use in the sale rooms.

Next week we have around 45,000 bales scheduled to be auctioned. Given the strength of this week, a firm to dearer market should be expected.

Wool Selling System Review

Public submissions to the WSSR panel are now on line at the home page link at www.wool.com

There are a few submissions outstanding to process, and will be published in due course.

Commentary from Riemann

With physical wool prices finding some support and slowly starting to regain some ground buyers took the change to lock in some prices for autumn/winter deliveries. Two 21MPG contracts with maturity in late March and late April were traded at 1170¢/kg clean, or 5-10¢ above current spot prices. Another 21MPG contract with maturity in late May was traded at 1159¢/kg clean, suggesting some buyers are not expecting any downside in months ahead. On the sell side, some producers have placed some fresh sell orders of 21MPG contracts with maturity on August 2015 at 1160¢/kg clean, but are yet to see clearer buyer interest for those later-dated contracts