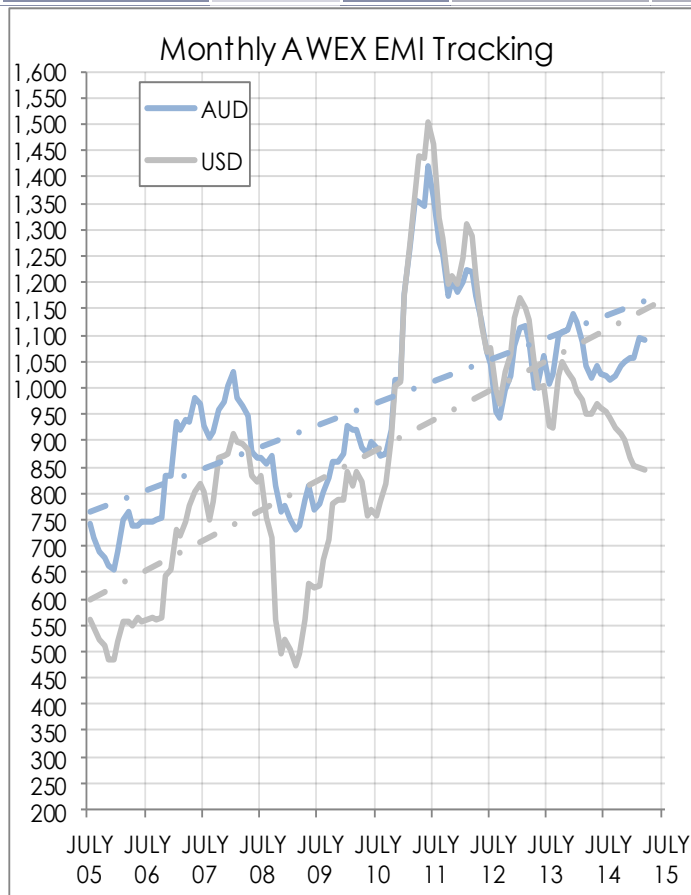


# WOOL MARKET WEEKLY REPORT

Sale Week 40: Thur 2nd Apr 2015



| Offering      |        | AWEX EMI |                |            |        | Currency movements |        |        |
|---------------|--------|----------|----------------|------------|--------|--------------------|--------|--------|
| Bales offered | 48,019 | AUD      | 1106 c/kg cln  | +12 c/kg   | +1.10% | AU:USD             | 0.7639 | +1.10% |
| Passed-In (%) | 3.9%   | USD      | 845 c/kg cln   | -10c/kg    | -1.21% | AU:CNY             | 4.7330 | +1.42% |
|               |        | CNY      | 52.35 ¥/kg cln | -0.81 ¥/kg | -1.51% |                    |        |        |
| Bales Sold    | 46,129 | EUR      | 7.83 €/kg cln  | +0.05 €/kg | +0.66% | AU:EUR             | 0.7082 | -0.97% |



## AWEX Auction Micron Price Guides.

Sales held on Tuesday & Wednesday.

| MPG | North    | South    | West      |
|-----|----------|----------|-----------|
| 17  | 1347 +10 | 1328 +4  | -         |
| 18  | 1305 +4  | 1298 +13 | 1242n +10 |
| 19  | 1220 +15 | 1222 +20 | 1218 +24  |
| 20  | 1189 +17 | 1177 +10 | 1187 +22  |
| 21  | 1173 +14 | 1163 +13 | 1169 +23  |
| 22  | 1135n +1 | 1126 +7  | 1150n +12 |
| 23  | 1121n    | 1105n +1 | -         |
| 24  | -        | -        | -         |
| 25  | 999n +4  | 1003n -3 | -         |
| 26  | 930n =   | 925n +2  | -         |
| 28  | 838 +2   | 838 +9   | -         |
| 30  | 802 +15  | 792 +9   | -         |
| 32  | 698n =   | 699n +12 | -         |
| MC  | 949 +16  | 975 +23  | 947n +27  |

## Riemann Wool Forwards - TRADES this week

| Maturity date | Type        | Price | Sum of kgs    |
|---------------|-------------|-------|---------------|
| 24th June '15 | 19.0 micron | 1,195 | 5,000         |
| 24th June '15 | 21.0 micron | 1,150 | 5,000         |
| 5th Aug '15   | 28.0 micron | 800   | 1,500         |
| 26th Aug '15  | 21.0 micron | 1,150 | 10,000        |
| 9th Sept '15  | 19.0 micron | 1,205 | 10,000        |
| 21st Oct '15  | 28.0 micron | 800   | 5,000         |
| 9th Dec '15   | 28.0 micron | 780   | 2,500         |
| <b>Total</b>  |             |       | <b>39,000</b> |

## Upcoming Wool Auction Sales

| Sale week | 2014/15 forecast | 2013/14 actual |
|-----------|------------------|----------------|
| Week 41   | NO SALES         | 34,352 bales   |
| Week 42   | 50,596 bales     | 35,192 bales   |
| Week 43   | 40,300 bales     | NO SALE        |

A very strong market at Australian wool auction sales this week, with all types and descriptions attracting keen interest from the buying fraternity. Bidding was intense from the on set of selling and initial rises of 10 to 15ac/ clean kg across all on offer was seen in the large offering approaching the 50,000 bale mark. By the close of selling, gains of 10 to 20ac/ clean kg were recorded and as such the EMI (Eastern Market Indicator) appreciated by a handy 12ac/ clean kg to close at 1106ac/ clean kg.

The EMI in Australian dollar terms now sits 11.4% higher than at the same period a year ago, which represents 113ac/ clean kg more for wool grower returns. Whilst locally that is a very good result, the weaker Australian dollar against the US dollar is concurrently benefiting our overseas buyers and processors greatly. In USD terms the EMI is at a level of 844usc/ clean kg, which is almost 8% cheaper than at the same time last year, or 7.9% lower. A "win win" situation for both the buyer and seller.

A better selection of Super fine (16.6 to 18.5micron) and a small offering of the ultrafine (16.5micron and finer) Merino fleece offering, saw improvement in price levels through all the selling centres. Super fine fleece gained a general 15ac/clean kg, but the lower end types actually outperformed the better end to be nearer to 40ac/ clean kg dearer. The few lots of ultra fine saw the highest gains of any segment, with a couple of 15 micron spinners lots achieving 600ac/clean kg higher than any price achieved this season in Sydney. Good top making Ultra fine types were also well sought and 50 to 60ac/ clean kg rises were seen.

The fine wool (18.6 to 20.5 micron) Merino fleece offered the majority of the volume available and managed to get the best of the buyers attention and money. Chinese indents clashed with forward sellers throughout the selling week, and as a result, 20 to 25ac/clean kg better prices were witnessed. Of most interest were the FNF (free to nearly free , less than 1% of VM—vegetable matter) types exhibiting good style and a lower calculated CVH (coefficient of hauteur) percentage. As the selection improves in quality, the lesser amount of the lower types has seen their price dragged upwards closer to the good top making type prices. Once again these lower types showed the better gains and 30 to 40ac clean kg was added to the quoted levels by the conclusion of selling on Wednesday.

The medium and broad (20.6 to 24micron) Merino fleece segment was rather subdued in comparison to the rest of the wool market. Solid gains of 5 to 10ac/ clean kg were recorded for the week, with some very good prices of 30ac/ clean kg dearer being experienced in the Western Australian centre at Fremantle.

Merino skirtings sold to a dearer market, with the types finer than 18.5 micron being in most demand. A wide range of price rises of between 5 and 25ac clean kg were gained, with the best style lower VM (less than 3%) lots being the dominant source of buyer interest.

Cardings of all types and descriptions continue to astound and pushed higher into record levels. The buying interest is almost in a frenzy as forward sellers are obviously in urgent need of covering outstanding commitments or looking to get into a stock and sell mode as the market is predictably moving in a positive direction. Types suitable to go into carbonizing are the most in demand and the most volatile this week. Gains of a general 25 to 30ac/ clean kg on the carding indicators were extracted for the series.

Open/broken top descriptions continued to trade in a similar environment to last week. All types were 25ac/ clean kg dearer with the most pressure being on sale lots of less than 2% VM. Some FNF lots of better length between 17 and 18 micron appreciated by up to 40ac/ clean kg.

Crossbred and comeback (25 to 32micron) fleece were all dearer, but buying was far more measured in this sector as the large Chinese indent buyer maintained their dominance in this area by securing 35% of the wool volume on offer. Prices in general rose 5 to 10ac/ clean kg with most of the attention moving towards the broader types of 30 micron plus.

Next week sees Australian wool auctions go into a week of recess over the Easter period. Current estimates show a volume of over 50,000 bales to be put up for sale in the week commencing 13th April. The strength of this week's market is highly indicative of a renewal of interest from overseas, particularly as global supply of raw wool in front of machines is said to be at extremely low levels, so most participants will be anticipating a strong market on the re-opening of auctions.

## Industry News

Wool industry participants from around the world will shortly gather at the 84th IWTO Congress in Zhangjiagang, China, on the 18th to 20th of May 2015. All Conference Sessions and pre-conference meetings will take place in the Hotel Guomao in the centre of Zhangjiagang.

One of the highlights of the wool industry's calendar, this year's Congress is co-organised by IWTO Member China Wool Textile Association. (CWTA)

## Industry News

This year's programme puts special focus on engagement along the wool pipeline and features visits to mills and the Zhangjiagang Free Trade Zone along with a Wool Retail Forum created in partnership with The Woolmark Company.

The IWTO Congress gives the opportunity to create a platform for wool growers, wool processors, manufacturers as well as retailers and brands to meet and discuss joint topics of interest related to wool.

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