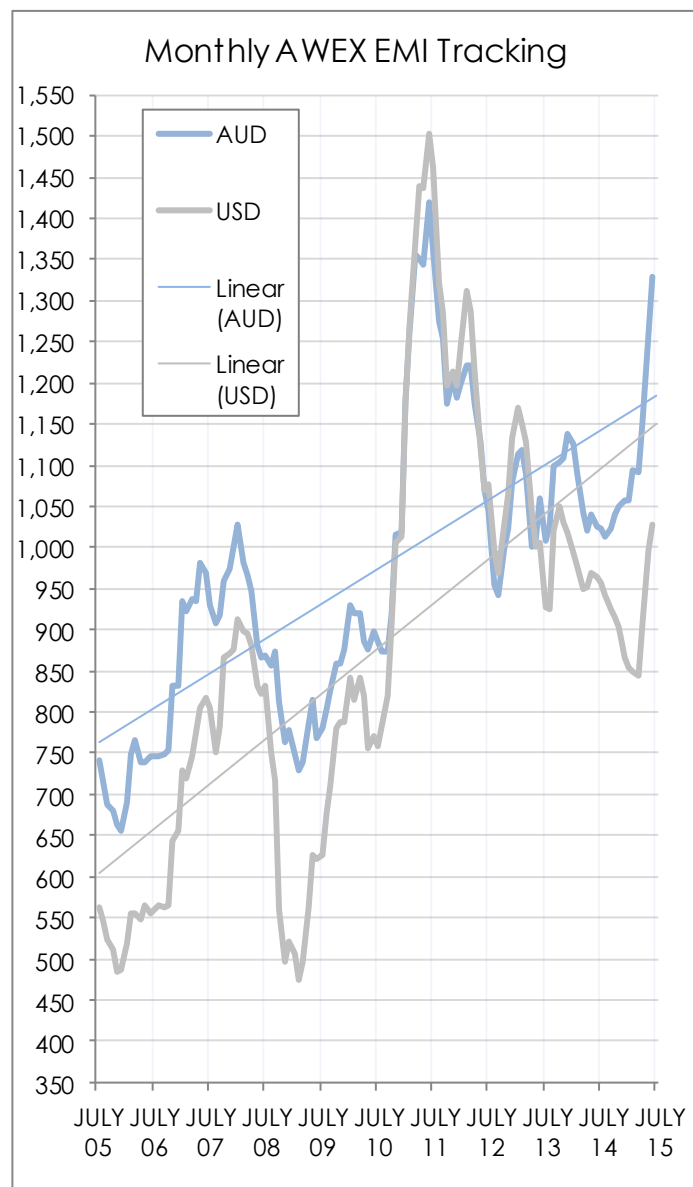




Offering		AWEX EMI				Currency movements		
Bales offered	45,052	AUD	1263 c/kg cln	- 57 c/kg	-4.32%	AUD:USD	0.7741	+ 0.09%
Passed-In (%)	16.9%	USD	978 c/kg cln	- 43 c/kg	-4.23%	AUD:CNY	4.8062	+ 0.08%
		CNY	60.70 ¥/kg cln	- 2.69 ¥/kg	-4.24%			
Bales Sold	37,450	EUR	8.73 €/kg cln	- 0.26 €/kg	-2.94%	AUD:EUR	0.6910	+ 1.44%



AWEX Auction Micron Price Guides

Sales held on Wednesday & Thursday

MPG	North	South	West
17	1530 - 60	1519 - 67	-
18	1462 - 76	1442 - 94	1408n - 154
19	1393 - 67	1383 - 83	1371 - 175
20	1352 - 58	1344 - 71	1332 - 174
21	1338 - 58	1340 - 65	1306 - 195
22	1301n - 65	1298 - 72	1281n - 182
23	1278n	1274n	-
24	-	-	-
25	1155n	-	-
26	1100n - 64	1110n - 65	-
28	924 - 45	933 - 45	-
30	826 - 31	800n - 53	-
32	678n - 62	670n	-
MC	1096 - 8	1098 - 24	1069n - 19

Upcoming Wool Auction Sales

Sale week	2014/15 forecast	2013/14 actual
Week 1	49,480 bales	38,030 bales
Week 2	37,400 bales	40,323 bales
RECESS	-	-

Riemann Wool - Forward trades this week

Maturity month	Type	Price low/high	Sum of kgs
August 2015	21.0 micron	1280 / 1340	21,000
September 2015	21.0 micron	1260 / 1295	13,500
Total kgs			34,500

AWI Wool Market Commentary

Australian wool auctions ended the fiscal year and wool season under a cloud of uncertainty, as the market is being flooded with unexpected quantities of wool available for sale. All types and descriptions on offer initially showed prices reversing at an alarming rate on the first day, followed by a weaker, but not as severe, finish to auctions on the final day. The EMI (Eastern Market Indicator) concluded the week at 1263ac/clean kg, representing a 4.32% or 57ac clean kg reduction for the sale series.

With the conclusion to the 2014/15 wool selling season this week, prices remain at relatively attractive levels for all wool participants. The close has the EMI at 24.3% or 247ac higher than at the same time last year. The season saw an average EMI of 1099ac clean kg for the 12 months, which represents a season to season average increase on returns for all wool sold of 3%. For overseas buyers using USD, the seasons' prices also went to their favour, with the EMI averaging 916USc / clean kg, down 6.6% from the previous season, due entirely to the rapid depreciation in the AUD exchange.

The wool buyers, exporters and wool users reacted severely this week to the heavily increased volume of wool hitting the market. Concerns were not just this week, but also for the additional wool scheduled for sale in the next 2 sales before the annual mid year recess in selling. The primary issue was the late notice of the staggering 38% more wool this week and the 21% increase next week. In real terms this means the trade had to suddenly find the capital to fund a potential A\$33 million more in auction purchasing at the time of year where finances are usually being settled, not sought for.

Market prices this week for all Merino fleece types were quoted as being a general 50 to 80ac/clean kg cheaper for the week. Once more the spinners/best top making style, high strength super fine (finer than 18.5 micron) wools remained well sought and drifted only slightly avoiding the falls experienced by all other wools in the sector. Skirtings of all Merino descriptions followed the downward trend set by the fleece segment and by weeks end had showed a negative result of around 60 ac/clean kg.

Merino cardings showed remarkable resistance to the dramatic drop in other areas of the wool market and recorded relatively minor losses of around 15 ac/clean kg, proof of the strong demand that continues to play out in the cardings offerings.

The smaller offering in the Crossbred (26 to 32 micron) sector sold to vastly cheaper price levels and by as much as 60ac/clean kg in some cases. In percentage terms, this was the hardest hit area of the market, with the heaviest retractions being at the finest and broadest extremes of the selection.

Next week Australian wool auctions will offer over 49,000 bales at all three selling centres, after initial estimates released last Friday of around 39,000 bales proved erroneous. The larger volumes have occurred in the Sydney and Fremantle selling centres, with the very rare occasion of Sydney having a larger sale roster than Melbourne.

Hopefully all buyers, here and overseas, have managed to find the additional funds required and are then able to participate fully in the market up to the recess, as no doubt there will be more serious buying intent from overseas brought about by the lower prices and the underlying strength in demand for Australian wool.

Industry News

A recent review of the global economic outlook by Goldman Sachs suggests that the remainder of the year looks promising in terms of growth. For the US they are predicting growth rates of close to 3% as it seems that the market has finally left behind the adjustment to the various headwinds of the post-financial crisis. For the Euro zone, modest growth of around 1.5% can be expected. It is predicted there will also be some improvement in Japan where the economy is still recovering from the effects of the increase in the consumption tax from 2014.

In China Goldman Sachs suggests we will see fiscal and monetary policy easing after a weaker than expected start to the year; and the nation also dealing with the effects of currency appreciation as it is pegged against the USD. The outlook for India is generally positive, with the reforms that have been implemented expected to continue to yield benefits.

Source: Goldman Sachs, 2015.

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