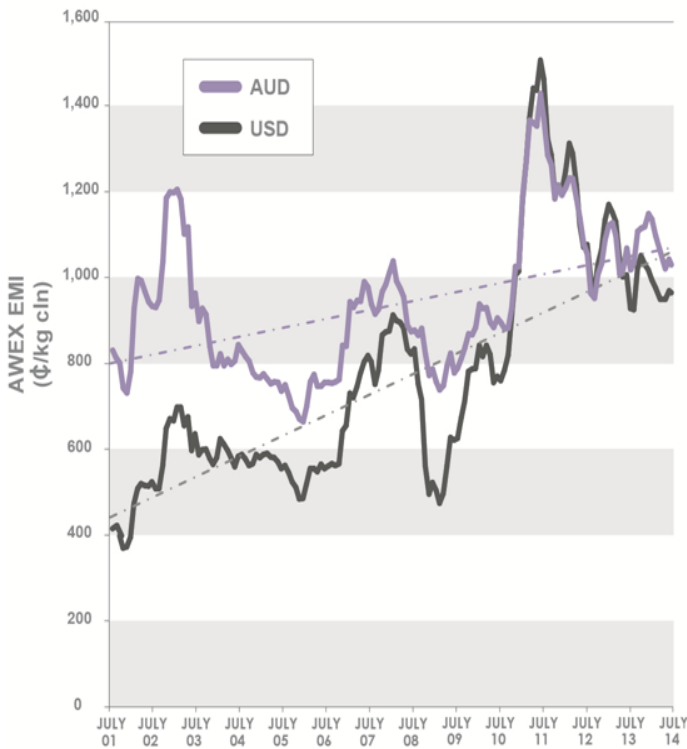




Offering		AWEX EMI				Currency movements		
Bales offered	45,463	AUD	1031 c/kg cln	+5 c/kg	+0.49%	AU:USD	0.9268	-1.37%
Passed-In (%)	6.6%	USD	956 c/kg cln	-9 c/kg	-0.89%	AU:CNY	5.7090	-1.98%
Re-offer (%)	5.1%	CNY	58.86 ¥/kg cln	-0.90 ¥/kg	-1.50%	AU:EUR	0.6925	+0.57%
		EUR	7.14 €/kg cln	+0.07 €/kg	+1.06%			

Monthly AWEX EMI Tracking



Sale days		Wed, Thu		
MPG	North	South	West	
17	1267 +25	1241 +10	-	
18	1207 +15	1208 +21	1163n +26	
19	1163 +9	1168 +8	1146 +23	
20	1140 +5	1146 +1	1141 +24	
21	1141 -1	1143 -5	1137 +30	
22	1140n +2	1142 -10	1127n +16	
23	1137n +2	1137n -14	-	
24	-	-	-	
25	-	-	-	
26	793 +0	823n -25	-	
28	663 -13	664 -10	-	
30	637 -6	629 -16	-	
32	571n -5	571n +0	-	
MC	800 +4	799n -1	785n +5	

MPG and indicator data in AU cents and sourced from AWEX

Sale week	2014/15 forecast	2013/14 actual
Week 7	38,841 Bales	36,019 Bales
Week 8	30,738 Bales	27,399 Bales
Week 9	41,200 Bales	39,321 Bales

Riemann Wool Forwards				
	19.0 µm	19.5 µm	21 µm	30 µm
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Forward wool prices in the above table are in AU cents and supplied by Riemann, www.riemann.com.au

ICAP Wool Forwards						
China Wool Type	54p (18.5 µm)		55 (21.0 µm)		T424 (28.8 µm)	
	Low	High	Low	High	Low	High
Aug-14	-	-	1130	1175	-	-
Sep-14	-	-	1110	1185	-	-
Oct-14	-	-	1100	1185	-	-

AWI Commentary

Australian wool auctions resumed this week somewhat positively following the July recess. A sluggish start was witnessed on the first day of selling which saw sale room operators basically testing the strength of their competitors' order books and the direction of their buying intentions. As a result, mixed outcomes were established. Surprising to most was the strength in the better Merino wool types finer than 19.0 micron, with 5 or 6 exporters in the market operating strongly on any lots better than 35Nkt (Newtons per kilotex, wool staple strength). Conversely, and just as surprising was the weakness exhibited by the wools from 20.0 to 23.0 micron which opened to 15 to 20cents losses in levels, particularly in Melbourne where the majority of the selection in this area were being offered. A clearer picture was garnered on the final day of auctions, as the indent operators' levels gained strength on the back of a weaker AUD:USD exchange rate but mainly due to the fact that much of the quantity was being soaked up by forward sellers so they had to raise their price ideas to be competitive in the market. A solid strengthening in prices across the Merino spectrum was seen by the close of selling.

Prior to selling, the show floor talk eventuated to being pretty accurate. Rumours of good volumes of Merino skirtings and open tops being sold abounded, and also enquiry from Europe for the better specified superfine tops. The main commodity areas of the Merino fleece sector (19 to 22 micron) and Crossbred fleece sector (26 to 30 micron) were subdued in volumes being sought, but enough forward contracts were executed to ensure the sectors remained active.

Merino types of all descriptions were reasonably sought, but it was glaringly obvious that the wool buyers considered that the better superfine fleece types finer than 19.0 micron were going to be hard to come by this season, as seasonal conditions in the growing period meant a higher incidence of tender wool would appear early in the season.

Industry News

Manufacturing in China continues to show signs of recovery. Output and total new orders had their strongest increases since March 2013, while the HSBC Purchasing Managers' Index (PMI) increased in July for the 2nd month in a row to 51.7.

Invista and Burlington are launching a new collection of season-less, durable, performance wool fabrics designed for outdoor apparel.

Consumers today browse for longer and take more time on their entire purchasing process according to the 2014 Retail Report from Hammerson and Conlumino. Unsurprising given this increase, impulse purchases have declined with a reported 49% of non-food purchases now planned.

The expected reductions of these types saw two distinct markets and directions for wools exhibiting the same micron but differing strength. The better strength types burst away from the outset and most lots sold between 50 to 80cents clean/kg dearer. The lesser types struggled to remain unchanged. As such most of the market indicators 19 micron and finer showed rises of only 20 to 30cents clean/kg, but those indicators are just the average. Merino fleece broader than 20 micron struggled to maintain their levels all week, but the final hour or so of selling saw strong Chinese indents force the prices back into positive trajectory.

The Crossbred sector of 25 to 32 micron had a very lacklustre start to the new season, with prices drifting downwards from the start of selling. Hardest hit were the finer edge of the crossbred selection (25 to 30 micron) which lost upwards of 20cents clean/kg. All other qualities and types were also in negative territory, posting losses of between 5 and 10cents clean/kg compared to the pre-recess established levels. Rumours continue to abound of stocks remaining unused in China of these crossbred descriptions, not only from Australia, but many other stronger producing nations of these wools.

Wool auctions next week will provide just shy of 39,000 bales for the trade to peruse. A strong push towards the end of this week's selling should ensure buyers are keen to buy more inventory into their positions and prices should remain firm to slightly stronger for the better wools. The continuing situation of the lack of any significant stock held in front of machines overseas also bodes well for woolgrowers for a robust market to continue.

Commentary from Riemann

Despite the recent upward movement in physical wool prices, buyer activity on the Riemann Forward Market remained quite restrained during the winter break and this week. Aside from some sporadic bidding for the 21MPG contract for late August delivery, at 1160¢/kg clean, not much else has been observed in the last two weeks. Sellers also remain tight leaving 21MPG offers around the 1170-80¢ mark with maturities from August until December 2014. The current 'wait-and-see' approach suggests both exporters and producers remain uncertain about the outlook for spring and continue to postpone decisions until clearer demand signals start to appear.

www.wool.com