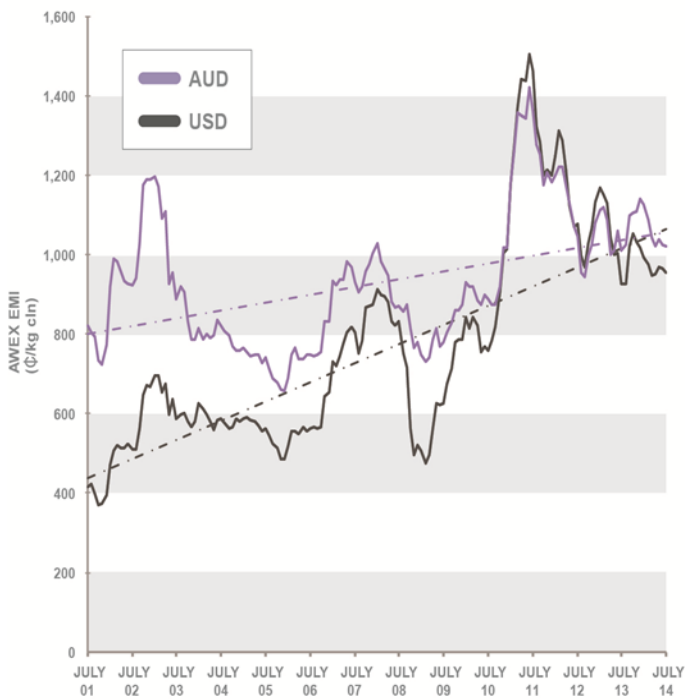




| Offering | | AWEX EMI | | | | Currency movements | | |
|---------------|--------|----------|----------------|------------|--------|--------------------|--------|--------|
| Bales offered | 42,999 | AUD | 1002 c/kg cln | +1 c/kg | +0.10% | AU:USD | 0.9353 | +1.07% |
| Passed-In (%) | 10.6% | USD | 937 c/kg cln | +11 c/kg | +1.17% | AU:CNY | 5.7446 | +0.89% |
| Re-offer (%) | 6.7% | CNY | 57.56 ¥/kg cln | +0.57 ¥/kg | +0.99% | AU:EUR | 0.7082 | +1.39% |
| | | EUR | 7.10 €/kg cln | +0.10 €/kg | +1.49% | | | |

Monthly AWEX EMI Tracking



| Sale days | | Wed, Thu | | |
|-----------|----------|----------|-----------|--|
| MPG | North | South | West | |
| 17 | 1227 +1 | 1218 | - | |
| 18 | 1193 -7 | 1181 +0 | 1138n -29 | |
| 19 | 1141 +3 | 1135 -3 | 1117 -21 | |
| 20 | 1106 +6 | 1101 -5 | 1096 -35 | |
| 21 | 1100 +2 | 1099 -1 | 1091 -31 | |
| 22 | 1089n -5 | 1088 -1 | 1076n -35 | |
| 23 | - | 1085n -4 | - | |
| 24 | - | 1033n | - | |
| 25 | - | - | - | |
| 26 | 785n -5 | 776n -2 | - | |
| 28 | 647 +8 | 648 +3 | - | |
| 30 | 627 +11 | 633n +4 | - | |
| 32 | 568n +5 | 574n | - | |
| MC | 769 +3 | 764 +0 | 769n -13 | |

MPG and indicator data in AU cents and sourced from AWEX

| Sale week | 2014/15 forecast | 2013/14 actual |
|-----------|------------------|----------------|
| Week 10 | 41,230 Bales | 37,509 Bales |
| Week 11 | 40,799 Bales | 48,862 Bales |
| Week 12 | 47,000 Bales | 48,668 Bales |

| Riemann Wool Forwards | | | |
|-----------------------|------------|--------|------|
| 21 Micron | | Values | |
| Maturity month | Sum of kgs | Low | High |
| Aug - 2014 | 55,500 | 1160 | 1170 |
| Sep - 2014 | 26,500 | 1125 | 1150 |
| Nov - 2014 | 10,000 | 1170 | 1170 |

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) | | 54 (19.5 µm) | | 55 (21.0 µm) | |
| | Low | High | Low | High | Low | High |
| Sep-14 | 1135 | 1190 | 1100 | 1140 | 1075 | 1160 |
| Oct-14 | 1125 | 1185 | 1090 | 1135 | 1070 | 1170 |
| Nov-14 | - | - | 1085 | 1135 | 1065 | 1150 |

AWI Commentary

Whilst prices remained just relatively firm across the Australian wool auctions this week, most participants considered the week a surprisingly good result. With the widely held pre sale expectation of a further softening, all sections held on remarkably well, and in fact a minor, but general, strengthening occurred on the final day. Whilst briefly dipping below four figures on the first day, the EMI managed to conclude the selling week at 1002cents clean/kg, a modest 1cent clean/kg gain.

The initial roster of around 47,000 bales eventuated into a reduction to around 43,000 bales being offered, a number which the majority of trade appeared to be more comfortable with.

The good volume of better Merino wool types on offer sourced from the New England district of NSW and Tasmania helped all of the finer indicators basically maintain their levels, as the competition on these lots could be described as fierce, with one Italian operator clambering to procure a high percentage of what was available.

The strength of competition on all the better style and tested wools within the 19.0 micron and finer Merino fleece categories was the highlight of the week. The strong buying by the Italian interests was most welcomed by the grower sellers of these wools. Also important to note was that the auction prices were largely supported by the competition provided to the Italians from one large Chinese mill looking to source the better superfine wools, other European and Indian indent orders, and forward sellers looking to complete outstanding contracts. With the production of these types expected to be lower in supply this season, due to seasonal conditions and growers moving away from this specialized area, most buyers are reticent to have any exposure to the market risk on these types, and full coverage of any remaining position is seen as a priority.

Statement from Queensland Cotton

Queensland Cotton's general manager of wool Michael Avery yesterday refuted overseas rumours that the company could be holding large wool stocks and that their "sell-off" might harm the Australian market. This comment was backed up by leading exporters.

Rod Franklin, the managing director of Australia's leading wool exporter, Techwool Trading, said the Olam International's announcement had nothing to do with the fall of the Australian market in recent weeks.

"This market fall is due more to the financial situation of a few of the textile mills and traders in China – finance is getting harder and harder to obtain from the banks in China," he said.

Mr Avery further commented that QC has been committed to an orderly exit from the export space and the opportunity to put those additional resources into their brokering business Western Wool Marketing and their Australian Wool Grower clients.

Conversely, the lower end of the offering of Merino fleece finer than 19.0 micron continues to struggle, particularly the low strength, high POBm (position of break in the middle) sale lots which drifted again this week. The price gap has widened further compared to the better lots, with anywhere between 110 and 160cents clean/kg difference being paid for wools testing the same micron, but diverse type categories.

Fine and medium Merino fleece 19.5 to 21.0 micron commenced the week poorly by losing a broad 5 to 10cents clean/kg, but a final day rally saw these wools regain that loss and extend into positive gain territory. The result by the close of selling saw all fleece quotations at or near the previous week's closing levels.

All skirting and carding types were met with subdued competition throughout, as the "narrow" price gap comparative to the full fleece types continues to play on some industry participant thoughts. All types closed the week generally unchanged in price, with just a few cents loss on the lower specified types being the only notable movement.

The Crossbred sector of 25 to 32 micron fared much better as all types broader than 27.0 micron found levels turning upwards. Two of the largest exporters once again turned their sights onto this area and strong competition through to the close was evident and provided a 5 to 10cents clean/kg addition to the previous week's closing quotations.

41,000 bales is currently rostered to sell next week, with all three centres in operation. The good number of bales of better tested lots certainly helped the markets this week, with buyers able to "average" their purchasing, and hopefully next week's selection is also found to be suitable by exporters for their orders and the positive conclusion to this week can be carried forward.

Commentary from Riemann

The Riemann Forward Market saw another week of restrained buyer and seller activity while the bid/offer spread for 21MPG contracts widened after last week's price falls in the physical market. On the one hand, buyers revised their bids for 21MPG contracts with maturity in September lower to 1080¢/kg clean. On the other, seller offers were left unchanged with the lowest level still at the 1120¢/kg clean mark. Despite the firm bidding for a 28MPG contract with maturity in early December at 626¢, seller was reluctant to drop price from 630¢/kg clean to seal the deal.

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