

4 July 2017

## UPDATE TO AWEX MARKET INDICATORS

As previously advised, the Australian Wool Exchange (AWEX) has completed its periodic review of the structure and profile of the AWEX Market Indicators.

First released in 1994/95 and last revised at the commencement of the 2014/15 season, regular reviews are conducted to ensure relevancy and to take into account changes to the composition of the Australian flock and wool production profile over time.

The review examined the relative proportion of the current wool types included in the AWEX high-level Eastern and Regional Market Indicators and Micron Price Guides. Only minor changes have been made to the Indicators during this review while the Micron Price Guides have remained unchanged.

At this review the major change to the clip profile was a continuing fining of the Merino clip, and an increase in Crossbred relative to other wool types.

Key changes to the Indicators are:

- AWEX-EMI – the North/South contribution has changed marginally, i.e. the Southern Region proportion has increased from 60.7% to 61.3%.
- Crossbreds have increased their representation in both the Northern (now 16.7%) & Southern (now 18.4%) Indicators at the expense of Merino fleece types.
- The Merino Fleece component is slightly finer for Northern, Southern, and Western Indicators.
- The Merino Skirtings component is slightly finer for Southern and Western Indicators.
- No change to the Micron Price Guides (MPG's) or Merino Carding Indicators.

The changes to the Indicators will result in price adjustments between the current indicator (2014 basket) and the rebased indicator (2017 basket). Changing price relativities between microns affect the behaviour of the indicators; the recent price profile has the indicators rising by between 17 and 25 cents as at 30<sup>th</sup> June 2017 whilst a 3 year average has the indicators lifting by a more modest 5 to 8 cents.

Indicator	Published indicator at 30 <sup>th</sup> June '17	Revised indicator at 30 <sup>th</sup> June '17	Adjustment
AWEX-EMI	1507	<b>1525</b>	+18¢ kg
North	1578	<b>1599</b>	+21¢ kg
South	1461	<b>1478</b>	+17¢ kg
West	1552	<b>1577</b>	+25¢ kg

Rebased Indicators are effective from the commencement of the 2017/18 wool selling season. Indicators calculated on the first sale day of the 2017/18 season will be compared to the revised indicator prices shown in the table above.

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