

WOOL MARKET WEEKLY REPORT

FRIDAY 22 February 2013



SALE WEEK	
Week No.	34
Sale days	Tue, Wed, Thu
Locations	Syd, Mel, Fre

OFFERING	
Bales offered	52,827
Passed-In (%)	10.0%
Re-offer (%)	7.9%

CURRENCY MOVEMENTS	
AU:USD	1.0241 -1.07%
AU:CYN	6.3921 -0.93%
AU:EUR	0.7720 +0.22%

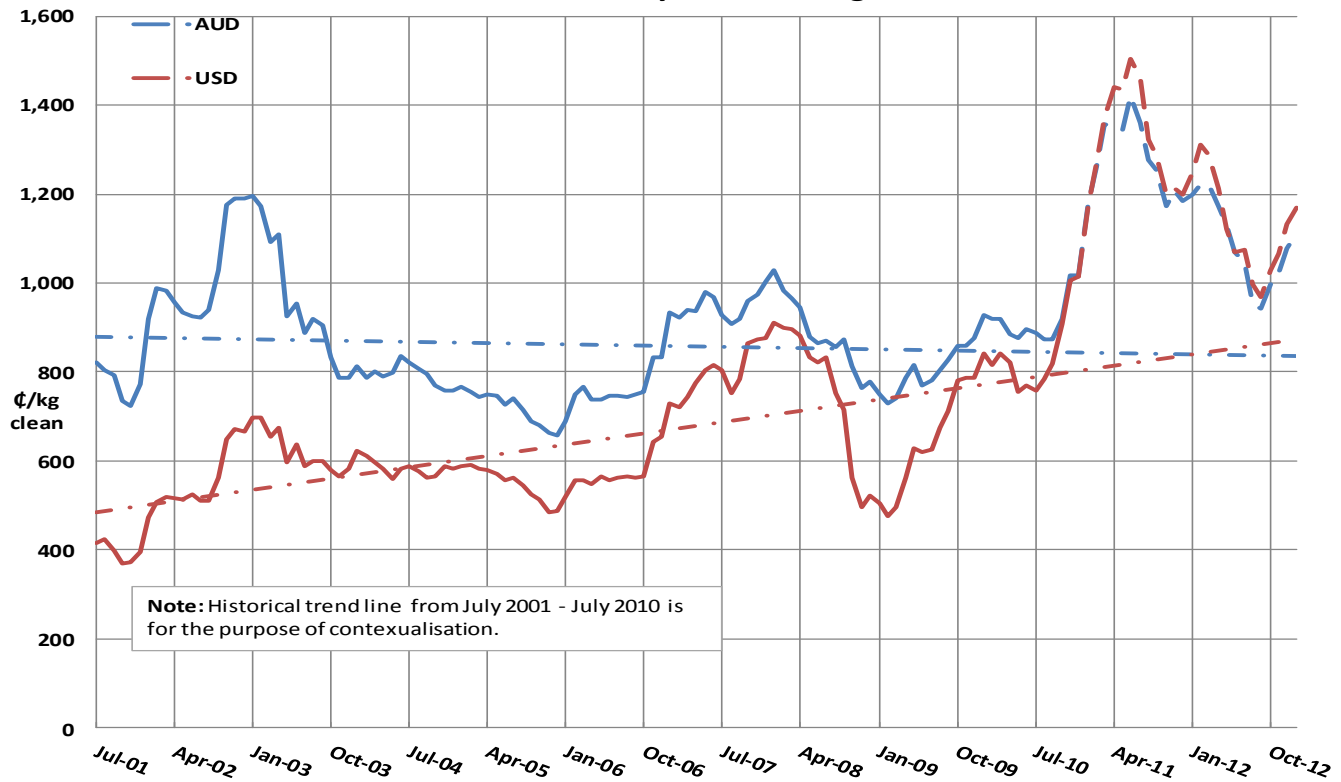
MPG	North	South	West
17	1439 -43	1436 -9	-
18	1374 -20	1360 -20	1367 +4
19	1336 +5	1321 +3	1313 -8
20	1249 +4	1241 +10	1247 -5
21	1237 +11	1234 +2	1217 -1
22	1220 +12	1219 +12	1202 -1
23	1207 +23	1194 +17	-
24	-	-	-
25	-	912 +9	-
26	806 -2	804 +8	-
28	624 +1	614 -7	-
30	581 -4	576 -8	-
32	486 -3	487 -1	-
MC	755 -1	741 +3	720 +3

AWEX EMI		
AUD	1119 c/kg cln	+0.18%
USD	1146 c/kg cln	-0.90%
CYN	7153 c/kg cln	-0.75%

Forecast offering: current season on last season		
Week 35	47,636 bales	47,102 bales
Week 36	53,588 bales	49,723 bales
Week 37	46,900 bales	41,560 bales

Wool Forwards				
	18 um	19 um	21 um	23 um
10/04/13	-	1,300	1,211	-
24/04/13	-	1,300	1,220	-
8/05/13	-	-	1,220	-

Monthly EMI Tracking



COMMENTARY

Whilst a quick glance at the wool market EMI would seem to indicate an uneventful series of wool auction sales, quite the opposite occurred during the week. The market opened to remarkably strong competition on the first two days forcing all categories to rise a general 25cents with the fine and medium micron types of 19.0 to 23.0 micron attracting the keenest interest. The final day saw orders had been filled or withdrawn from the market resulting in some of the gains being distinguished, with types finer than 18.5 micron being the hardest hit.

Superfine Merino types 18.5 micron and finer suffered the most amongst the offering this week, with all types closing the selling week out at levels 20 to 30cents cheaper. After struggling through the first two days to maintain the price, Thursday saw the downward pressure finally win out and prices for all types eased through to the cessation of selling.

The fine and medium Merino 19.0 to 23.0 micron section of the market fared much better, as this commodity area of the market was in good demand. The first two days saw prices escalate significantly by as much as 40cents. The large offering was well sought by all buyers as they fought hard to gather the necessary weights to complete their commitments. As with the finer types, Thursday saw a rather harsh easing, with some lots up to 30cents cheaper for the day, thus wiping out a high portion of the weekly gains made up until that point.

Comeback and crossbred types were again lacking in much movement. Most types and descriptions were either struggling to maintain the previous week's levels or a few cents cheaper by the close of selling. Reportedly the demand is still keen though, with quite a few forward sold orders still being left open and requiring more weight to be bought.

Cardings of all types remain at similar levels to the previous weeks close, with the usual activity by the regular buyers of these types.

Much of the weakness witnessed across the Merino spectrum was partly due to the ever increasing incidence of high position of break in the middle (pobm) lots being tested. With most contracts written including a stipulation for an average pobm of 55 for the parcel, individual lots testing over approximately 70 pobm are now being heavily discounted, irrespective of the strength (nkt). Many of the wool broker agents are reporting that this situation is to be similar to worse over the next 4 to 6 weeks, so the market is unlikely to be able to absorb many of these lots at current prices which will lead to a large price disparity between the low and high pobm types.

Next week will feature the last Newcastle sale to be held, as the industry has decided to shut sales operations there permanently. It is expected that all of this wool will now be sold through the Sydney auction centre.

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