



WEEKLY MARKET REPORT

Week Ending 18th March, 2022
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S37/21	This Week M37/21	Last Sale S36/21	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2652	2633	2665n	-13	2063	-54
18	2120	2171	2156	-36	1769	-40
19	1703	1711	1708	-5	1566	-37
20	1427	1441	1428	-1	1350	-55
21	1324n	1326n	1328n	-4	1262n	-45
26	689n	709	-	-	-	-
28	401n	420	424n	-23	510n	-10
MC	977n	980	974n	+3	864n	-16

SLOW BOAT TO CHINA

The market did what most participants thought, not much change, despite many factors making everyone nervous about the diminishing prospects of a rise or more of a concern, a fall. The market has been flatlining for 5 weeks now as the AWEX EMI has traded in a tight range of 1422 to 1407. The overall indicators lost 5 cents to 1408 and 4 cents in US\$ terms to 1030. Despite the FRX favoring the wool market with a lower cross rate against the US\$ in the opening session this did not help the market with most sectors falling. The final session saw the market steady even as the A\$ rose to last week's levels, just above 73 cents. Finer fleece types bore the brunt of the losses as 18.5 and finer lost 15 to 35 cents reversing last sales gains. Medium and coarser microns finished the sale in buyers favour by 5 cents with the 19.5s that added 10 cents to their values, being the only bright spot. The skirting market was at odds to their fleece counterparts as fine low VM (<4%) types remained fully firm throughout the sale with lots over 4% of burr gave back 15/35 cents. The carding market saw minimal change as the 3 centres averaged a 5-cent change, Sydney/Fremantle up and Melbourne slightly cheaper. Crossbreds fell by 10 to 25 cents as the passed-in rate crept higher by 2% to 12%. The pass-in rate climbed to 22% in Fremantle as losses on the final day (15 to 20 cents) caught growers by surprise and does not auger well for next week.

There are many causes for concern that either haven't resolved themselves as we thought they would or with the Ukraine situation are still unfolding. The major reason for a loss of optimism are the continued blockages to the supply chain from here to factory. The imbalance around the world of empty containers that we have spoken of before has not improved, in fact shipping companies have now deployed "Sweeper vessels" that ship air! These ships just sail around the world's major ports and pick up empty containers and return them to China. The delays around ports and transshipping routes have quadrupled the costs of freight and storage which is playing havoc with our exporters. Pre Covid, wool turn around with China was around 16-17 days, this is now 38-40 days as bought wool sits either at brokers stores, at dumps or at ports. Other factors are starting to come into play like rising fuel and energy costs and time to deliver. For example, some Northern Hemisphere weavers are now informing clients of 20 weeks delivery time, (like the machinery orders here). This now has garment makers pausing as the length for delivery may mean they miss a trans seasonal point like winter sales etc.

So overall, our thoughts of the middle microns improving another 100 or so cents have changed. We have thought for some time that fine wool has had a good run and maybe at their best for the foreseeable future. Just what is around the corner from effects of the Ukraine situation is anybody's guess. Sydney, Melbourne and Fremantle will offer 48,286 bales next week, which has been the average weekly volume for the past 6 weeks.

Southern Aurora Forward Prices

Micron	Date	Low
19	May. 22	1680

Main Buyers (this week)

1	Techwool Trading	6548	2	Endeavour Wool	4573	3	Tianyu Wool	2994
4	Australian Merino	2978	5	Sequoia Materials	2972	6	Fox & Lillie	2921

Eastern Market Indicators (AUD cents/kg clean)
1408 cents ↓ 5 cents compared with 04/03/2022

Northern Market Indicators (AUD cents/kg clean)
1499 cents ↓ 11 cents compared with 04/03/2022

AUD/USD Currency Exchange
0.7315 ↓ 0.0003 compared with 04/03/2022