



WEEKLY MARKET REPORT

Week Ending 1st April, 2022
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S39/21	This Week M39/21	Last Sale S38/21	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2620	2601	2627	-7	2102	+518
18	2084	2117	2087	-3	1799	+285
19	1664	1682	1668	-4	1571	+93
20	1386	1388	1386	-	1365	+21
21	1281n	1286n	1282n	-1	1280n	+1
26	-	650n	676n	-	-	-
28	383n	389n	394n	-11	510n	-127
MC	940n	959n	953n	-13	876n	+64

NOT ALL DOOM AND GLOOM YET!!

After 6 straight days of the market falling, finally came some good news in the form of a stabilizing market amid all the doom and gloom around the globe. Even with the new Covid-19 variant running rampant (causing harsh lockdowns) in Chinese provinces where woolen mills are located, labour shortages causing some mills to only operate part time, the ongoing conflict in the Ukraine, and some economists talking recession in the 2nd half of the year the market finally put the brakes on its downward trend. The market did fall on the opening day only to make up some ground later in the sale. The overall market only lost 9 cents to 1375. In US\$ terms the loss was smaller, just 5 cents to 1032 as the A\$ spent most of the week trading above 75 cents which is not helping the market. Some economists are predicting the A\$ to rise to a level of 80 to 85 cents later in the year, if true this scenario is not good news for woolgrowers.

Fleece price movements were minimal, from just in buyers favour for 19.5s and coarser to 5 to 7 cents cheaper for all finer microns. Skirtings looked to suffer larger losses as the amount of COL and COTT is on the rise and almost impossible to eradicate unless a "double skirt" is done on the wool table if time and labour permits this extra task to be done. Buyers will pay fair money for skirtings (even with heavy % of VM) but have no choice but to discount heavily when there are big cotty pieces or jowly edges left in the skirtings. The price difference can be as much as 150 cents. Low VM types (<4%) gave back 10 to 20 cents while higher than 4% of VM lost 20 to 40 cents. Cardings lost ground in the opening session as all types fell by 10 to 20 cents with the <3% VM lots less affected as the MCI fell by 13 cents to 940. Crossbreds also retreated by 10 to 15 cents. The passed in rate did drop slightly to 13%. All is not doom and gloom despite everything seemingly against the wool market rising in the short term. For all wool sold in Sydney this week (from superfine fleece wools to 38 micron Border Leicester) the average price per bale was \$1,500 and for merino fleece wool a healthy \$2,000/bale.

For many weeks we have spoken about the logistical challenges for wool buyers trying to ship wool to China and Europe as fast as possible. This is now history as shipping times to both destinations have doubled over the past year and the cost of a container has increased sixfold. These higher freight costs and logistical constraints will linger well into the 1st half of 2023. The higher freight costs are impacting on global inflation (a doubling of freight costs has inflation rising 0.7%) and supply chain disruptions are worsening in China due to Covid-19 lockdowns in many wool manufacturing cities (including Shanghai). The imbalance between supply and demand for shipping will remain for some time, but well in favour of the shipping lines - this due to the consolidation of the container shipping industry. 20 years ago, the 10 largest shipping companies had 50% of the market share, today those top 10 now control 80% - almost a monopoly!!! The supply squeeze for containers on the major East-West route is compounded as an oligopoly exists (a small number of sellers) with shipping capacity coordinated by 3 major alliances. This leads to port congestion if the port has a limited number of berths. More on this can be viewed at www.fawo.org.au/news/wia-foraum. Hope we can have a market like we did this week.

Southern Aurora Forward Prices

Micron	Date	Low
21	May 22	1280

Main Buyers (this week)

1	Techwool Trading	5589	2	Endeavour Wool	3742	3	Fox & Lillie	3619
4	Australian Merino	3068	5	Tianyu Wool	2653	6	PJ Morris Wools	2333

Eastern Market Indicators (AUD cents/kg clean)
1375 cents ↓ 9 cents compared with 25/03/2022

Northern Market Indicators (AUD cents/kg clean)
1469 cents ↓ 8 cents compared with 25/03/2022

AUD/USD Currency Exchange

0.7507 ↑ 0.0016 compared with 25/03/2022