



WEEKLY MARKET REPORT

Week Ending 20th May, 2022
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S46/21	This Week M46/21	Last Sale S45/21	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2708	2742	2683	+25	2258	+450
18	2210	2267	2178	+32	1896	+314
19	1739	1756	1737	+2	1592	+147
20	1443	1441	1443n	-	1339	+104
21	1347	1361	-	-	1274n	+73
26	-	699n	-	-	-	-
28	410	428	408n	+2	459n	-49
MC	1008	987	982n	+26	881n	+127

MARKET MAY HAVE PEAKED FOR THE MOMENT

The market held up well to record a minor positive adjustment of 7 cents to 1434 despite the A\$ rising to above 70 cents and this series' increased volume of 8% from the previous sale. Recent market rises had drawn a bit of wool out of Sale 99 into this week's offering to have 46,200 bales on offer but by the end of the sale this figure had dropped to 41,770 (a 9% reduction). The best gains for fleece wools were in the finer microns (17 to 18) which rose by 25 to 35 cents with 18.5s and 21s adding 10 to 15 cents and 19 to 20 micron either side of fully firm. Buyers were very keen on the superior style, superfine types with good specs which looked 150 to 250 cents higher than similar types without the excellent style. Skirtings also added to their values with the emphasis on the better style, low VM lots as gains ranged from 10 to 40 cents across the board. Merino cardings kept their upward trajectory going as M LKS led the way and rose by 35 to 45 cents with all other types in this category up to 10 cents dearer. The 3 MCIs are now averaging 1000 cents - the highest point since end of February. Crossbreds had a quieter sale with most types recording minimal gains of 5 cents. As was mentioned earlier, the AWEX EMI added 7 cents to 1434: its second highest point of the season and just 15 cents behind this year's (and the season's) peak of 1449 in early February. In US\$ terms the EMI broke through the 1000 cent barrier to 1004 (a 10 cent lift) as the FRX crept higher to close in on 70 cents. The pass-in rate was higher at 10% in contrast to the rising market.

The market recorded its 4th weekly rise totaling 67 cents and seemed to steady even with the wild swing in the exchange rates (over 2.5% at times) which left buyers confused as to raise or drop their limits. This was especially seen across the medium microns which just maintained previous levels. As a result, indent operators and direct to mill purchasers operated in a tight price bracket depending on where the A\$ was at with traders taking a more cautious approach and not wanting to risk exposure to the FRX. Global stock markets continue to be erratic due to the hike in inflation that will drag up interest rates well into next year with most markets falling between 10 to 15% this year. This is having a dire effect on consumer confidence around the world with confidence in the USA down to levels not seen since the GFC 15 years ago. In Europe, the war has also stung consumer confidence as discretionary spending has fallen by 60%. On the flip side, many people around the globe have saved money like never before since the pandemic started (consumers in the US are sitting on \$2 trillion in savings) and will be ready to spend when able to once Covid-19 restrictions are lifted. This will be good for the wool market as well as many other goods and services that consumers will take to. For the first time in a long time, the 18 to 21 micron indicators are dearer in Fremantle than the 2 centres on the East Coast, except 18 microns in Melbourne. This may not last too long as a re-alignment of the 3 centres will be on the cards very soon. 46,400 bales are on offer next week with the prospect of reaching a season high unlikely as most buyers talk a market staying stable at best.

Southern Aurora Forward Prices

Micron	Date	Low
21	July 22	1330

Main Buyers (this week)

1	Techwool Trading	5904	2	Tianyu Wool	4108	3	Endeavour Wool	3303
4	Fox & Lillie	3002	5	PJ Morris Wools	2697	6	Sequoia Materials	2404

Eastern Market Indicators (AUD cents/kg clean)
1434 cents ↑ 7 cents compared with 13/05/2022

Northern Market Indicators (AUD cents/kg clean)
1536 cents ↑ 15 cents compared with 13/05/2022

AUD/USD Currency Exchange

0.6999 ↑ 0.0036 compared with 13/05/2022