



WEEKLY MARKET REPORT

Week Ending 27th May, 2022
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S47/21	This Week M47/21	Last Sale S46/21	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2705	2717	2708	-3	2288	+450
18	2198	2224	2210	-12	1931	+314
19	1739	1746	1739	-	1622	+147
20	1430	1432	1443	-13	1364	+104
21	1343n	1354	1347	-4	1299n	+73
26	-	694	-	-	-	-
28	403	427	410	-7	458n	-49
MC	1001	996	1008	-7	890n	+127

JUST A HICCUP, HOPEFULLY

After 8 straight selling days of the market rising since the Easter recess it fell, though not to the extent that some exporters had predicted. Most in the trade had seen signs that the medium to broad wools (19s to 22) had peaked last series the in the 3 centres. The run of market gains over the past month totaled 69 cents and was the best run of continuous gains for almost a year. The rising A\$ and a change in sentiment caused the market to retract by 14 cents to 1420 (1%), in US\$ terms the market actually rose by 4 cents to 1008 due to the change in the FRX. The losses in Sydney weren't as bad as in Melbourne as 18, 18.5 and 20 microns lost 10 to 20 cents with all others par to 5 cents down. Best style types with good AM results received virtually the same level of support as last sale and the lower style lots came back in price. The skirting sector experienced a similar pattern to their fleece counterparts with the better style types unchanged from last series while lots with cott/colour and seedy jowls in them were 10 to 20 cents cheaper. Cardings couldn't keep the rises of the past 3 weeks going (79 cents) and shed 7 cents to 1001 - burry LKS and CRT were the main culprits that fell by 10 to 20 cents with all other types in this sector fully firm. In line with the merino sector, crossbreds fell with a 10 cent loss across the board. The passed-in rate rose to 14%, highlighted by a 20% pass in rate of Fremantle's merino fleece offering and just 75% of all the crossbred selection selling - the figure for Sydney was as high as 34% not sold for their crossbreds.

This sale could be best described as a "hiccup" with sentiment down in the opening session, but the stabilizing FRX led to a change of tone as competition increased, causing the market to finish on a firm note especially in Sydney and Fremantle. Chinese topmakers and renewed interest from some of their carbonizers highlighted buying lists this sale. Trading houses took a more cautious approach initially, looking for some stability in the FRX to work out their buy/sell risk and then competed well in the final session. As mentioned above, early stage processors were keen to secure volume and this buying confidence can be passed down the processing pipeline, keeping the price of wool sustainable all through the system. As well as the fleece room, this confidence was evident in the skirting and oddment sectors. This all augers well for the short term despite the ongoing concerns of patchy demand in Europe, the shipping dramas and Covid-19 lockdowns in China seemingly not to be resolved anytime soon, and the inflation and interest rate rises concerning governments around the world. Will they have to implement more stimulus packages to save their economies from going into recession, or rely on consumers spending their now \$ trillions (globally) of pent up savings from Covid?

With the market showing signs of recovery late in selling, hopes that it can regain the losses look ok provided the A\$ doesn't continue to climb into the mid/low 70s. The next fortnight has an average of 34,400 bales on offer: the lowest since December last year this lack of volume should help.

Southern Aurora Forward Prices

Micron	Date	Low
21	July 22	1330

Main Buyers (this week)

1	Tianyu Wool	5255	2	Techwool Trading	3783	3	Fox & Lillie	3560
4	Sequoia Materials	3417	5	Endeavour Wool	3129	6	PJ Morris Wools	2953

Eastern Market Indicators (AUD cents/kg clean)
1420 cents ↓ 14 cents compared with 20/05/2022

Northern Market Indicators (AUD cents/kg clean)
1528 cents ↓ 8 cents compared with 20/05/2022

AUD/USD Currency Exchange
0.7099 ↑ 0.01 compared with 20/05/2022