



WEEKLY MARKET REPORT



Week Ending 8th July, 2022

AWEX Northern Micron Indices Comparison

AWEX INDEX	This Week S01/22	This Week M01/22	Last Sale S52/21	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2662	2703	2698	-36	2536	+126
18	2095	2192	2131	-36	2115	-20
19	1698	1727	1747	-49	1748	-50
20	1456	1487	1494	-38	1427	+29
21	1403	1418	1442	-39	1312	+91
26	-	705	-	-	-	-
28	-	412	408	-	470n	-
MC	919	901	929	-10	959n	-40

FMD IN BALI HAS ALARM BELLS RINGING

The news this week that FMD has been detected in Bali has the Department of Ag and AQIS scrambling to stop it coming to Australia as it could spell disaster for Australia's \$100 billion ag sector. Bali is one of our premier tourist destinations, and it has 65 cases while the number in Indonesia is now surpassing 230,000. Tourists have been asked not to visit farms, or touch animals and leave all footwear in Bali before boarding their flights home. Tougher biosecurity measures and detection dogs are in place in Cairns and Darwin airports to combat the risk of the disease entering Australia. There have even been calls for foot dips to be implemented at all airports for incoming passengers from Bali to mitigate the risk of it here. This is a serious threat to the wool market considering what happened in South Africa in April when China stopped buying their wool after their FMD outbreak.

The opening sale of the new season began as the old season finished, on a downer with large volumes snuffing out any chance of a stable market. All the good work the market had done in the 1st 3 weeks of June (a 60 cent lift) has been given back and some as the market has fallen by 67 cents over the past fortnight. The AWEX EMI fell by 23 cents to 1407, even with the very favourable FRX that fell to below 68 cents (a 2 year low). The fall was larger in US\$ terms with a 31 cent retreat to 956 cents. Merino fleece losses were very even across all microns (30 to 50 cents) while the best topmaker and spinner's types with correct specs still made 150 to 200 cent premiums above the market, some other lots with good specs were nearer to last series' levels than this week's quotes. In an encouraging sign, most microns were firm to dearer in the final session. Skirtings didn't look to suffer the magnitude of falls like their fleece counterparts as short, high VM types lost 20 to 30 cents while the better style types only gave up 5 to 15 cents as they also were tending sellers' favour on the final day. The carding market also looked to be impacted minimally as most types in this sector gave back 10 to 20 cents while the MCI fell by 10 cents to 919. The XB market struggled to find any definitive direction to finish in buyer's favour. Strangely enough the passed-in rate fell by 5% to 14% even with Fremantle clearing just 74% of their offering.

This time of year always brings larger volumes onto the market with growers either wanting to sell at the end of June or early in July for tax reasons and to sell before the 3 week winter recess. As late as Monday, this week's sale was forecast to be 56,400 bales: by the finish of selling on Wednesday that figure had reduced to 48,800 bales, a 13% drop. The corresponding sale last season actually had more wool in it by 2,400 bales. The problem for next week is the largest volume since March 2020, when the industry's software provider was hacked and we had to cancel a sale. It currently stands at 61,000 bales. We can nearly bank on a 10 to 15% withdrawn rate that will give us between 55 and 52,000 bales on offer. Hopefully, with a 3 week sale recess upon us buyers will be able to find enough finance and demand to soak up this extra wool on offer.

Southern Aurora Forward Prices

Micron	Date	Low
21	Aug 22	1400

Main Buyers (this week)

1	Techwool Trading	7599	2	Endeavour Wool	3955	3	Tianyu Wool	3868
4	Sequoia Materials	3140	5	Fox & Lillie	3118	6	Australian Merino	2529

Eastern Market Indicators (AUD cents/kg clean)
1407 cents ↓ 23 cents compared with 01/07/2022

Northern Market Indicators (AUD cents/kg clean)
1483 cents ↓ 26 cents compared with 01/07/2022

AUD/USD Currency Exchange
0.6796 ↓ 0.0109 compared with 01/07/2022