



WEEKLY MARKET REPORT

Week Ending 9th September 2022
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S10/22	This Week M10/22	Last Sale S09/22	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2495	2498n	2608	-113	2428	+67
18	1973	1966	2009	-36	2032	-59
19	1622	1620	1622	0	1675	-53
20	1406	1403	1403	+3	1364	+42
21	1321	1341	-	-	1279	+42
26	-	694n	-	-	-	-
28	375n	377	375	0	467	-92
MC	862n	838	859	+3	885	-23

LOWER DOLLAR AND FALLING MARKET, GO FIGURE?

This week's wool market again succumbed to weaker demand as the A\$ struggled to stay above the 67 cent mark despite the FRX moving in exporters' favour by 2.75%. The cross rate against the Euro was also in growers' favour by 1.35% but despite these better terms to buy wool, both the Europeans and Chinese adopted a wait-and-see approach for the market especially in the finer microns (<17.5) which fell heavily by 70 to 135 cents. Broader microns (>19) did the opposite to their finer counterparts as rises of up to 30 cents were had. All other sectors were fully firm to slightly dearer.

As we mentioned, finer fleece types drove the market down. The AWEX EMI fell by 11 cents to 1319. The A\$ lost value against most currencies as the EMI in US\$ terms came back by 29 cents to 886 - its lowest point for almost 2 years. 17.5 and finer gave back 70 to 115 cents while 18 to 18.5s fell 20 to 35 cents with coarser microns in sellers' favour by up to 10 cents. Better style skirtings gained 10 cents as did most types in the merino carding sector with XBs fully firm to just dearer (26 micron in Melbourne lifted by 3.6%). Despite the large downward price adjustments in the fine fleece sector, the passed-in rate fell to 11%. A lot of showfloor talk late in the week was the magnitude of the falls that could've occurred had the FRX rate not been so kind to growers. This pattern of a cheaper market in September is nothing new. Weaker demand even with sub 40,000 bale weekly offerings and FRX rate in our favour may not change the fortunes of the market. Finer types have fallen dramatically since the late June peak in the market of 1474 cents with some wools back by 300 to 400 cents, especially fleece wools carrying over 2% VM. These better types that are made into high end fashions can be hard to sell at this time of year so buyers are erring on the side of caution, taking on stock inventory is in play provided the market doesn't take another nosedive in this sector.

The volume of buying is failing to match the auction volumes as South Africa resumes selling following the Chinese lifting of the FMD ban. Once the backlog of wool in containers on S.A. wharfs clears then the market might get some better market signals and return to some form of normality. Speaking of containers, the price of a container from Shanghai to Los Angeles has dropped by a whopping 72% in 12 months (US\$17,500 to US\$4,900) due to more ships getting back onto the oceans and delivering goods in a time frame close to pre Covid-19 times. This price of \$4,900 is still 3 times higher than in 2019.

Ram sales started in earnest this week. Haddon Rig sold yesterday clearing 96% of the 384 offered to average \$3,155 with a top price of \$24,000.

Southern Aurora Forward Prices

Micron	Date	Low
21	Oct 22	1280

Main Buyers (this week)

1	Techwool Trading	4033	2	Tianyu Wool	3407	3	Endeavour Wool	3223
4	Australian Merino	3040	5	Fox & Lillie	2753	6	PJ Morris Wool	1763

Eastern Market Indicators (AUD cents/kg clean)
1319 cents ↓ 11 cents compared with 02/09/2022

Northern Market Indicators (AUD cents/kg clean)
1402 cents ↓ 14 cents compared with 02/09/2022

AUD/USD Currency Exchange
0.6716 ↓ 0.0166 compared with 02/09/2022