

AWEX INDEX	This Week S19/22	This Week M19/22	Last Sale S18/22	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2200	2037n	2233	-33	2338	-138
18	1838	1757	1878	-40	1950	-112
19	1534	1536	1544	-10	1613	-79
20	1370n	1365	1392n	-22	1334	+36
21	-	1283	-	-	1287n	-
26	608	618	600n	+8	740n	-132
28	345	340	345n	0	418n	-73
MC	885	882	885n	0	858n	27

## MARKET CLOSING IN ON A SEASONAL LOW

Another negative series for the wool market despite being the smallest national offering for 6 weeks as plenty of factors conspire to see the wool market head closer to the seasonal low point of 1235 seen in early October. Global concern over fears of a recession, the conflict in Ukraine, Pacific tensions over Taiwan, coupled together with China's reintroduction of their zero Covid 19 policy are all preventing the wool market from gaining any forward traction as we move into Christmas and the New Year.

The AWEX EMI fell by another 20 cents to 1241, now just 6 cents above the season's low point of 1235. Prospects for the market were being talked up until the FRX climbed above 65 cents to limit any chance of a dearer market. In a setback for superfine woolgrowers in this designated "superfine sale", under 18 microns took the brunt of the falling market, dropping by 35 to 55 cents (some of the very best style wools in this micron range did in fact appreciate in value by 30 cents) as coarser types lost another 10 to 20 cents. Skirtings lost 20 to 30 cents with superfine lots <17 micron falling by 50 cents. The carding sector was well supported for the sale with all types fully firm while Crossbreds bucked the falling trend of the Merino sector and were up to 10 cents higher. Growers offering in this sale were more accepting of the prices as the pass-in rate fell by 5% to 14% despite the FRX rising by 2% to 65 cents. Market intel had the market very solid to slightly dearer until the changing fortunes of the FRX moved the positive sentiment to negative. With just 6 cents to go till we hit the low point of the season, the impetuous that the market had a month ago has almost completely gone. Demand from our largest and most critical customer, China, is 'hit and miss' at best and low in volume. There were some spatterings of business done after the opening day's auctions to have the market steady in the final session. Indian and European enquiry and indent orders are the major players in the market at the moment but are not large enough to absorb all the available volume on offer. Manufacturers outside of China are hampered by a lack of experienced staff and the rapidly increasing cost of energy, so much so that some mills are looking to reduce shift/operating hours even though the demand on their manufacturing space at good price levels is available.

One factor in our favour is the upcoming Xmas recess and Chinese New Year holiday. Mills wanting wool to keep machinery running immediately into the new year would have to purchase wool in the next few sales and have it on the water no later than the 1<sup>st</sup> week of December. Chinese New Year is on Sunday 22<sup>nd</sup> January which will also see a week of low production in China with mills keen to have plenty of raw material on hand to keep production ticking over before and after this weeklong festival. Next week's market will need demand to pick up and the FRX to favour the A\$ if we're to avoid a seasonal low point.

### ***Southern Aurora Forward Prices***

Micron	Date	Low
21	Dec 22	1270

### ***Main Buyers (this week)***

1	Techwool Trading	3421	2	Endeavour Wool	3381	3	Fox & Lillie	2239
4	Modiano Australia	1951	5	Tianyu Wool	1816	6	Australian Merino	1738

Eastern Market Indicators (AUD cents/kg clean)  
1241 cents ↓ 20 cents compared with 03/11/2022

Northern Market Indicators (AUD cents/kg clean)  
1333 cents ↓ 20 cents compared with 03/11/2022

AUD/USD Currency Exchange  
0.6496 ↑ 0.013 compared with 03/11/2022