



WEEKLY MARKET REPORT

Week Ending 4th November 2022
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S18/22	This Week M18/22	Last Sale S17/22	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2233	2128	2277	-44	2419	-186
18	1878	1798	1897	-19	1997	-119
19	1544	1539	1611	-67	1640	-96
20	1392n	1378	1438	-46	1364	+28
21	-	1298	-	-	1312n	-
26	600n	651n	-	-	725n	-125
28	345n	340	360n	-15	430n	-85
MC	885n	890	891n	-6	844n	+41

MARKET GIVING BACK THE GAINS JUST AS QUICK

Just like some of the horses in the Cup on Tuesday, the wool market has seemingly hit the wall. After the 2-week rally that saw the market claw back 88 cents a month ago the past fortnight has seen the market drop by 62 cents to put us back to square one. Business has dried up and enquiry has been greeted by an almost nil response from downstream users. The AWEX EMI lost 39 cents (3%) this week to 1261 following on from its 23 cent fall the previous series. In US\$ terms the fall equated to 31 cents to 803 as the FRX dipped below the 64-cent mark to 63.65. Losses were across the full spectrum of types, 18-micron fleeces fell by 20 cents with all other microns giving back 35 to 70 cents, the better style types less affected. Skirtings had similar falls ranging from 30 to 50 cents with, like their fleece counterparts, the better types less affected. The carding sector was the least affected with LKS/CRT in buyer's favour as the MCI fell by 6 cents to 885. Crossbreds fell by 20 to 40 cents for 30 micron and finer with 32s up by 10 cents. In Sydney the 30-micron indicator is 303 cents, a record low for this micron. The pass-in rate lifted by 2% to 20%.

Global recession fears, rising energy costs, the conflict in Ukraine and fears of harsher lockdowns in China being reinforced; as well as the sudden and rapid rise in prices (4 weeks ago) could all be playing a part in the sudden shift in sentiment over the past 2 sales. Cost of living pressures from high inflation rates which is forcing central banks to jack up interest rates is spooking consumers and cautious spending patterns is on all consumers radars. How apparel sales will perform in Europe through till Xmas will be critical for raw wool demand in the 1st half of 2023. In an extraordinary turn around, gas and electricity prices has fallen by 20 to 60% in Europe. Reports from the IWTO are favorable for fashion trends this winter with knitwear sales to be maintained at the elevated Covid-19 levels. Along with suiting sales recovering well as more workers return to the office; however, retailers are struggling to keep up with demand due to lack of stock as delays in the supply chain and logistics are still an issue.

Next weeks designated superfine sale in Sydney may not deliver the tonic for any market stabilization despite the volume falling to 36,000 bales. Moving forward the ongoing predicted lower volumes due to widespread flooding in NSW and VIC preventing wool being delivered to broker's stores may assist the market (hopefully). In good news for Macwool (and our clients) Sharpy, our senior technical manager, has agreed to a new 5-year term with the company.

Southern Aurora Forward Prices

Micron	Date	Low
21	Nov 22	1300

Main Buyers (this week)

1	Techwool Trading	4165	2	Endeavour Wool	3673	3	Tianyu Wool	2618
4	PJ Morris Wools	2228	5	Fox & Lillie	2212	6	Australian Merino	1786

Eastern Market Indicators (AUD cents/kg clean)
1261 cents ↓ 39 cents compared with 28/10/2022

Northern Market Indicators (AUD cents/kg clean)
1352 cents ↓ 32 cents compared with 28/10/2022

AUD/USD Currency Exchange
0.6366 ↓ 0.0044 compared with 28/10/2022