



WEEKLY MARKET REPORT

Week Ending 2nd December 2022
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S22/22	This Week M22/22	Last Sale S21/22	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2133	2065n	2180	-47	2413	-280
18	1775	1737	1830	-55	2021	-246
19	1558	1533	1571	-13	1660	-102
20	1396	1382	1402	-6	1372	+24
21	1302n	1296	1319n	-17	1317n	-15
26	595n	620n	592n	+3	744n	-149
28	317n	330	320n	-3	408n	-91
MC	876n	864	880n	-4	874n	+2

MARKET LOSES ALL OF LAST WEEK'S MOMENTUM

Market sentiment turned from good to bad as protests in China against the draconian Covid-19 measures that the Communist Government are still enforcing unsettled global markets and saw mills in China on the back foot in regard to purchasing wool. The good gains the market had last sale (24 cents) were wiped out and some as the AWEX EMI gave back 32 cents to fall to 1,224. The largest falls were in the sub 18.5 micron range (25 to 65 cents) with the coarser types retreating by 5 to 15 cents. Skirtings also followed their fleece counterparts down in price as consistent falls over both days saw losses of 40 to 60 cents: the lots with correct specs were least affected. The carding sector had the least money wiped off their values as all types were quoted about 5 to 10 cents cheaper. Crossbreds had similar falls to the merino cardings (either side of fully firm) but with 28s falling to 313 in the opening session, this is its lowest point on record. As the FRX rose, the EMI in US\$ terms fell by 14 cents to 820 with the pass-in rate at 17%.

Scenes in China of people protesting the savage lockdowns and restrictions brought memories back of the Tiananmen Square horror in 1989. Chinese people are absolutely fed up with their enforced lockdowns as the rest of the world moves on with life and lives with Covid-19. Global commodity markets were spooked and the wool market was no different, but a rebound in financial markets seeped into fibre markets on the prospect that China may in fact exit from their harsh Covid-19 policy. Commodity prices rallied mid-week with the weaker US\$ (the FED indicated that with slowing inflation, interest rate hikes will ease up) on speculation that consumer demand will increase if these restrictions do ease, releasing hundreds of millions of people from lockdowns just in time for Xmas shopping, something retailers in China and globally will be sweating on.

The market is at a new low point for the season at 1224 and its lowest mark since January 2021. Finer wools have dragged the market down since the beginning of the season - there is 100 cents difference between 21 micron (1400 to 1300), but 140 cents in the 19s and a massive 530 cents for 17 microns. As we said earlier, the 28 micron indicator hit its lowest point since records started 313 cents (clean) this equates to about 180 to 220 cents greasy depending on length, yield and VM. The national offering to date this season is behind last season by 6,000 bales. In overall value, next week will see \$1 billion worth of wool sold (\$996 million so far) this is \$25 million less than last season. The dry weather over the past fortnight has allowed wool to come into brokers stores with the national catalogue rising to 45,000 bales, the biggest since early August and hopefully some business can be done to absorb this extra volume.

Southern Aurora Forward Prices

Micron	Date	Low
21	Dec 22	1250

Main Buyers (this week)

1	Endeavour Wool	4233	2	Techwool Trading	4135	3	Tianyu Wool	3465
4	Sequoia Materials	1750	5	Michell Wool	1729	6	PJ Morris Wools	987

Eastern Market Indicators (AUD cents/kg clean)
1224 cents ↓ 32 cents compared with 25/11/2022

Northern Market Indicators (AUD cents/kg clean)
1310 cents ↓ 26 cents compared with 25/11/2022

AUD/USD Currency Exchange
0.6696 ↑ 0.0059 compared with 25/11/2022