



WEEKLY MARKET REPORT

Week Ending 31st March 2023
AWEX Northern Micron Indices Comparison



| AWEX INDEX | This Week S39/22 | This Week M39/22 | Last Sale S38/22 | Sydney Change | Last Year Sydney | Sydney Yearly Change |
|------------|------------------|------------------|------------------|---------------|------------------|----------------------|
| 17 | 2233 | 2188 | 2242 | -9 | 2620 | -387 |
| 18 | 1933 | 1905 | 1950 | -17 | 2084 | -151 |
| 19 | 1656 | 1648 | 1656 | 0 | 1664 | -8 |
| 20 | 1515 | 1504 | 1490n | +25 | 1386 | +129 |
| 21 | 1431n | 1439 | - | - | 1281n | +150 |
| 26 | 515n | 565 | 520n | -5 | - | - |
| 28 | 330n | 338 | - | - | 383n | -53 |
| MC | 859n | 878 | 865n | -6 | 940n | -81 |

HOLDING ON BY THE FINGERNAILS

Without wanting to paint a bleak picture the market basically marked time overall as better types improved and off types eased along with crossbred wool as the EMI ended the week exactly where it started. As we have stated in the past the EMI isn't the best way to track how your wool might have traded on any given week. The Eastern Market Indicator is a weighted basket of indicators comprising of all the above plus a couple more off types. The weighted basket is reviewed and changed every few years to reflect the changes in the profile of the wool clip. For example, the proportion of wool finer than 19 micron has risen from 10% to close to 40% in the last 30 years hence the regular re-weighting.

This week it was the merino fleece categories 19.5 to 21 micron of good specs that performed the best and particularly so in WA where the passed in rate was down from an average of 16% to 12%. This is particularly pleasing for us as this covers the majority of our types and as we move towards late autumn and winter the bulk of our wool will fit this category and selling well above last season's levels. The offering and support for the finer types was much affected by the quality of the wool. The better lines were dearer and lines carrying less than ideal characteristics were slipping through the cracks.

Competition this week was for the 19.5 to 21 μ sector and was dominated by Chinese mills while the better, finer lines were well supported by Italian mills. Indian interests were present as that country continues to increase its role in trading and processing. As mentioned last week an Australian delegation visited India last week to have talks on an ongoing industry working group. We believe this went well and gave our Australian industry a better insight into the future and progress of growth there. It seems that the three main early stage processors are ramping up production and have plans to increase capacity which could see India move from the 6% range to the 8% range. The real growth to become a major player of say 12% to 15% would only come from major investment in new plant and machinery - probably by a new entrant from outside of India. But the increased interest of late is a welcome dynamic to the auction room.

The lack of dumping capacity domestically here is still causing a huge impost on buyers' liquidity, the closure of Melbourne's smallest dump last year has had much greater implications than most thought. The wait time to have wool containerised can be as much as six weeks compared to the normal 10 to 14 days. Confidence is consolidating globally but local capacity is the limiter at present.

Next week a larger offering of 52,700 bales will be offered in three centres prior to a one week recess for Easter.

Southern Aurora Forward Prices

| Micron | Date | Low |
|--------|---------|------|
| 21 | July 23 | 1450 |

Main Buyers (this week)

| | | | | | | | | |
|---|------------------|------|---|----------------|------|---|-------------------|------|
| 1 | Techwool Trading | 7189 | 2 | Endeavour Wool | 4506 | 3 | Fox & Lillie | 3449 |
| 4 | Tianyu Wool | 2877 | 5 | United Wool | 2494 | 6 | Australian Merino | 1829 |

Eastern Market Indicators (AUD cents/kg clean)

1318 cents → unchanged compared with 24/03/2023

Northern Market Indicators (AUD cents/kg clean)

1395 cents ↑ 3 cents compared with 24/03/2023

AUD/USD Currency Exchange

0.6683 ↓ 0.0055 compared with 24/03/2023