



WEEKLY MARKET REPORT

Week Ending 30th June 2023
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S52/22	This Week M52/22	Last Sale S51/22	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	1793	1842	1842	-49	2698	-905
18	1545	1608	1585	-40	2131	-586
19	1412	1402	1415	-3	1747	-335
20	1316n	1333	1335n	-19	1494	-178
21	-	1247	-	-	1442n	-
26	-	520n	-	-	-	-
28	298n	318	-	-	408	-110
MC	748n	708	741n	+7	929	-181

End of Financial Year Finishes Underwhelmingly

The last sale of this financial year ended rather poorly, giving the Australian wool market its eighth week in a row of losses. A weaker dollar couldn't halt the falling market, which highlights the demand story. Prior to the auctions opening, business had been booked up at levels lower than last week's close, and this was evident by the strong purchasing from Chinese top makers, with still no guide to where the bottom of the market may be.

The final sale of the season allows us to reflect upon the numbers that matter: 1,876,638 bales were offered in the last 12 months, 14,716 bales greater than last year. The EMI lost 304 cents for the season, a drop of 21.3%. In US terms a 24.2% reduction was 239 US cents back and the total dollar amount was \$2,417 million, \$173 million less than the 2021/22 season. When compared with the livestock indicators for the year, the wool market has performed quite admirably.

China continues to be our strongest trading partner in the Australian wool market, taking some 79% of the total volume, with Italy, India and Czech Republic making substantial contributions at around 5% each. Investment in the Chinese wool processing industry continues its expansion, even though sales into the Northern hemisphere are rather sluggish at the moment. Their textile manufacturing is deeply integrated into the world economy, so our wool industry has great reliance on it being successful and resilient.

With the rest of the world working to slow inflation and spending, China's Central Bank reduced interest rates last week in the attempt to stimulate the economy there. During Covid, no money was given to keep workers and businesses going, and when the lockdown was finished, the recovery was much smaller than predicted. With at least 50% of the total wool imported into the country being consumed by locals, could this be the start of a demand driven recovery?

Reaction by growers to the weaker market has seen the volume in next week's S01/23 reduced to under 43,000 bales. We will find out early what the week holds, selling first on Tuesday.

Southern Aurora Forward Prices

Micron	Date	Low
21	July 23	1235

Main Buyers (this week)

1	Tianyu Wool	5881	2	Techwool Trading	5560	3	Endeavour Wool	4022
4	Sequoia Materials	2413	5	PJ Morris Wools	2354	6	United Wool	2291

Eastern Market Indicators (AUD cents/kg clean)
1126 cents ↓ 13 cents compared with 23/06/2023

Northern Market Indicators (AUD cents/kg clean)
1174 cents ↓ 21 cents compared with 23/06/2023

AUD/USD Currency Exchange
0.6643 ↓ 0.0153 compared with 23/06/2023