



# WEEKLY MARKET REPORT

Week Ending 25<sup>th</sup> August 2023

AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S08/23	This Week M08/23	Last Sale S07/23	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	1765n	1798	1872	-107	2413	-648
18	1515	1548	1583	-68	2017	-502
19	1386	1414	1424	-38	1663	-277
20	1307n	1321	-	-	1357	-50
21	-	1259	-	-	1263n	-
26	-	568	468n	-	770n	-
28	340n	340	330n	+10	475n	-135
MC	730n	695	734n	-4	873n	-143

## The Slippery Slope Continues

We're now three weeks into the selling season post-recess and the pre-recess optimism has evaporated with concern growing for the coming months. The hope that after interest rate cuts, a rebooted Chinese economy would stimulate consumer confidence has waned with really the only global economy going forward being Japan.

This week saw an AWI Board meeting as well as the annual wool industry scrum of all sector's AGMs and the industry dinner. Just about every opinion we sought was in agreement that the recovery is slower than expected, and while the worst is behind us it will be next year at least before the trend line moves consistently upwards.

The weaker sentiment has seen a few interesting changes from a couple of different sectors. One major European mill has slowed down processing of merino wool in favour of a much higher component of crossbred types purely just to keep machinery running but at a much lower cost base until the conditions pick up. The Italian sector is using the lack lustre competition as an opportunity to be more selective on type and specs, specifically purchasing differing traits like fibre curvature for select orders to deliver a better end product.

A couple of large Chinese topmakers are using the slower trading conditions to carry out major upgrades and refurbishments. This is being seen as a clear signal that they are not concerned about supply chain movement out of China, and they will be super competitive when things improve. The big four topmakers in China account for 20% of global capacity with retention of fibre for domestic consumption accounting for between 40% and 80% of their throughput.

The offering this week was around 10,000 bales less than the expected 48,000 bales to be offered next week and whilst the pass in rate was 15% so far, the season is averaging under 10%, or 5% lower than last year. With pressure on red meat prices, we expect even at these market levels many growers will be active sellers.

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

Micron	Date	Low
21	September 23	1225

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

1	Techwool Trading	4511	2	Tianyu Wool	3392	3	Endeavour Wool	3054
4	Pelican Australia	2962	5	Australian Merino	2125	6	Fox & Lillie	1891

Eastern Market Indicators (AUD cents/kg clean)

1127 cents ↓ 39 cents compared with 18/08/2023

Northern Market Indicators (AUD cents/kg clean)

1171 cents ↓ 42 cents compared with 18/08/2023

AUD/USD Currency Exchange

0.6439 ↓ 0.0012 compared with 18/08/2023