



# WEEKLY MARKET REPORT

Week Ending 11<sup>th</sup> August 2023

AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S06/23	This Week M06/23	Last Sale S02/23	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	1900	1885	1858	+42	2594	-694
18	1627	1618	1617	+10	2028	-401
19	1448	1474	1486	-38	1617	-169
20	1378n	1400	1378n	0	1384	-6
21	-	1382	-	-	1312n	-
26	-	605	-	-	-	-
28	330n	335	320n	+10	380	-50
MC	752n	712	752n	0	866	-114

## A Cautious Start....

Early commentary in the week was indicating that sales would ease into the new season somewhere about where it ended three weeks ago. That was pretty well on the money until late on the second day as demand started to wane. The opening day saw middle micron merino types lead the way whilst the finer end struggled, and the second day saw the reverse with a decent kick in the 17 micron categories. The size of the offering this week was well down on last season and with a lower dollar (down by 1.7 cents since the close) it really should have seen the market respond a little more positively. But that's a feature of all markets at present whilst we wait for the upcycle of interest rates and the down cycle of confidence to run its course.

What showed no sign of recovery was the pricing of broad crossbred types with many of the lower cast lines very hard to attract any interest from buyers. Growers of these types are very frustrated with the returns not even getting close to cost of shearing recovery and there seems only two options to address this. Either move to non-wool shedding breeds and rely totally on the meat market or shift back to a merino ewe base and join terminal rams for a fat lamb. Despite the recent higher cost of shearing, I would wager that the wool income from the merino ewe will add resilience to farm incomes whilst the surplus sheep/lamb market is in the doldrums. All indications we are getting on the wool harvesting issue is an improving situation and we are not likely to see a repeat of the critical shortages seen the past couple of seasons through covid and surplus merino ewes haven't been this cheap for 20 years.

It will be interesting to see over the coming months how ram sales open. I have been to several field days and stud displays recently and the stud breeders are rightly nervous about how buyers are thinking at the moment. The trend towards polls on a plainer frame is certainly evident and there is much competition in this space.

A similar sized offering of 46,800 bales will be offered in three centres next week and we aren't expecting any great shift as traders wait for more positive news particularly from the Chinese economy. The rate cut by the central bank in China may have to be repeated to see a definite shift there. A good result over the next month will be a consolidation around these levels.

### Southern Aurora Forward Prices

Micron	Date	Low
21	September 23	1305

### Main Buyers (this week)

1	Techwool Trading	7521	2	Tianyu Wool	6409	3	Endeavour Wool	4546
4	Sequoia Materials	3072	5	Pelican Australia	2631	6	Australian Merino	2299

Eastern Market Indicators (AUD cents/kg clean)

1176 cents ↓ 3 cents compared with 14/07/2023

Northern Market Indicators (AUD cents/kg clean)

1225 cents ↑ 2 cents compared with 14/07/2023

AUD/USD Currency Exchange

0.6562 ↓ 0.0170 compared with 14/07/2023