



WEEKLY MARKET REPORT

Week Ending 27th August, 2021

AWEX Northern Micron Indices Comparison

AWEX INDEX	This Week S08/21	This Week M08/21	Last Sale S07/21	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2413	2443	2394	+19	1445	+968
18	2017	2033	2006	+11	1239	+778
19	1663	1673	1654	+9	1076	+587
20	1357	1369	1352	+5	1025	+332
21	1263n	1260	1253n	+10	1016n	+247
26	770n	765n	-	-	680n	+90
28	475n	485	480n	-5	465n	+10
MC	873n	909n	880n	-7	621n	+252

MARKET REGAINS SOME LOSSES!!

As we hinted last week the market's fortunes could take a turn for the better and it did, albeit a small advancement. The opening day's session certainly saw this with a solid rebound for all merino combing types. The final day saw a slight downward trend of prices but still had the market in the positive when the weekly report was broadcast to all and sundry. The AWEX EMI added 15 cents to 1350 as the FRX was mainly stable week to week after falling to 71.65 earlier in the week. The gain wasn't as significant in US\$ terms with an 8 cent lift to 978. Most microns were up to 10 cents dearer by the end of selling. 17s were 20 cents dearer and some of the better types up to 50 cents higher on the opening day with some superior lots attracting 200 to 300 cent premiums. Skirtings added 10 to 20 cents across all microns and VM levels. Cardings were unable to maintain the opening sessions' gains to finish the sale 10 to 20 cents lower. Crossbreds finished about par for the week as the passed-in rate fell to 14%.

The Chinese domestic market is going through its usual slowdown as manufacturers wait on market signals from retailers about the new season's collections. While there seems to be enough greasy wool about, stocks of yarn and wool-tops in the pipeline are light on - a good prospect that buying patterns will soon ramp up for Spring. We can already see this from a few Italian buyers with interest coming out of Europe more bullish than China. Show floor talk has centered on supply flow to auctions rather than demand and if current prices can hold before increased demand pushes the market higher. The market's fall in the two opening sales since resumption can be put down to several things - the latest wave of Covid-19 which peaked on 9th August but has improved since, a typhoon and floods that disrupted supply chains, as well as the container terminal at Nimbo closing. Most mills are running at near capacity but are still experiencing labour shortages making deadlines hard to meet. China is still aiming to have 70-80% vaccinated by Christmas, with a GDP growth projection of 8-9% this financial year and the next 5 year average to be 5%. China is now a trading giant on the world stage with 70% of the globe's economic growth coming from China over the past 10 years - 40% of Australia's trade is done with China.

Over the 6 months till 30th June, China's imports of wool were 70% from Australia, 10% from South Africa and 7% from New Zealand with exports of wool tops to Italy back by 14% and Japan a massive 45%. Womenswear outperformed menswear and more knitwear was produced than woven products. In a funny sideline, because of the hardline Communist regime, PETA was refused entry into China when trying to set up an office. They then tried to set up in Hong Kong with a WE Chat account but it was closed down and they were branded a "terrorist group" (how true!!). Market should be either side of firm depending on type and buyer.

Southern Aurora Fwd Prices

Micron	Date	Low
21	Nov. 21	1260

Main Buyers (this week)

1	Tianyu Wool	3289	2	Techwool Trading	3059	3	Endeavour Wool	2587
4	Fox & Lillie	2293	5	Australian Merino	1847	6	Sequoia Materials	1482

Eastern Market Indicators (AUD cents/kg clean)
1350 cents ↑ 15 cents compared with 20/08/2021

Northern Market Indicators (AUD cents/kg clean)
1433 cents ↑ 5 cents compared with 20/08/2021

AUD/USD Currency Exchange
0.7242 ↓ 0.0022 compared with 20/08/2021