



WEEKLY MARKET REPORT

Week Ending 8th April, 2022
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S40/21	This Week M40/21	Last Sale S39/21	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2613	2603n	2620	-7	2118	+495
18	2089	2120	2084	+5	1828	+261
19	1676	1679	1664	+12	1582	+94
20	1379	1385	1386	-7	1365	+14
21	1293n	1291	1281n	+12	1285n	+8
26	-	640n	-	-	-	-
28	382n	390	383n	-1	530n	-148
MC	935n	956n	940n	-5	877n	+58

SOUTH AFRICA'S PAIN – OUR GAIN

Once again, we saw outside influences dictate the direction of the wool market. A good opening session couldn't be maintained on the final day, seeing the market fall for the 4th week in a row. Over the weekend news broke from South Africa that an outbreak of Foot and Mouth Disease had been detected in 3 provinces. China was swift to announce an import ban on all cloven hoof animals and their products from South Africa as of Saturday 2nd April. The ban included wool that has already been sold to Chinese mills and on route to China. This is to be quarantined at the dock once unloaded from its ships - dozens of containers according to one exporter here. The previous FMD outbreak in 2019 saw the ban of wool exports for 8 months to China. As a result, South Africa's wool sales have been postponed in the interim. This sudden "shortage" of wool available to buyers saw the market increase by good margins early in the week, but a major buyer's absence due to Covid-19 in the final session saw the market retreat by similar prices. By the end of the sale the AWEX EMI had lost 6 cents to 1369 but added 4 cents in US\$ terms to 1036 - this due to the A\$ rising to 75.60 cents. Micron movements were small with 16.5 and 18/18.5s in seller's favour as 19 and 21 micron lifted by 10 cents while all other microns averaged just a 5 cent loss. The skirting market was less volatile as types <3% VM with good AM results were in buyer's favour with all others down 10/15 cents. Cardings also had an up and down sale as the slight improvement on the opening was negated on the final session to have the MCI fall by 5 cents to 935. Most types lost 5 to 10 cents with burrier lots (>3%) most affected. The crossbred market continues to cheapen as lots over 1.5% VM lost 5 to 15 cents with lower VM lots unchanged. The passed-in rate moved fractionally higher to 14%.

The news from South Africa resulted in orders being transferred to Australia and the effect was swift. Those brokers (including us) selling on the opening day benefitted from more orders in the market and a scramble to secure wool. This momentum stalled later in the sale as the purchasing urgency was gone and a major buyer was absent and could not find anyone to bid for him thus making the market cheaper. The FRX saw the A\$ strengthen, especially against the Euro (by almost 4%) making the A\$ at its strongest level against the Euro in 5 years forcing the cost of wool up by 3.3% for those buying in Euro. The 2 other major currencies (US\$ and CNY) compared to the A\$ are at equivalent rates of 10 months ago. New lockdowns in key logistical and demand areas in China also led to the final day fall. When sales will resume in South Africa is hard to say, but their biosecurity protocols and risk mitigating measures should ensure a speedy return to normal trade thus eliminating a backlog of wool. China will ultimately make a decision on when it will allow imports to resume from South Africa.

Next week's wool sale is the final sale before the one week recess after Easter. Rostered volumes are 48,400 bales for the 3 centres with not much downward movement, hopefully???

Southern Aurora Forward Prices

Micron	Date	Low
21	May 22	1280

Main Buyers (this week)

1	Techwool Trading	6347	2	Fox & Lillie	3790	3	Endeavour Wool	3333
4	Sequoia Materials	3201	5	Tianyu Wool	2571	6	Australian Merino	2511

Eastern Market Indicators (AUD cents/kg clean)
1369 cents ↓ 6 cents compared with 01/04/2022

Northern Market Indicators (AUD cents/kg clean)
1466 cents ↓ 3 cents compared with 01/04/2022

AUD/USD Currency Exchange

0.7571 ↑ 0.0064 compared with 01/04/2022