

AWEX INDEX	This Week S45/21	This Week M45/21	Last Sale S44/21	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2683	2732n	2631n	+52	2268	+415
18	2178	2258	2109	+69	1913	+265
19	1737	1746	1723	+14	1597	+140
20	1443n	1446	1426	+17	1344	+99
21	-	1366	1331n	-	1277n	-
26	-	699n	-	-	-	-
28	408n	443	397n	+11	499n	-91
MC	982n	969	946n	+36	901n	+81

MARKET DEFIES ECONOMIC OUTLOOK

Global stock markets took a battering this week as skyrocketing inflation rates and rising interest rates cause growing concern that a recession is around the corner. The ongoing war in Ukraine and the harsh stance on lockdowns in China are creating havoc with global shipping schedules and impacting consumer confidence (especially in Europe) causing spending on discretionary goods to slow (wool included). This aside, the wool market performed well to post gains almost identical to last week. The AWEX EMI gained 26 cents to 1427: a level not seen since early February and the 3rd highest point of the season. In US\$ terms the market actually fell by just 3 cents to 994 this due to the A\$ losing more ground against the greenback – down to 69.45 cents this morning. All fleece microns made good gains with emphasis on 18 and finer types with low VM, yields above 65% and superior types as these all climbed by 50 to 95 cents. Broader microns ascended by 10 to 35 cents. Skirtings also posted some good gains and like their fleece counterparts, better types with good specs came under the most pressure as most lots were quoted 10 to 30 cents higher. Cardings had some of the best gains as LKS and CRT lifted by 20 to 30 cents with the 3 MCIs now averaging 981 cents. Crossbreds also benefitted from the robust market as gains of 10 to 30 cents were on offer in this sector. Despite the market moving higher, the passed-in rate increased by 3% to 9% - this due to growers in WA setting their expectations too high and causing their pass-in rate to double (12%) from last series.

The market's ability to move to dearer levels is catching everyone by surprise. The FRX was seemingly stuck at mid-70s levels with most economists predicting the A\$ to go to 80 cents and beyond, bad news for the wool market. In the 4 weeks since Easter the A\$ has had a 7% fall to below 70 cents (the lowest point since July 2020) while the market has risen by 60 cents. The FRX downward shift and reduced national volume (averaging 43,400 bales since Easter) are the only reasons the market has gained some traction. Most buyers were thinking that the market could've fallen to 1,300 to 1,350 if the A\$ had stayed at mid-70s. Competition was widespread between large traders, Chinese top-makers and indent buyers as Indian and European users look to be getting back to preCovid-19 levels of operations despite the war in Ukraine causing demand in Europe to fall. Chinese demand has also waned over the past month due to lockdowns and the ongoing logistics delays.

AWI is holding a "wool harvesting innovation demonstration day" next Tuesday 17th May at Falkiner Memorial Field Station: 6676 Conargo Rd, Conargo. You can register at www.wool.com/people/events/Falkiner/. The rise in the market has drawn a bit of wool out of hold to have 46,000 bales on offer next week. We sell early on Tuesday.

Southern Aurora Forward Prices

Micron	Date	Low
21	July 22	1330

Main Buyers (this week)

1	Techwool Trading	6552	2	Fox & Lillie	4115	3	Tianyu Wool	3211
4	Endeavour Wool	2552	5	PJ Morris Wools	2375	6	Meliwa	2291

Eastern Market Indicators (AUD cents/kg clean)
1427 cents ↑ 26 cents compared with 06/05/2022

Northern Market Indicators (AUD cents/kg clean)
1521 cents ↑ 32 cents compared with 06/05/2022

AUD/USD Currency Exchange
0.6963 ↓ 0.0151 compared with 06/05/2022