



WEEKLY MARKET REPORT

Week Ending 9th December 2022
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S23/22	This Week M23/22	Last Sale S22/22	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2167	2177n	2133	+34	2444	-277
18	1835	1862	1775	+60	2044	-209
19	1584	1605	1558	+26	1677	-93
20	1446n	1489	1396	+50	1381	+65
21	-	1407	1302n	-	1323n	-
26	-	625n	595n	-	758n	-
28	335n	353	317n	+18	412n	-77
MC	875n	852	876n	-1	889n	-14

MARKET REBOUND – A SURPRISE!!

With only 2 sales to go before the 3 week Xmas recess, doubts about the market regaining last series' losses were put to bed early as showfloor talk amongst buyers had the market dearer but by how much was anyone's guess. As the sale progressed, the market built momentum to easily recapture the previous week's falls and some. By week's end, the AWEX EMI had shot up by 54 cents to 1278 (the highest weekly rise for 18 months) and a level not seen since late October. Merino fleece gains in Sydney were consistently 25 to 60 cents with just 3% of the offering not selling. The rises in Melbourne were more spectacular as they sold in isolation on Thursday to push the market even higher with 17s, 18s and 19.5 to 21 microns adding 105 to 125 cents for the week while 18 to 21 microns were 20 to 40 cents higher than the Sydney closing levels. Skirtings also increased in value by 29 to 40 cents with emphasis on the better style, low VM types. Cardings had an up and down sale as the opening session's losses were clawed back by gains on the final day. Crossbreds were also into positive territory, not to the extent of their merino counterparts, but still recorded rises of 10 to 20 cents. The rise in the market in US\$ terms was not as good, 37 cents to 857 as the FRX fluctuated around the 67 cent mark. The rise in the market saw the pass-in rate fall to 7%.

Why the sudden urge to secure wool?? The big news from China is that they will abandon their strict zero Covid-19 policy. This announcement had an immediate effect on the market as many 1st stage processors pushed bids into the traders up to 4% higher than the previous series' levels. Local buyers who had a bit of stock on hand sold this wool very quickly and as enquiry ramped up to outstrip volumes, exporters were forced to forward sell with market risk exposure. Apart from the "Italian" types in the 15 to 19 micron range, this week was dominated by Chinese mills, something that hasn't happened for some time, seemingly moving on from uncertain demand signals and weakening price levels. It remains to be seen if Chinese consumers, starved of retail spending, will deem it time to hit the shops and spend up for Xmas and more importantly their Chinese New Year in late January. There could well be a shortage of wool products warehoused in China as many mills since August have been selling tops and yarn into European mills with the lack of demand in the domestic market. This could push demand to higher levels if there is a shortage in China and boost farm gate prices.

With the increasing prices, next week's offering has ballooned out to 49,000 bales which will test the market for the final sale of the year. Hopefully we can catch up to Melbourne's price levels.

Southern Aurora Forward Prices

Micron	Date	Low
21	Jan 23	1300

Main Buyers (this week)

1	Techwool Trading	5255	2	Endeavour Wool	4331	3	Tianyu Wool	3560
4	Fox & Lillie	2191	5	PJ Morris Wools	1898	6	Modiano Australia	1590

Eastern Market Indicators (AUD cents/kg clean)
1278 cents ↑ 54 cents compared with 02/12/2022

Northern Market Indicators (AUD cents/kg clean)
1336 cents ↑ 26 cents compared with 02/12/2022

AUD/USD Currency Exchange
0.6703 ↑ 0.0007 compared with 02/12/2022