



# WEEKLY MARKET REPORT

Week Ending 3rd February 2023  
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S31/22	This Week M31/22	Last Sale S30/22	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	2333	2357	2307	+26	2638	-305
18	2003	2022	1995	+8	2197	-194
19	1725	1699	1680	+45	1766	-41
20	1553	1562	1517	+36	1487	+66
21	1458n	1472n	1420n	+38	1402n	+56
26	498n	596n	-	-	772n	-274
28	340	345	328n	+12	435n	-95
MC	912n	888n	894n	+18	1008n	-96

## QUIETLY CONFIDENT.

As we reach the end of Chinese New Year, confidence has begun to grow among traders and processors. The much awaited reopening of China after 3 years of Covid lockdown has delivered strength to the market on the back of increasing demand from India which has been instrumental in steadying the ship whilst we waited for the return of China. The last few weeks have seen the better style and well measured lines surge ahead of the pack whilst the higher VM lines and poor AM measuring lines have struggled to maintain values particularly in light of a strengthening A\$. But this was nowhere near as evident this week as nearly all categories saw solid gains, particularly later in the week. Dare we mention it, but even XB wools saw some much needed improvement! The slightly reduced offering of 38,516 bales certainly assisted and the passed-in rate of 6.6% was about half of the YTD average. Year on year the total offerings are within 1% of each other but this is expected to increase as there was plenty of wool sidelined through Spring and Summer now getting to woolstores and tested. AWTA reported a 24% increase for January compared to last year.

The past few weeks have also seen the return of face to face textile trade shows and The Woolmark Company staff in Paris and Milan, where these shows are currently being held report very strong attendance and sales. Of particular note was the level of purchasing from Japanese and South Korean buyers, who similarly to China have just opened up and expect strong retail growth. North America is also tipped to see good growth and we expect consumer spending in these Asian and North American markets to more than offset the malaise in Western Europe. Of all the markets in Europe it is the UK economy that is under the most pressure. Inflation there is still nudging 10% and the full impacts of Brexit on trade are still to be realized. The conflict in Ukraine of course weighs heavily and spiraling energy costs for both domestic and industrial users adds a burden to discretionary spending and production costs.

Interestingly the issue of skill shortages and labour in general is not confined to shearing sheds! Processing plants are experiencing high absenteeism, and many have lost skilled tradesmen who just haven't returned to work after the forced covid layoffs. Nearly all mills report full order books but very long delivery times like 6-12 months.

Next week will be a good test for the Sydney market with a designated superfine sale and a combined national offering of 51,166 bales. We are first seller on Wednesday.

### Southern Aurora Forward Prices

Micron	Date	Low
21	Feb 23	1400

### Main Buyers (this week)

1	Techwool Trading	5224	2	Endeavour Wool	4335	3	Tianyu Wool	3514
4	Fox & Lillie	2553	5	Pelican Australia	2256	6	PJ Morris Wools	2137

Eastern Market Indicators (AUD cents/kg clean)  
1356 cents ↑ 18 cents compared with 27/01/2023

Northern Market Indicators (AUD cents/kg clean)  
1433 cents ↑ 22 cents compared with 27/01/2023

AUD/USD Currency Exchange  
0.7051 ↓ 0.0049 compared with 27/01/2023