



WEEKLY MARKET REPORT

Week Ending 23rd June 2023
AWEX Northern Micron Indices Comparison



AWEX INDEX	This Week S51/22	This Week M51/22	Last Sale S50/22	Sydney Change	Last Year Sydney	Sydney Yearly Change
17	1842	1861	1943	-101	2732	-890
18	1585	1637	1653	-68	2211	-626
19	1415	1421	1466	-51	1821	-406
20	1335n	1341	1356n	-21	1570	-235
21	-	1242	-	-	1486	-
26	-	511	-	-	-	-
28	-	315	303n	-	-	-
MC	741n	716	739n	+2	946	-205

BUT WAIT, THERE'S MORE!

If we thought last week that it couldn't get any worse, we were wrong. With the smallest offering in nearly nine months of just 28,400 bales in the two Eastern centres, the market opened cheaper from the opening lot and continued for the two days on a lower trend. Despite the small offering close to 15% of the sale was passed in leaving only 24,000 bales cleared to the trade. Everyone we talk to are scratching their heads wondering where the bottom is without any real guide as to where that is.

What is evident as we line up for the eighth straight week of falls is that buyers can pick the eyes out of the offering in lack lustre competition and good measuring wool is being rewarded albeit at a lower level. The rewards seen last year for certified non mulesed wool have slipped back to the pack with processing performance rising to the top.

Last week we spoke about the pipeline and holding inventory or who holds that inventory. It seems that topmakers (our immediate customer) aren't holding that much stock and aren't keen to at present as their orders have slowed right down. Further down the pipeline is where there is some held stocks, either yarn, cloth or even garments. All a function of inflation and fear of recession. Just this week in local retail news, mass market retailer Best & Less reported a fall of 13% YOY in sales figures. One can only imagine how that translates for the premium sector market which is the key area for wool. Interestingly, at the same time the luxury sector, which takes our very best continues unabated.

Many growers are holding some wool, the real issue is what wool should be held if that's the decision, and what wool is unlikely to yield financial gain in the short to medium term. This is real crystal ball stuff, but our opinion is that the best chance of a gain will come from fine wool, (fleece and low vm pieces) and then middle micron merino fleece. Merino oddments, particularly lower yielding lines are less likely to deliver substantial gains and crossbred wool is virtually no hope of a recovery in the foreseeable future.

There are three weeks of wool sales before the recess and historically all big sales. Next week, the last of the financial year, will see all three centres line up 49,500 bales with more red ink predicted.

Southern Aurora Forward Prices

Micron	Date	Low
21	July 23	1330

Main Buyers (this week)

1	Techwool Trading	4433	2	Endeavour Wool	3199	3	Tianyu Wool	2904
4	Fox & Lillie	1927	5	Sequoia Materials	1674	6	United Wool	1233

Eastern Market Indicators (AUD cents/kg clean)
1139 cents ↓ 35 cents compared with 16/06/2023

Northern Market Indicators (AUD cents/kg clean)
1195 cents ↓ 33 cents compared with 16/06/2023

AUD/USD Currency Exchange
0.6796 ↓ 0.0006 compared with 16/06/2023