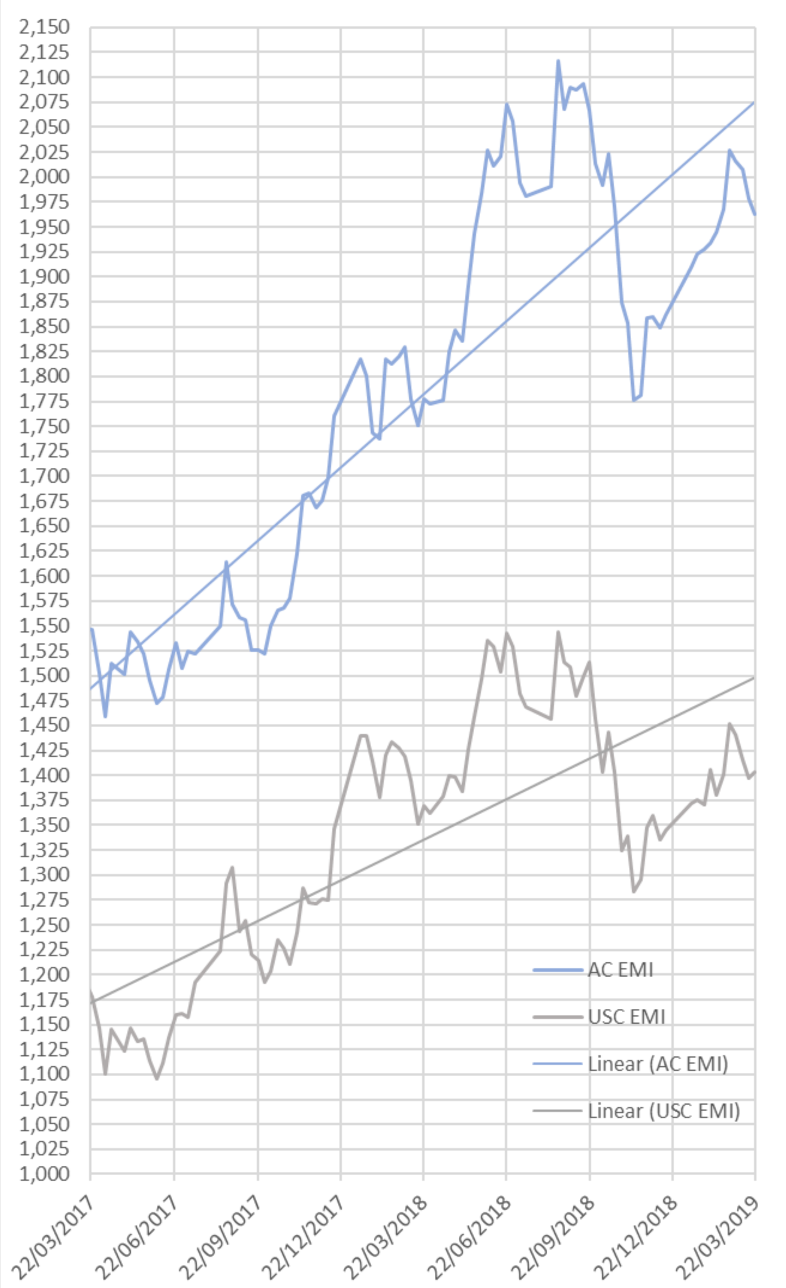
Offering—Aust. only	
Bales offered	43,129
Passed-In %	10.3 %
Bales Sold	38,701
Season Sold	1,129,652

Currency movements		
AUD:USD	0.7145	+ 1.22 %
AUD:CNY	4.7741	+ 0.77 %
AUD:EUR	0.6253	+ 0.26 %
RBA close rates 21st Mar 2019		

Eastern Market Indicator (EMI)			
AUD	**1963 ac/kg**	**- 16 ac/kg**	**- 0.81%**
USD	1403 usc/kg	+ 6 usc/kg	+ 0.40%
CNY	93.72 ¥/kg	- 0.03 ¥/kg	- 0.04%
EUR	12.27 €/kg	- 0.07 €/kg	- 0.55 %



AWEX Auction Micron Price Guides.

Sales Wed 20th & Thurs 21st March 2019

MPG	Sydney	Melbourne	Fremantle
17mic	2538 -22	2458 +13	-
18mic	2457 -15	2383 +8	2325n -22
19mic	2331 -9	2317 -9	2294 -6
20mic	2298 -11	2282 -10	2274 -8
21mic	2283n -8	2282 +5	2264n -3
22mic	-	2274n -11	-
23mic	-	2256n	-
24mic	-	-	-
25mic	-	-	-
26mic	1408n -3	-	-
28mic	1165n	1159 +18	-
30mic	-	929 +8	-
32mic	-	608n +14	-
MCar	1172 -66	1151n -33	1126n-58

Scheduled Australian Wool Auction Sales

Sale week commencing	2018/19 forecast	2017/18 actual
Week 39 25/03/2019	38,950 bales	44,841 bales
Week 40 01/04/2019	37,787 bales	RECESS
Week 41 08/04/2019	35,735 bales	54,409 bales

AWI Commentary

It was a rather mundane market this past week at Australian Wool auctions. Price variations on all types apart from carding wools were minimal with just 5 or 10ac movements either side of the established values. The strengthening Australian dollar (AUD) against the US dollar (USD) was the most influential price determination factor at levels 1.22% higher which placed downward pressure on some areas of the offering. The declining quality of wools available, particularly in Sydney also played a role. The Australian Wool Exchange (AWEX) Eastern Market Indicator (EMI) fell 16ac or 0.81% to **1963ac clean/kg**. Conversely though, in USD terms, the EMI increased by 6usc or 0.40% to close at **1403usc clean/kg.**

The quality of the freshly shorn Australian wool clip is unfortunately declining. The relentless and on-going drought across a large part of the nation continues to negatively impact upon wool quality. Large proportions of the New South Wales and South Australian clips are all influenced negatively to some degree. This predominantly effects yields. The largest single discount in the market presently is for sale lots less than around 58% dry combing yield. Other growing discount categories are also the high PobM (and by extension a higher calculated cvh%) and inferior staple strength of less than 23 newtons per kilotex (nkt).

Many drought affected clips are now registering average dry yields of less than 60% and in some cases, less than 50%. Low yields and dust penetration becomes an issue in scouring as water replacement frequency increases and sludge disposal costs escalates. There are no issues further up the processing chain if effective scouring is achieved. Those scouring top makers able to accommodate these wools can take full advantage of the current discounts available. Remarkably, many of these lower yielding clips otherwise have very acceptable processing attributes such as good tensile strength, low vegetable matter (vm) content and lengths still suitable for wool top manufacturing for worsted yarns.

All Merino fleece types of good to better test readings were largely unchanged to slightly dearer for the week. Following a strong opening day which saw these wools gain upward of 15ac/kg, the stronger AUD on the final day resulted in prices softening towards the opening levels. What brought down the overall market though was the 40ac falls on the lower specification sale lots. Merino skirtings tracked to a similar path as their fleece counterparts, but the lower edge of these descriptions were poorly neglected to be 80ac cheaper, albeit in a very minor section of the offering. Comebacks and crossbreds (26 to 32micron) continued under strong enquiry and appreciated in the general range of 5 to 25ac. Cardings were the low performers of the series and many types lost upwards of 70ac.

Current auction volumes have been supported by many growers having to shear and sell their sheep due to the rising and ongoing costs of maintaining their animals in drought areas. Failure of any significant rains to encourage pasture growth or any positive forecasts prior to winter has led to this. Most brokers are reporting a precipice in offered wool is fast approaching.

The South African (RSA) sales sold to a vastly better tone this week and the local RSA values showed a 0.9% increase overall on the Cape Wools Indicator. Assistance was provided by a weaker foreign exchange (forex) rate which ultimately saw prices weaker in US dollar equivalents. Strong buying activity from Chinese interests re-emerged to reinvigorate the market with some sense of stability.

Next week has 39,000 bales rostered to sell. Encouraging signs emerged this week across most of the better type sections indicating the possibility of consolidation is not that far off.

Wool forwards report - SA (Southern Aurora) Markets

A disappointing week all round for both the spot and the forward markets. The week started firmly with reports of modest demand following last week's retraction in prices. Buyers grabbed nearby cover at small discounts to cash. The forward market gap between bid and offer widened as growers stuck firmly to cash levels out to June. Buyers unable to attract offshore business at these levels are bidding conservatively. Early indications of the market finding a base where quashed Thursday as the market continued its downward trajectory from Mid-February highs. Both the spot and forward markets were hampered by a stronger AUD.

The market drivers remain unchanged with balance between tight supply and sluggish demand the key to medium term direction. Risk remains high along the pipeline. The challenge for all participants is the establishment of fair forward values. Growers faced with conflicting factors. Firstly, a price trend that clearly, with the benefit of hindsight, debunked the forward discount that has been in place over the last few years. Opposed to that are the outright price levels forward. Although historically high and representing sound margin management does it represent fair value.

In this high-risk landscape, some insurance and certainty are important. Forward levels from the exporters will be guided by the processors and their anticipation of the degree of demand destruction bought on higher prices coupled with embedded costs of running machinery and building stocks. We expect next week to track in similar fashion with any demand interest likely to be reflected in better bidding in the forwards. Volatility in this tight supply environment the likely constant.

For prices and trades please visit www.samarkets.com.au.

AUD Commentary - SA (Southern Aurora) Markets

The Australian Dollar traded sideways this week in a volatile but relatively narrow range. Monday opened at .7120 then fell to a Tuesday low of .7058, before rallying Wednesday to a high of .7165. Today Friday, the AUD is weaker at .7108, mainly on USD strength.

The AUD is stronger this week against the major crosses especially the British Pound and Euro which are suffering under the Brexit drama. On Thursday U.S economic data came in stronger than expected for both jobless claims and manufacturing. In Australia we also had better news as the unemployment rate came in better than expectations. Expectations are the RBA will be forced into three 25 basis point rate cuts taking Australia's cash rate to just 0.75%. Australia's cash rate has remained at 1.5% since August 2016.

Technically the AUD is caught in an extended but quite large sideways trading pattern. We still think there is another small rally in the AUD to be had, to resistance at .7306, and a break through that could see .7412, however the bigger picture remains negative and we see a re-test of .7000 cents as likely then a fall to support at .6940.