



Offering—Aust. only		Currency movements		
Bales offered	37,527	AUD:USD	0.7163	+ 0.73 %
Passed-In %	10.0 %	AUD:CNY	4.8092	+ 0.72 %
Bales Sold	33,793	AUD:EUR	0.6349	+ 0.38 %
Season Sold	1,229,093	RBA close rates 11th Apr 2019		

Eastern Market Indicator (EMI)			
AUD	1936 ac/kg	- 7 ac/kg	- 0.36%
USD	1387 usc/kg	+ 5 usc/kg	+ 0.37%
CNY	93.11 ¥/kg	+ 0.34 ¥/kg	+ 0.36%
EUR	12.29 €/kg	= €/kg	= %

AWEX EMI weekly closing rate as at 12th April 2019



AWEX Auction Micron Price Guides.

Sales held Wed 10th & Thurs 11th April 2019

MPG	Sydney	Melbourne	Fremantle
17mic	2497 -15	2375n -40	-
18mic	2410 -12	2334 -31	2310n -29
19mic	2293 -6	2271 -19	2273 -36
20mic	2272 -5	2238 -15	2244 -32
21mic	2264n -4	2238 -15	2232n -38
22mic	-	2226n -25	-
23mic	-	-	-
24mic	-	-	-
25mic	-	1655n +27	-
26mic	-	1460n +2	-
28mic	1205n =	1268 +65	-
30mic	-	998 +35	-
32mic	-	659n +23	-
MCar	1096 -5	1100 -17	1097n +5

Scheduled Australian Wool Auction Sales

Sale week commencing	2018/19 forecast	2017/18 actual
Week 42 15/04/2019	42,487 bales	39,605 bales
Week 43 22/04/2019	RECESS	42,621 bales
Week 44 29/04/2019	41,168 bales	42,794 bales

AWI Commentary

Australian wool auctions generally meandered along this week in much the same fashion as the past month or so, with the glaring exception of the crossbred sector which continues to post new all-time highs. The Australian Wool Exchange (AWEX) Eastern Market Indicator (EMI) lost 7ac or 0.36% to close at 1937ac clean/kg. The EMI when expressed in USD was actually stronger by 5usc or 0.37% to see that indicator close at 1387usc clean/kg.

The Australian wool supply data released last week came with very little surprise, or shock, to buyers and exporters. Wool selling brokers and grower groups have been spot on in their warnings of the supply tightening up considerably to such levels. The supply information, both on volume and wool type, flowing from the brokers through to the trade, has been very effective in assisting the smooth transfer of ownership. When such vagaries on supply come unexpected, some sharp market adjustments can occur. Exporters have kept their clients up to date with the production and quality fall expectations, so no market shift eventuated as buyers already had those supply concerns priced into their purchasing strategies.

A strengthening Australian dollar (AUD) was a factor in the diminishing prices of the Merino sector, but the quality of the offering, or rather the lack of quality, is the primary cause of the slowly degrading price levels. Broker sales catalogues are increasingly dominated by Merino fleece clips that are very low in yield (less than 60%) and very weak staple strength (less than 25 nkt). With such readings these wools are priced by sale room operators towards the knitting types rather than worsted apparel that almost always command the best prices in the market and the manufacturing category that Merino fleece is generally destined for.

Prices this week once again mirrored the activity of the past few months. The price decay has been very slow and methodical and this week was no exception. Sydney had low quantity on offer with just under 4,000 bales of Merino fleece available so small falls of just 5ac were recorded. In fact, AWEX reported the Sydney sale as having the smallest ever volume on offer since they commenced in 1994. In Fremantle and Melbourne though, their respective volumes of Merino fleece of around 8,000 and 11,000 bales saw prices retreat in the range of 15 to 35ac, with most losses centred at the upper level of those numbers.

All sale centres reported that the small percentage of the selection that fit the "better" type category sold to a much better tone and in places actually increased. Buyers are needing these better specifications to average the lower types into their orders. So whilst the micron guides show for example a 19c loss, this is made up of better types roughly the same and average types 30ac lower. Super fine spinners and best top making types are now almost non-existent in the weekly offerings.

The real highlight of this week's sale were the crossbred wools from 25 to 32 micron. Large gains of between 30 and 70ac were achieved with the 28 micron area extracting the most out of buyers' pockets. That micron pushed to a new record high in the South of 1268ac. To put this in perspective, that price surpasses the Merino all-wools indicator of 1257ac set back in the late 80's wool boom era. Carding types all have effectively realigned between centres and now just small variations are evident. Skirtings followed the same price patterns of their fleece counterparts.

Next week has 42,487 bales up for sale and it appears a lift in quality is needed to arrest the slide in Merino descriptions. Crossbreds appear to be on a run so things look positive there and cardings appear to be finding a level. Sales are scheduled earlier in the week on Tuesday and Wednesday to accommodate the Easter break in sale.

Wool forwards report - SA (Southern Aurora) Markets

The spot auction market continued its trend of the last two months with Merinos again easing and Crossbreds continuing to be in demand.

Forward markets held at last week's levels early in the week with both 19.0 and 21.0 trading at near to cash. 19.0 traded May at 2275 (cash 2281) and 21.0 June at 2250 (cash 2251).

The forward curve flattens as we head into the new season. Limited quantities bid out to December 2020 with processors willing to take the risk on some stock of 19.0 at 2150. Although at a 130 discount to the current cash it is in line with the average price for last November (2160) and above the two-year average for 19.0 micron of 2120.

Closer in exporters are looking to hedge some forward business but demand remains tepid so volume is low. 21.0 microns is bid at 2230 out to June. Twenty cents under cash but could represent fair value as the market has fallen 120 cents in the last seven weeks. This highlights the fact that risk is at a premium. Although the market trend remains bearish exporters are keen to reduce risk where possible as the tight supply increases the likelihood of continued volatility.

Crossbred forward pricing remains at historically high levels but well under the record high cash levels. 28.0 micron bid into the spring at 1100 cents and 30.0 at 900 cents. With 28.0 at 1236 and 21.0 at 2251 the ratio sits at 55% the highest for the last 3 years for crossbreds to medium merinos.

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AUD Commentary - SA (Southern Aurora) Markets

The Australian Dollar stayed mostly range-bound this week, opening on Monday at .7090 before lifting into Wednesday's high of .7175 then easing into Friday at .7125.

The Aussie was helped by another lift in Iron Ore prices this week the spot price for benchmark rose to \$95.65 a tonne, leaving it at fresh five-year highs, while the Reserve Bank of Australia Deputy Governor Guy Debelle said he was more optimistic on the nation's labor market and the weakness in economic growth was temporary, led by the disruption of the drought.

In the U.S Weekly Jobless claims fell to a 50-year low last, while the Producer Price Index surprised by rising 0.6 percent in March against the expected 0.3 percent. Meanwhile U.S. Treasury Secretary Steven Mnuchin said that in his call with Chinese Vice-Premier Liu good progress was being made on a trade deal and the two sides have settled on a mechanism to police any agreement.

FX Analysts have noted the broad decline in volatility most FX Markets which have drifted down to levels not seen since late 2014 despite major political risk events around the world.

Technically the Aussie remains range-bound, within a large sideways trading pattern contained by support at .7085 then .7000 while overhead resistance is found at .7208.



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