



WOOL MARKET WEEKLY REPORT

Sale Week 16: 16th Oct 2020



Offering—Aust. only		Currency movements			Eastern Market Indicator (EMI)			
Bales offered	27,680	AUD:USD	0.7170	+ 0.65 %	AUD	1117 ac/kg	+ 95 ac/kg	+ 9.30 %
Passed-In %	2.4 %	AUD:CNY	4.8322	- 0.12 %	USD	801 usc/kg	+ 73 usc/kg	+ 10.0 %
Bales Sold	27,023	AUD:EUR	0.6105	+ 0.56 %	CNY	53.98 ¥/kg	+ 4.53 ¥/kg	+ 9.17 %
Season Sold	327,034	RBA close rates 14th Oct 2020			EUR	6.82 €/kg	+ 0.62 €/kg	+ 9.91 %

AWI Market commentary

12 months weekly EMI close 14th Oct. 2020

This week's Australian wool auctions produced significant price gains across every type and description on offer. On the back of fresh forward contract opportunities into China, traders chased the market hard forcing swift and imposing price increases on all sectors. Unanimous buyer indications prior to sales were that a good market was to ensue but the magnitude of the gains surprised almost all.

The Eastern Market Indicator (EMI) moved up to 1117ac clean/kg which was 95ac or 9.3% higher over the two days of selling this week. The AUD was 0.7% stronger against the USD, and thus the USD EMI pushed even harder and experienced a double digit percentage gain of 10% for the week. This was a 73usc gain to 801usc clean/kg.

After falling to a low of 858ac and 631usc in the first week of September 2020, the market has now recovered by 30.2% in AUD and 26.9% in USD in just six weeks of sales. The AUD EMI is now sitting 1ac above the price of the July season opening sale and 28usc higher on the USD EMI. The AUD EMI has averaged 999ac for the season so far.

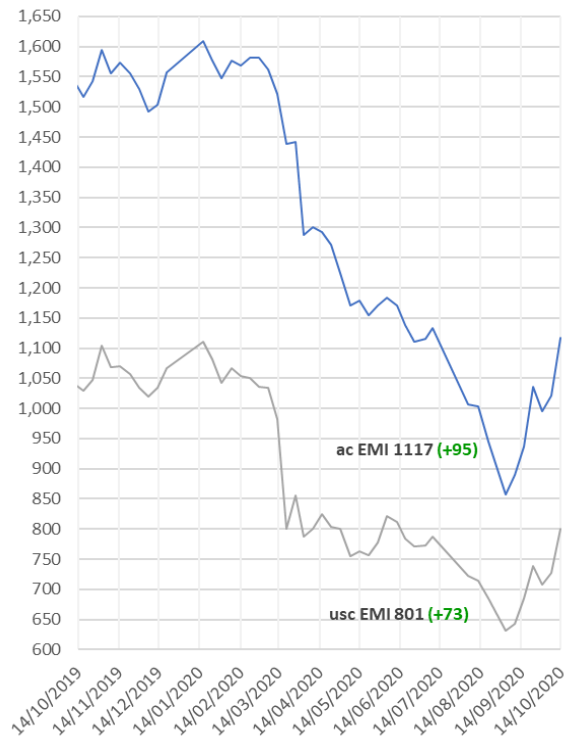
Just over 27,500 Australian grown bales were put up for sale and this assisted to apply upward pressure on wool prices when combined with the enthusiasm of the auction buyers. Grower sellers appeared content with the prices available, evidenced by the very low passed in rate of 2.4%.

Risk mitigation is the name of the game in these generally trying times and the buy then sell prompt methodology appears to be working in favour of those building inventory, confident that buyers are out there. For the past few weeks, overseas manufacturers and traders have generally followed the market all the way up, paying the price of the day to enable some wool to get on the water to factories said to be short on supply.

Merino fleece and skirting prices ranged from 120ac to 160ac dearer. The strongest gains were on the superfine Merino types finer than 18 micron and most of the better specified wools in this bracket were well over 200ac dearer. The finer end (< 27mic) of the crossbred wools were 60ac higher and the broader crossbreds 35ac better. Cardings gained 40 to 50ac. The market closed at the highest price point of the week for all descriptions.

Traders dominated all wool type sectors with first stage manufacturers only appearing in the top five of buyers lists within the Merino skirting and carding sections. Competition stemmed mainly from the top four traders with some weighty purchasing numbers apparent.

Next week there is around 34,000 bales rostered to be offered.



Riemann wool forwards

October 2020	19.0 micron	1255 ac	5t
November 2020	21.0 micron	1055 ac	2t
January 2021	19.0 micron	1250 ac	5t
October 2021	19.0 micron	1235 ac	5t

Scheduled Australian Wool Auction Sales

Sale week	2020/21 est.	2019/20 actual
Week 17	34,093 bales	27,077 bales
Week 18	33,147 bales	35,300 bales
Week 19	31,334 bales	34,084 bales

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