

WOOL MARKET WEEKLY REPORT

Sale 47: Thurs 23rd May 2024



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2023/24 Aust. wool offering		Weekly currency movements			Eastern Market Indicator (EMI)			
Bales offered	35,518	AUD:USD	0.6674	+ 0.39 %	AUD	1130 ac/kg	- 5 ac/kg	- 0.44 %
Clearance rate %	93.8 %	AUD:CNY	4.8312	+ 0.61 %	USD	754 usc/kg	- 1 usc/kg	- 0.05 %
Bales Sold	33,310	AUD:EUR	0.6148	+ 0.24 %	CNY	54.59 ¥/kg	+ 0.09 ¥/kg	+ 0.17 %
Bales sold season	1,515,163	RBA close rates 22nd May '24			EUR	6.95€/kg	- 0.01 €/kg	- 0.20 %

AWI Market Commentary

Not much change to the overall price level at this week's Australian wool auctions. All types remain under reasonably steady demand, with just the broader than 20micron Merino types adjusting downwards by any significant margin. The 0.4% stronger Australian dollar (AUD) value against the US dollar (USD) was offset by the 0.4% lower AUD auction indicators making for a rather mundane sales series. This week saw just a 1-day sale in Fremantle as national volumes start to dwindle prior to the end of the financial year.

The big three Chinese top maker representatives dominated the Merino market his week. These influential buyers took advantage of the generally subdued trader activity, particular from the largest buying exporter. These direct buying orders and indent operations are becoming more of a normal feature of the auction scene lately, and not just restricted to China.

This method of operation obviously takes away opportunities from traders as volumes available to forward contract are restricted under sluggish demand scenarios and direct buying at auction by the major overseas players. Most big traders now have an indent client or two to keep purchasing ticking over and to cover off some overheads.

Buying what you can sell/ship at a fixed price for prompt shipment or close delivery at all parts of the pipeline is key. This low-risk investment almost guarantees a rather unspectacular return but lessens the chance of the original capital spent converting into a loss. Opportunities do diminish though for returns on investment worthy of the speciality of export services provided.

This style of operation is not restricted to the greasy wool buying. A major portion of the supply chain, right from the first stage manufacturing all the way through to garment making and retail, are staying true to risk aversion strategies. The pervading uncertain global economy, significant areas of conflict and the muted consumers appetite for discretionary spending on luxury clothing are the leading factors.

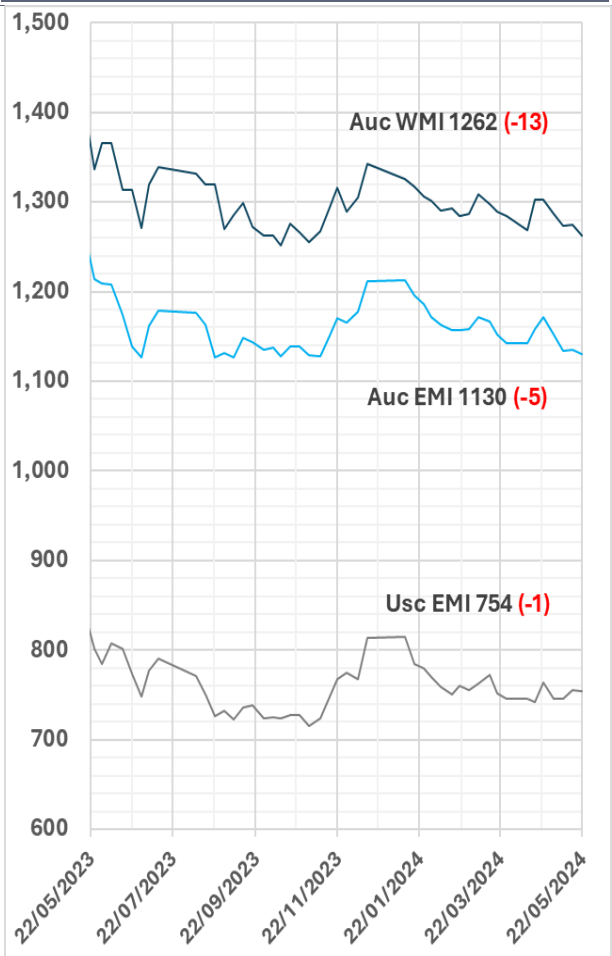
The lower risk investment by not stocking raw wool, top, yarn or garments heavily, or contracting too far into the future generally brings more stability to business as seen by the relative narrow trading bands of the 23/24 season. Next week has around 33,000 bales rostered to sell Tues/Wed.

Scheduled Australian wool at auction offerings		
Sale week	2023/24 est.	2022/23 actual
Week 48	33,164 bales	40,106 bales
Week 49	27,944 bales	33,435 bales
Week 50	34,500 bales est	39,762 bales

Western Market Indicator (WMI)

AUD	1262 ac/kg	- 13 ac/kg	- 1.02 %
USD	842 usc/kg	- 6 usc/kg	- 0.63 %

12 month Market Indicators 22nd May 2024



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