



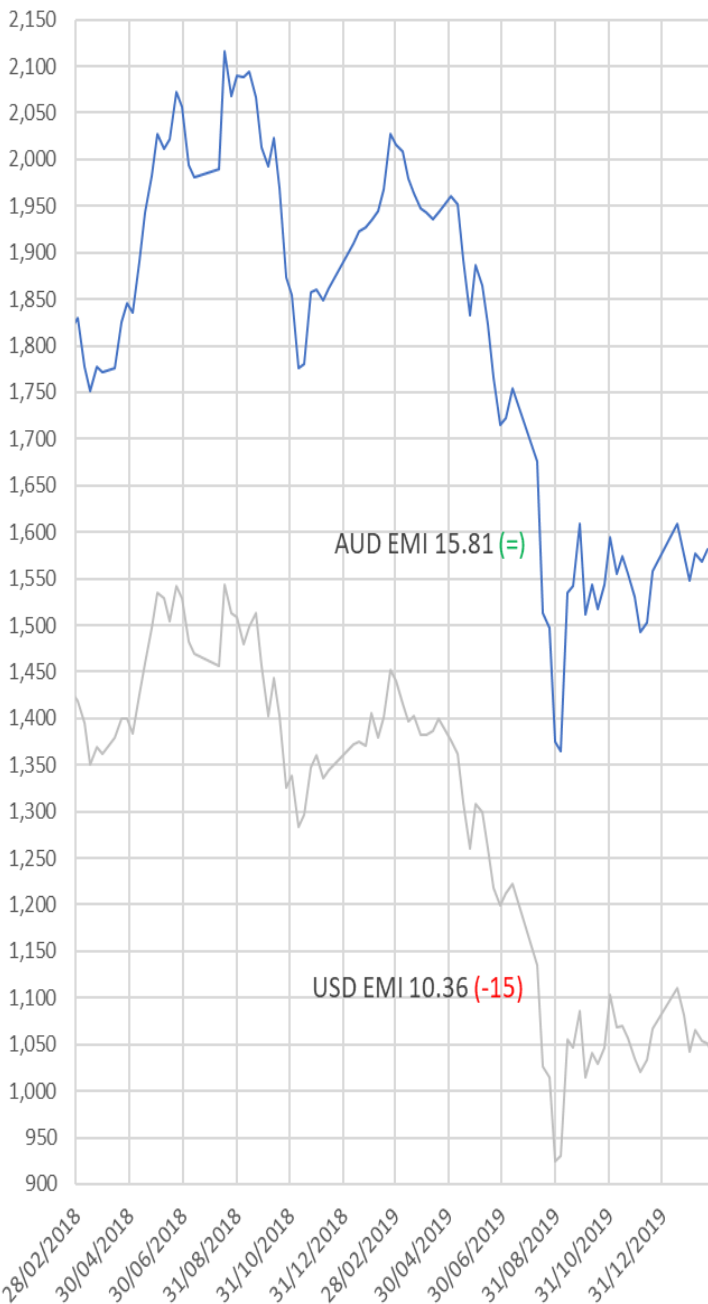
WOOL MARKET WEEKLY REPORT

Sale Week 35: 28th Feb 2020



Offering—Aust. only		Currency movements			Eastern Market Indicator (EMI)			
Bales offered	NO SALE	AUD:USD	0.6555	-1.43 %	AUD	1581 ac/kg	NO SALE	=
Passed-In %		AUD:CNY	4.6010	-1.46 %	USD	1036 usc/kg	-15 usc/kg	-1.43 %
Bales Sold		AUD:EUR	0.6007	-2.45 %	CNY	72.74 ¥/kg	-1.08 ¥/kg	-1.46 %
Season Sold	810,178	RBA close rates 27th Feb 2020			EUR	9.50 €/kg	-0.24 €/kg	-2.45 %

AWEX EMI weekly close as at 28th February 2020



AWEX Auction Micron Price Guides.

Sales held 19th and 20th February 2020

MPG	Sydney	Melbourne	Fremantle
17mic	2082 =	2078 =	-
18mic	1945 =	1963 =	1945n =
19mic	1839 =	1848 =	1836 =
20mic	1813 =	1796 =	1824 =
21mic	1798n	1779 =	1805n =
22mic	-	1789n =	-
23mic	-	-	-
24mic	-	-	-
25mic	-	-	-
26mic	1151n =	1145n =	-
28mic	894n	881 =	-
30mic	-	675 =	-
32mic	-	408n =	-
MCar	1105n =	1125n =	1148n =

Scheduled Australian Wool Auction Sales

Sale week commencing	2019/20 forecast	2018/19 actual
Week 36 02/03/2020	Est 75,000 bales	45,130 bales
Week 37 09/03/2020	Bales	40,785 bales
Week 38 16/03/2020	bales	43,129 bales

Wool auction sales were postponed this week across Australia this week due to computer issues making it unviable to conduct auctions to a suitable operating environment.

Forward Markets Commentary—Southern Aurora

In risk language an unforeseeable disturbance is termed a Black Swan event. This year has delivered the wool industry a bank of swans. With global markets floundering while trying gauge the potential impact on supply chains and general economic health of the corona virus the wool industry was disrupted by having auction sales cancelled due to a cyber attack on software provider Talman.

Forwards traded lightly as growers and traders re evaluated hedge levels. Wool particularly, and apparel fibres in general have been relative flat although volatile since Christmas. This week has been the tipping point for Cotton coming of 10 per cent.

Anticipation this week was for a strong wool market off the back of logistic improvements with workers in China returning to the wharves and factories. The shortage of stock in China was seen to outweigh the general economic malaise.

On the forward markets exporters were still wary but bidding up to cash out to May. The lack of offers in the new season continues to blunt price discovery into the spring. Light trading in the autumn started the week with 21.0 trading at cash for March and April as some growers looked for insurance in these volatile times. The delay to auction sales Wednesday and subsequent cancellation focused buyers attention to the more pressing matters.

What lies ahead for next week is anyone's guess. If sales can be mounted in an orderly fashion and wool move through the pipeline we would anticipate renewed exporter interest. If not buyers will logically factor in further risk into their prices and discount further.

What is certain is that industry leaders need present a unified intent to find a solution to mitigate the risk of future disruptions to the follow through the supply chain.

Trade Summary

March	21.0	1790	3t
March	28.0	860	5t
April	21.0	1790	3t
May	21.0	1770	5t
Total			16t

The Australian Dollar was volatile but remarkably resilient this week as Global Stock Markets went into meltdown over Corona-virus (COVID-19).

On Thursday the U.S. Centre for Disease Control warned that the coronavirus was "rapidly escalating into a global epidemic and that a COVID-19 infection was reported in California in a person who had no relevant travel history or exposure to another known patient."

The Dow Jones plunged 1,190.95 points Thursday closing down for the sixth straight session, with this record one-day drop, which was also its fourth 1,000-point decline in history and the second this week. The S&P 500 also confirmed its fastest correction in history, and is now 12% below its 19th of Feb record close. The Dow closed 12.8% below its 12th Feb record close. The Indexes are back to 4 month lows, with their steepest weekly pullback since the 2008 global financial crisis.

In the Currency Markets the USD strengthened, as is often the case in a calamity as it is seen as a safe haven currency. Meanwhile the Aussie Dollar started the week being quite resilient at around the high of .6622 before falling sharply mid week to a new 11 year low of .6541 before lifting today (Friday) to .6585.

Economic Data out of Australia this week continued to disappoint, increasing the pressure on the Government's Budget, and almost certainly confirming that one and possibly two Rate cuts by the RBA Data are ahead, as the combinations of drought, bushfires and the Coronavirus have overwhelmed policy makers. There is even talk that the RBA may now need to look at Quantitative Easing.

Australian Data this week pointed to a collapse in retail sales, while Australia Construction Work fell 3% against an expected 1% decline and Private Capital Expenditure was down 2.8% in the fourth quarter against the expected increase of 0.5%.

The good news was Australia Private Sector Credit which gained 0.3% for January against the 0.2% forecast. Interestingly this morning CBA Bank Analyst Vivek Dhar said data out of China indicates that "The coronavirus impact seems to be easing and an economic recovery starting,". Wuhan Coronavirus cases have slowed to the lowest pace since January with 327 new confirmed cases while South Korea confirmed 505 new cases and in Italy's new cases spiked by more than 50% in just 24 hours, to 650.

Technically the Australian Dollar bias is negative, with key support broken earlier this week, with the small rebound of the last 24 hours now breaking down. Key support is found at .6530 then .6480, while overhead resistance is at .6640 then .6710. We still suggest the Aussie will break to fresh lows over the coming weeks.



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