

# AUSTRALIAN WOOL INDUSTRIES SECRETARIAT INC

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## AWIS WOOL MARKET REVIEW

Week Ending 10 June 2016 (Week 50)

The AWEX EMI finished at 1270¢, 26¢ lower (-2.0%) in Australian currency and 10¢ higher (+1.1%) in US currency at sales in Sydney and Melbourne this week.

27,231 bales were on offer nationally, compared with 32,043 bales last sale. 13.0% of the offering was passed in.

| Day-to-Day and Sale-to-Sale Changes in AWEX Regional Indicators (Week 50) |           |           |                              |           |          |                     |                   |                      |        |
|---|-----------|-----------|------------------------------|-----------|----------|---------------------|-------------------|----------------------|--------|
| Centre  | Last Sale |           | Day-to-Day Changes (Week 50) |           |          | Sale-to-Sale Change | Closing Indicator | Sale-to-Sale Changes |        |
|   | Week      | Indicator | Tuesday                      | Wednesday | Thursday |                     |                   | US ¢                 | Euro ¢ |
| Eastern   | 49        | 1296      | No Sale                      | -21       | -5       | -26 (-2.0%)         | 1270              | +10                  | -6     |
| Northern  | 49        | 1323      | No Sale                      | -29       | -2       | -31 (-2.3%)         | 1292              | +6                   | -9     |
| Southern  | 49        | 1278      | No Sale                      | -15       | -8       | -23 (-1.8%)         | 1255              | +12                  | -4     |
| Western   | 49        | 1370      | No Sale                      | No Sale   | No Sale  |                     |                   |                      |        |

The US Exchange Rate returned to a more volatile pattern this week, with consequent negative effects on prices in Australian currency.

Wednesday's sale saw the Northern Indicator fall by 29¢ with falls of 2 to 3% in the AWEX Merino MPGs. The falls were less in the South with the Southern Indicator down by 15¢. There were reports of good widespread competition in the South. There were further falls on Thursday, but these were smaller as the US Exchange Rate had stabilised by then and was only 0.11¢ above Wednesday's closing value.

Overall, the Merino average MPGs were down by around 2.5% on average up to 21 microns and by just over 1% for 22 and 23 microns. Merino skirtings fell in line with fleece types on Wednesday and steadied on Thursday. Crossbred MPGs were down by around 2.5%, apart from at 30 microns where the fall was 3.4%. Oddments were cheaper on both days; and the Merino Cardings were unable to maintain their good rises of recent weeks.

The US exchange rate finished 2.26¢ (3.1%) higher to close at 74.65¢ on Thursday. This was the highest sale-to-sale change seen this season. Financial analysts mostly attributed the rise to the less favourable than expected economic data from the United States that led to a weakening of the US currency; and to the decision of the Reserve Bank of Australia to hold the official interest rate at 1.75%. Both results were contrary to the market's expectations.

Buyers for China were dominant, with support from buyers for India and Europe

| Differences in AWEX MPGs | 18.5 and 22.0 | 18.0 and 22.0 | 17.5 and 22.0 | 17.0 and 22.0 | 16.5 and 22.0 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| North                    | 121¢          | 142¢          | 165¢          | 167¢          | 176¢          |
| South                    | 98¢           | 117¢          | 141¢          | 142¢          | 152¢          |

| Market Indicator         | Changes From              |                        |                      |  |
|--------------------------|---------------------------|------------------------|----------------------|--|
|                          | Four Sales Ago<br>Week 46 | Start of<br>the Season | Week 50<br>Last Year | Season Average to<br>Week 50 Last Year |
| Eastern Market Indicator | -17 (-1.3%)               | +44 (+3.6%)            | -86 (-6.3%)          | +159 (+14.5%)                          |
| Western Market Indicator | No Sale                   | No Sale                | No Sale              | No Sale                                |

| Sale-to-Sale Changes in Average AWEX Merino Micron Price Guides (MPGs) |       |       |       |       |       |       |       |       |       |       |       |      |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| Micron   | 16.5  | 17.0  | 17.5  | 18.0  | 18.5  | 19.0  | 19.5  | 20.0  | 21.0  | 22.0  | 23.0  | 24.0 |
| Since Last Sale  |       |       |       |       |       |       |       |       |       |       |       |      |
| Change ¢   |       | -40   | -37   | -45   | -40   | -41   | -38   | -32   | -30   | -18   | -18   |      |
| Change %   |       | -2.6% | -2.4% | -2.9% | -2.6% | -2.7% | -2.6% | -2.2% | -2.1% | -1.3% | -1.3% |      |
| Since Start of the Season  |       |       |       |       |       |       |       |       |       |       |       |      |
| Change ¢   | +13   | +37   | +55   | +70   | +97   | +115  | +108  | +92   | +69   | +84   | +81   |      |
| Change %   | +0.9% | +2.5% | +3.8% | +4.9% | +7.1% | +8.6% | +8.2% | +7.0% | +5.3% | +6.6% | +6.4% |      |
| Since Same Week Last Year  |       |       |       |       |       |       |       |       |       |       |       |      |
| Change ¢   | -121  | -101  | -79   | -81   | -74   | -62   | -62   | -79   | -96   | -58   | -48   |      |
| Change %   | -7.3% | -6.2% | -4.9% | -5.1% | -4.8% | -4.1% | -4.1% | -5.3% | -6.5% | -4.1% | -3.4% |      |

| Sale-to-Sale Changes in Other Average AWEX Price Guides |      |       |        |        |        |                 |
|---|------|-------|--------|--------|--------|-----------------|
| Micron  | 25.0 | 26.0  | 28.0   | 30.0   | 32.0   | MC <sup>#</sup> |
| Since Last Sale   |      |       |        |        |        |                 |
| Change ¢  |      | -26   | -28    | -18    | -17    | -21             |
| Change %  |      | -2.4% | -3.4%  | -2.5%  | -2.9%  | -1.9%           |
| Since Start of the Season                               |      |       |        |        |        |                 |
| Change ¢  |      | +9    | -105   | -89    | -89    | +57             |
| Change %  |      | +0.8% | -11.8% | -11.3% | -13.4% | +5.5%           |
| Since Same Week Last Year                               |      |       |        |        |        |                 |
| Change ¢  |      | -100  | -186   | -165   | -170   | -21             |
| Change %  |      | -8.6% | -19.1% | -19.0% | -22.8% | -1.9%           |

# Average Merino Cardings Price Guide

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## AWIS WOOL MARKET REVIEW Week Ending 10 June 2016 (Week 50)

The following tables show the details of this week's sale offering; the expected offerings over the next three sales; the changes in Exchange Rates since the previous sale; and highlights from the April ABS export data.

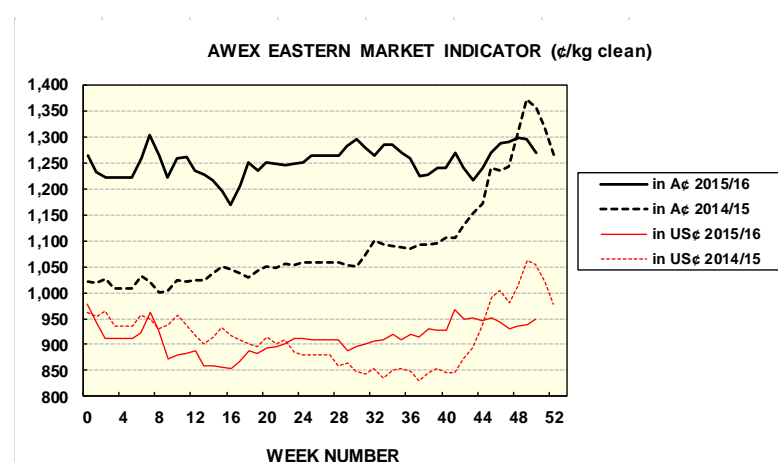
| Details of this Week's Offering and the Comparison with the Previous Sale's Offering |               |               |              |                       |             |               |
|--|---------------|---------------|--------------|-----------------------|-------------|---------------|
| Centre   | Last Sale     | This Sale     |              |                       |             |               |
|  | Offering      | Offering      | Passed-In    | Withdrawn Before Sale | Re-Offered  | Bales Sold    |
| North  | 8,354         | 12,134        | 11.7%        | 2.7%                  | 5.6%        | 10,714        |
| South  | 14,723        | 15,097        | 14.1%        | 1.6%                  | 6.6%        | 12,975        |
| West   | 8,966         |               |              |                       |             |               |
| <b>Australia</b>   | <b>32,043</b> | <b>27,231</b> | <b>13.0%</b> | <b>2.1%</b>           | <b>6.2%</b> | <b>23,689</b> |

| Actual and % Changes in the Progressive Offerings from Last Year |              |
|--|--------------|
| -48,852  | -9.1%        |
| -97,367  | -10.0%       |
| -21,111  | -5.6%        |
| <b>-167,330</b>  | <b>-8.9%</b> |

| Next Sale Offerings and Year-on-Year Differences |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Centre   | Week 51       | Week 52       | Week 53       | Differences   |
| North  | 10,016        | 9,139         | 11,750        | +23.9%        |
| South  | 18,676        | 14,773        | 17,400        | +49.9%        |
| West   | 6,019         | No Sale       | 6,400         | +26.5%        |
| <b>New Zealand</b>                               |               |               |               |               |
| <b>Australia</b>                                 | <b>34,711</b> | <b>23,912</b> | <b>35,550</b> | <b>-14.6%</b> |
| <b>Differences</b>                               | <b>+46.9%</b> | <b>-46.9%</b> |               |               |

| Exchange Rates (Reserve Bank) | Last Sale | Day-to-Day Changes |       |       |       |       | Sale-to-Sale Change | Closing Value | Season Min & Max |       |
|-------------------------------|-----------|--------------------|-------|-------|-------|-------|---------------------|---------------|------------------|-------|
|                               |           | Fri                | Mon   | Tues  | Wed   | Thur  |                     |               | Min              | Max   |
| United States                 | 72.39     | +0.07              | +0.85 | +0.96 | +0.27 | +0.11 | +2.26 (+3.1%)       | 74.65         | 69.05            | 78.12 |
| Euro                          | 64.63     | +0.34              | -0.34 | +0.79 | +0.16 | -0.08 | +0.87 (+1.3%)       | 65.50         | 62.20            | 69.14 |

| Country                     | % Share of Australia's Wool Exports by Weight of Wool Shipped |                           |                           | Year-on-Year % Change in Weight of Wool Exports July to April |
|-----------------------------|---|---------------------------|---------------------------|---|
|                             | April 2016  | July to April This Season | July to April Last Season |   |
| China                       | 79.3%   | 75.0%                     | 76.2%                     | -10.1%  |
| India                       | 6.7%  | 7.4%                      | 6.0%                      | +7.6%   |
| Italy                       | 2.2%  | 4.8%                      | 4.4%                      | -0.5%   |
| Czech Republic              | 4.4%  | 5.2%                      | 4.7%                      | -0.2%   |
| Malaysia                    | 1.0%  | 1.6%                      | 1.9%                      | -26.0%  |
| Korea                       | 2.4%  | 1.8%                      | 2.2%                      | -25.0%  |
| Taiwan                      | 0.9%  | 0.8%                      | 0.8%                      | -15.2%  |
| Egypt                       | 1.3%  | 1.2%                      | 0.9%                      | +24.5%  |
| <b>Change all Countries</b> |   |                           |                           | <b>-8.6%</b>  |



| AVERAGE EMI |      |
|-------------|------|
| This Year   | 1252 |
| Last Year   | 1102 |
| 2013/14     | 1070 |
| 2012/13     | 1035 |
| 2011/12     | 1198 |

| SEASON AVERAGES |           |      |
|-----------------|-----------|------|
| Region          | This Year | Diff |
| North           | 1277      | 153  |
| South           | 1236      | 149  |
| West            | 1305      | 176  |

| THIS YEAR'S EMI |      |
|-----------------|------|
| This Week       | 1270 |
| First Week      | 1231 |
| Low (16/10)     | 1169 |
| High (14/08)    | 1304 |

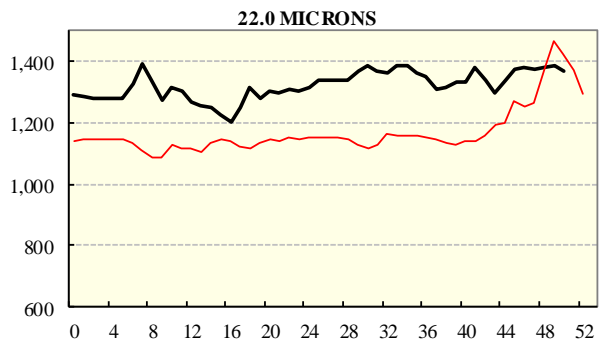
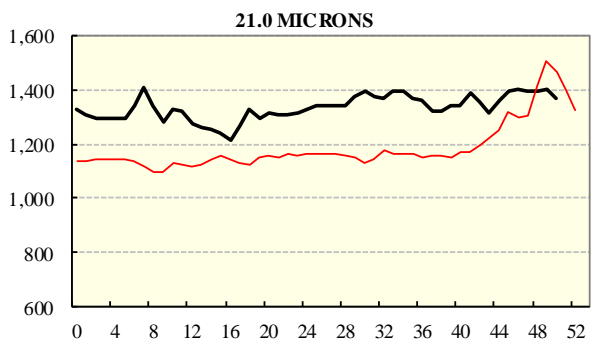
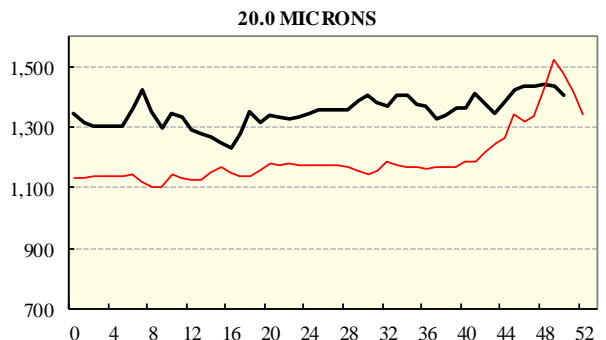
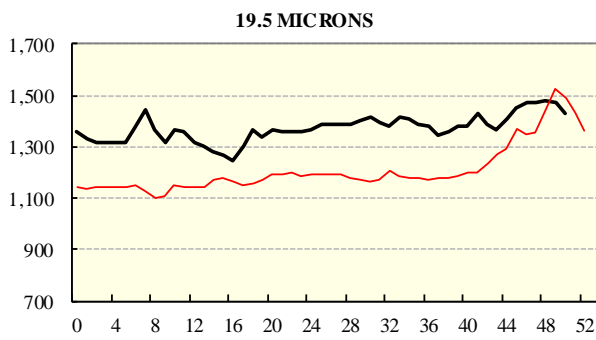
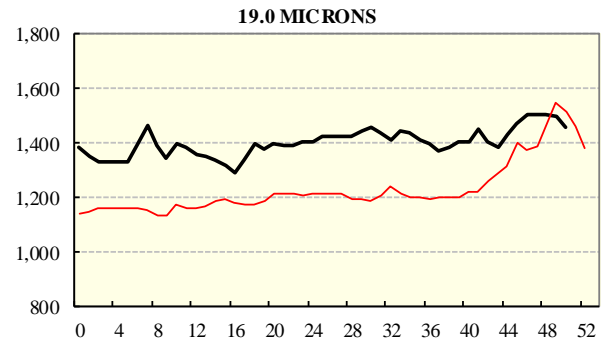
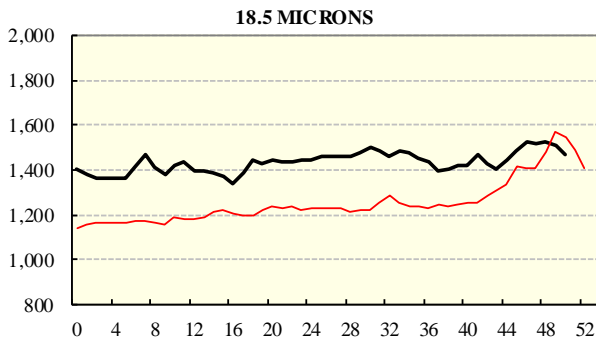
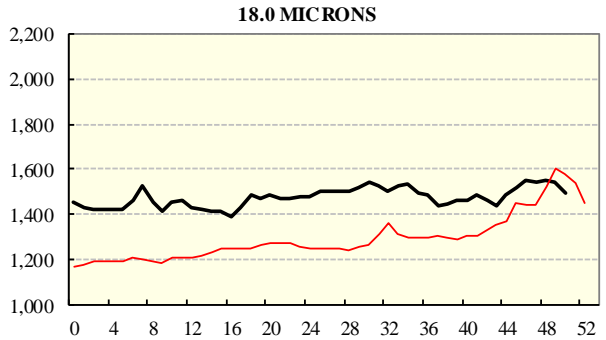
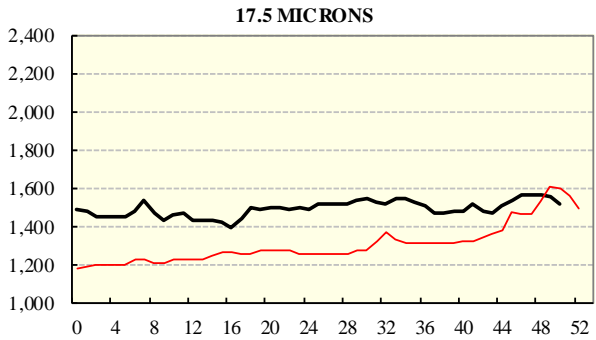
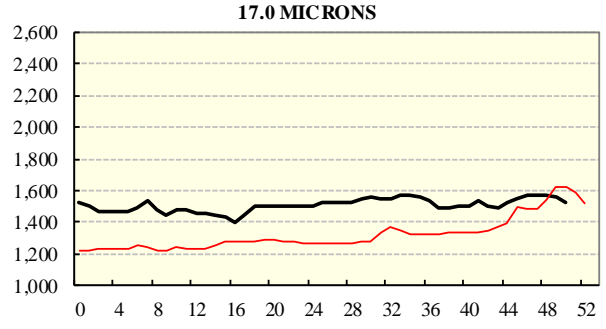
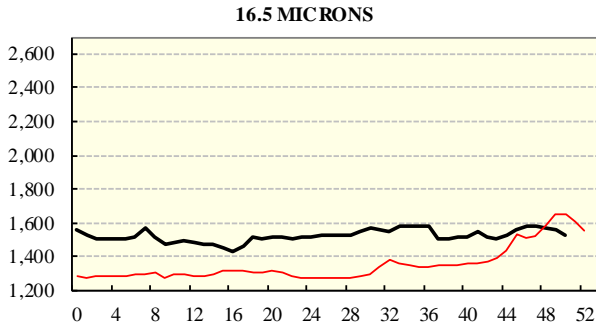
| COMPARED WITH WEEK 1 |           |      |
|----------------------|-----------|------|
| Region               | This Week | Diff |
| North                | 1292      | 42   |
| South                | 1255      | 36   |
| West (Wk)            | 1370      |      |

| BALES OFFERED       |           |
|---------------------|-----------|
| This Year           | 1,718,769 |
| Last Year           | 1,886,099 |
| Difference          | -167,330  |
| % Diff              | -8.9%     |
| FIRST OFFERED BALES |           |
| Difference          | -8.3%     |
| % of Offering       | 94.4%     |

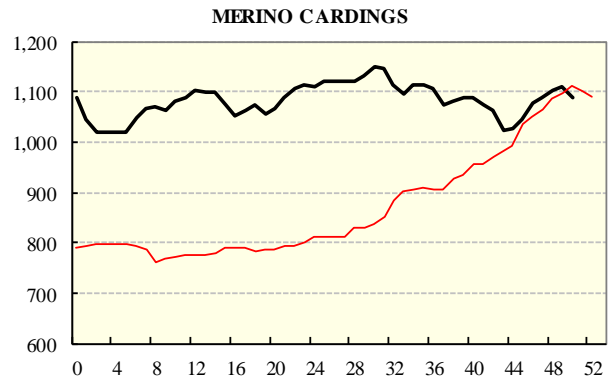
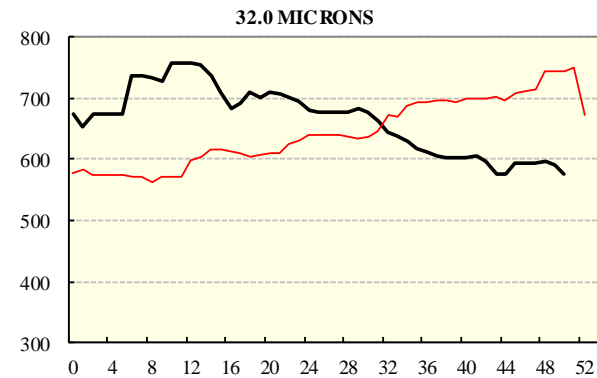
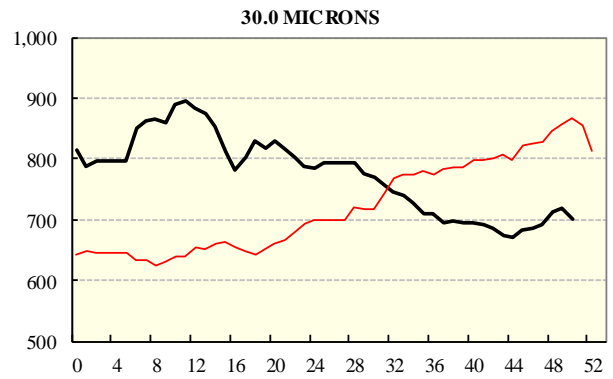
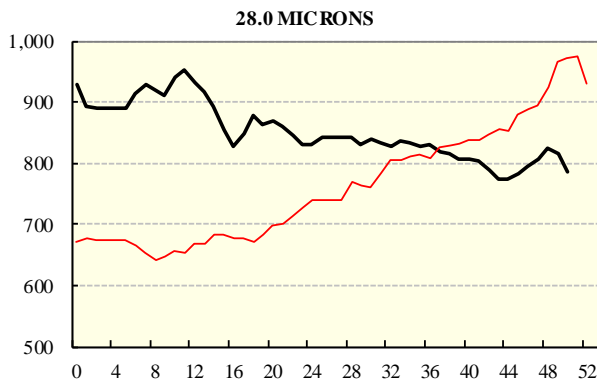
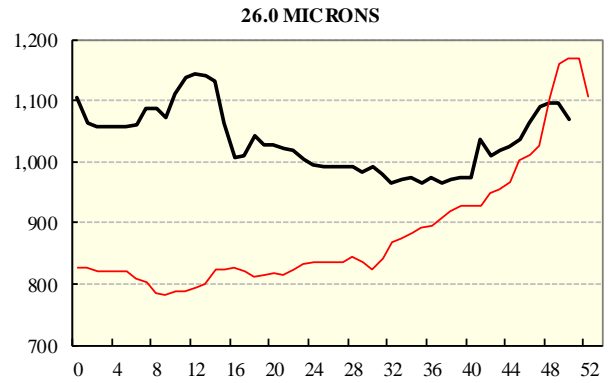
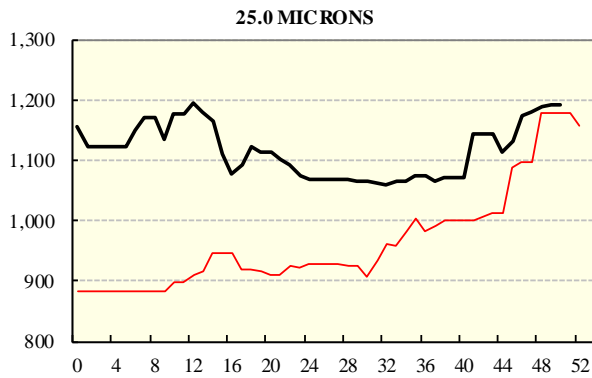
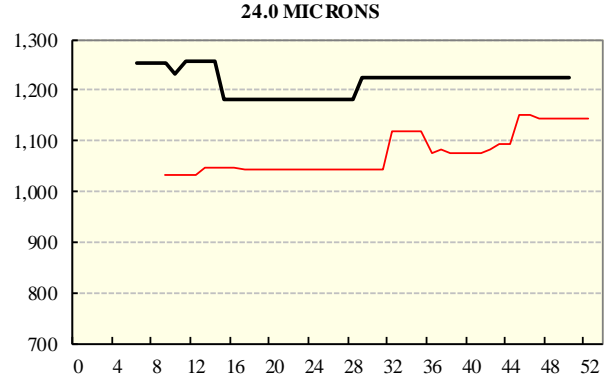
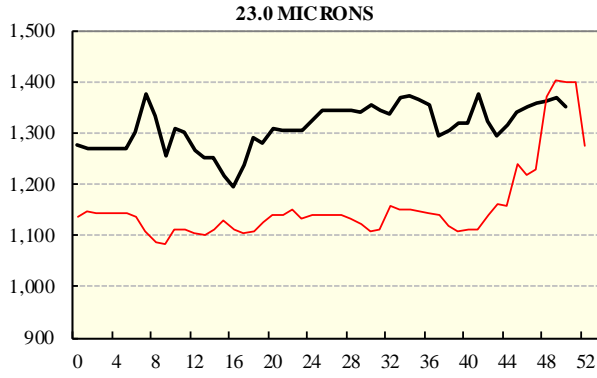
| REGION BALES        |         |        |
|---------------------|---------|--------|
| This Sale:          |         |        |
| North               | 12,134  |        |
| South               | 15,097  |        |
| West                | 0       |        |
| Progressive Totals: |         |        |
| North               | 488,608 | -9.1%  |
| South               | 875,522 | -10.0% |
| West                | 354,639 | -5.6%  |

# AVERAGE AWEX MICRON PRICE GUIDES

2015/16 (black graph line) and 2014/15 (red graph line)

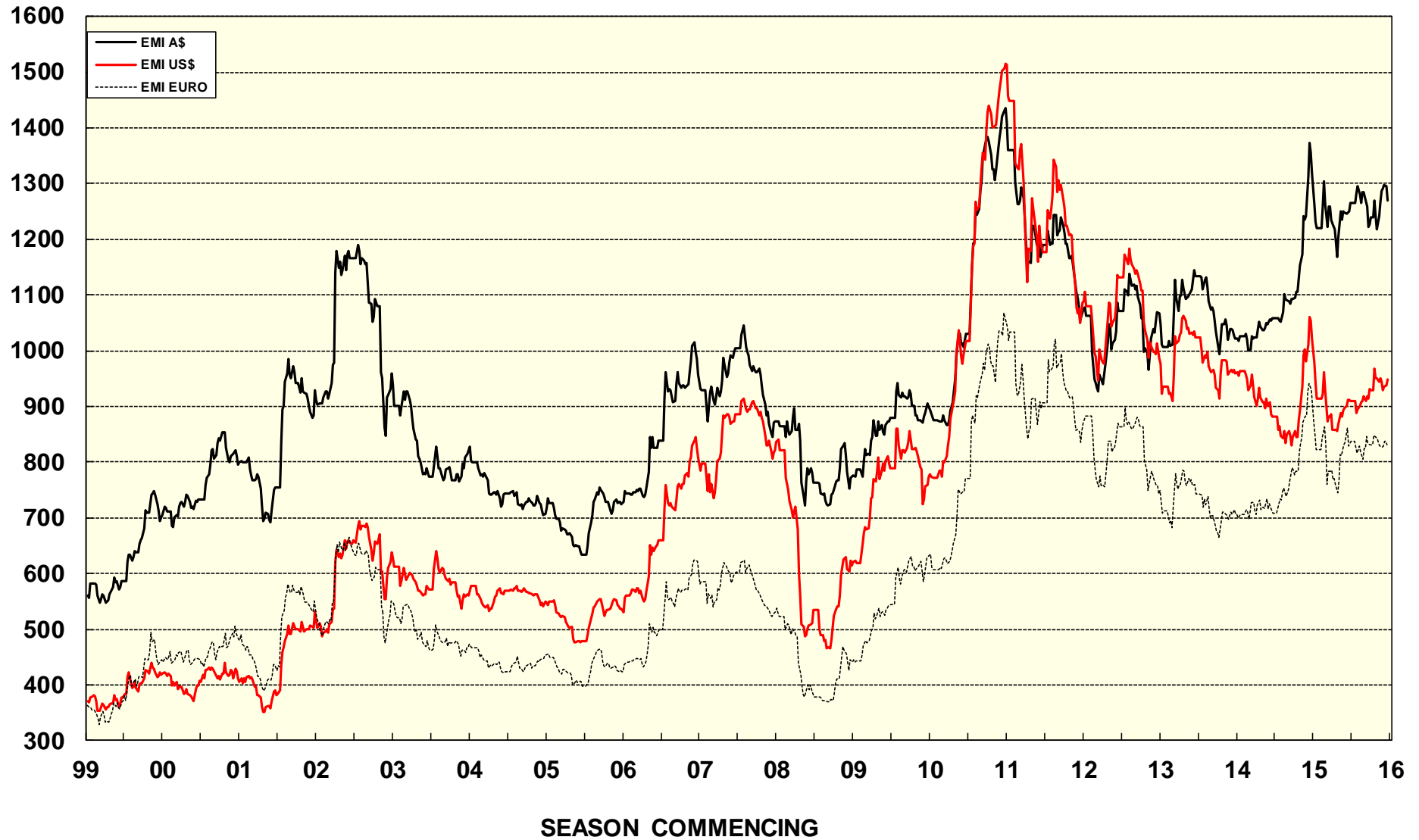


**AVERAGE AWEX MICRON PRICE GUIDES**  
 2015/16( black graph line) and 2014/15 (red graph line)



### EASTERN MARKET INDICATOR (EMI) SINCE 1999/00 (¢/kg clean)

(In Australian, United States and European Currencies)



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