

AUSTRALIAN WOOL INDUSTRIES SECRETARIAT INC

Unit 9, 42 - 46 Vella Drive
Sunshine West Vic 3020
Australia
Tel: 03 9311 0103
Fax: 03 9311 0138



Email: awis@woolindustries.org
Web: www.woolindustries.org
ABN: 30 454 304 967
Reg No: A0041776E

AWIS WOOL MARKET REVIEW

Week Ending 14 July 2017 (Week 02)

The AWEX EMI finished at 1522¢, 2¢ lower (-0.1%) in Australian currency and 15¢ higher (+1.3%) in US currency at sales in Sydney, Melbourne and Fremantle this week. This was the last sale before the mid-year three week break.

46,454 bales were on offer nationally, compared with 51,150 bales last sale. 7.7% of the offering was passed in.

AWEX reports that the value of the wool sold was \$73.2 million (\$1,707 per bale), taking the season total to \$153.2 million.

| Day-to-Day and Sale-to-Sale Changes in AWEX Regional Indicators (Week 02) | | | | | | | | | |
|---|----------------|-----------|------------------------------|-----------|----------|---------------------|-------------------|----------------------|--------|
| Centre | Last Sale Week | Indicator | Day-to-Day Changes (Week 02) | | | Sale-to-Sale Change | Closing Indicator | Sale-to-Sale Changes | |
| | | | Tuesday | Wednesday | Thursday | | | US ¢ | Euro ¢ |
| Eastern | 01 | 1524 | No Sale | -5 | +3 | -2 (-0.1%) | 1522 | +15 | +3 |
| Northern | 01 | 1593 | No Sale | -4 | -1 | -5 (-0.3%) | 1588 | +14 | +2 |
| Southern | 01 | 1480 | No Sale | -5 | +5 | 0 (0.0%) | 1480 | +16 | +4 |
| Western | 01 | 1561 | No Sale | +6 | +3 | +9 (+0.6%) | 1570 | +24 | +11 |

The combined offering of 97,600 bales over Sales 01 and 02 was 21.9% above the number of bales offered in the same two weeks last year, as growers continued to push wool onto the auction in the current market conditions. It was the largest opening 01 / 02 offering since 2011/12.

The size of the offering did not daunt the market which has maintained its current level; and finished strongly on Thursday. The rise of 0.93¢ in the US Exchange Rate over Wednesday and Thursday masked some of the strength of the market in Australian currency.

Changes in the average AWEX Merino MPGs ranged from slightly up at the superfine end to slightly down from 18.0 to 20.0; and moving up again over 20 microns. It was a good week for crossbreds with gains across all micron ranges, including at the coarse end. Merino skirtings remained firm, while oddments were again mixed. The average AWEX Merino Cardings Price Guide eased on Wednesday, but was more settled on Thursday before finishing down by 19¢ for the week, on top of the 17¢ fall the previous week.

The US Exchange Rate finished 1.08¢ (1.4%) higher to close at 77.05¢ on Thursday., the highest closing value since Week 34 in mid-February. Financial analysts attributed the rise to a weaker US currency and strong Chinese trade data

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 | 534¢ | 631¢ | 696¢ | 719¢ | 740¢ |
| South | 503¢ | 598¢ | 664¢ | 718¢ | No 16.5µ MPG |

| Market Indicator | Four Sales Ago Week 50 | Start of the Season | Week 02 Last Year | Season Average to Week 02 Last Year |
|--------------------------|------------------------|---------------------|-------------------|-------------------------------------|
| Eastern Market Indicator | +16 (+1.1%) | -2 (-0.1%) | +211 (+16.1%) | +207 (+15.7%) |
| Western Market Indicator | +3 (+0.2%) | +9 (+0.6%) | +156 (+11.0%) | +147 (+10.4%) |

| 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 ¢ | +5 | +18 | +8 | -12 | +4 | -10 | -14 | -5 | +6 | +16 | +3 | |
| Change % | +0.2% | +0.8% | +0.4% | -0.6% | +0.2% | -0.5% | -0.8% | -0.3% | +0.4% | +1.1% | +0.2% | |
| Since Start of the Season | | | | | | | | | | | | |
| Change ¢ | +2 | +9 | +4 | -6 | +2 | -5 | -7 | -3 | +3 | +8 | +1 | |
| Change % | +0.1% | +0.4% | +0.2% | -0.3% | +0.1% | -0.3% | -0.4% | -0.2% | +0.2% | +0.5% | +0.1% | |
| Since Same Week Last Year | | | | | | | | | | | | |
| Change ¢ | +616 | +626 | +595 | +547 | +462 | +324 | +206 | +126 | +61 | +21 | -18 | |
| Change % | +38.9% | +39.9% | +38.1% | +35.5% | +30.5% | +21.6% | +13.8% | +8.5% | +4.1% | +1.4% | -1.2% | |

| Sale-to-Sale Changes in Other Average AWEX Price Guides | | | | | | |
|---|-------|-------|-------|--------|--------|-----------------|
| Micron | 25.0 | 26.0 | 28.0 | 30.0 | 32.0 | MC [#] |
| Since Last Sale | | | | | | |
| Change ¢ | +32 | +7 | +10 | +10 | +7 | -19 |
| Change % | +2.7% | +0.6% | +1.3% | +1.8% | +1.8% | -1.6% |
| Since Start of the Season | | | | | | |
| Change ¢ | +16 | +3 | +5 | +5 | +3 | -10 |
| Change % | +1.3% | +0.3% | +0.7% | +0.9% | +0.8% | -0.9% |
| Since Same Week Last Year | | | | | | |
| Change ¢ | -26 | -5 | +17 | -70 | -129 | +68 |
| Change % | -2.1% | -0.4% | +2.3% | -11.0% | -25.0% | +6.3% |

Average Merino Cardings Price Guide

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AWIS WOOL MARKET REVIEW

Week Ending 14 July 2017 (Week 02)

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 May ABS export data.

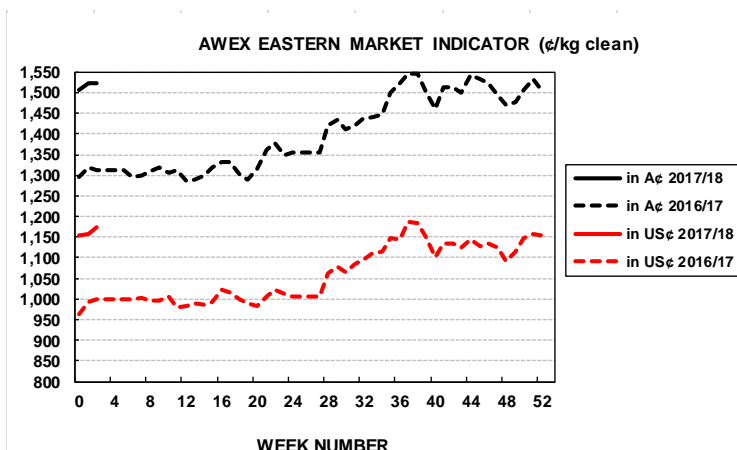
| Details of this Week's Offering and the Comparison with the Previous Sale's Offering | | | | | | |
|--|-----------|-----------|-----------|-----------------------|------------|------------|
| Centre | Last Sale | This Sale | | | | |
| | Offering | Offering | Passed-In | Withdrawn Before Sale | Re-Offered | Bales Sold |
| North | 17,524 | 16,598 | 7.2% | 1.0% | 6.9% | 15,406 |
| South | 22,688 | 22,917 | 6.0% | 1.9% | 6.3% | 21,541 |
| West | 10,938 | 6,939 | 14.3% | 2.1% | 11.6% | 5,944 |
| Australia | 51,150 | 46,454 | 7.7% | 1.6% | 7.3% | 42,891 |

| Actual and % Changes in the Progressive Offerings from Last Year | |
|--|--------|
| +5,612 | +19.7% |
| +10,670 | +30.5% |
| +1,235 | +7.4% |
| +17,517 | +21.9% |

| Next Sale Offerings and Year-on-Year Differences | | | | |
|--|---------|---------|---------|-------------|
| Centre | Week 03 | Week 04 | Week 05 | Differences |
| North | No Sale | No Sale | No Sale | |
| South | No Sale | No Sale | No Sale | |
| West | No Sale | No Sale | No Sale | |
| New Zealand | | | | |
| Australia Differences | | | | |

| 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 | 75.97 | -0.12 | +0.23 | +0.04 | +0.41 | +0.52 | +1.08 (+1.4%) | 77.05 | 75.97 | 77.05 |
| Euro | 67.00 | -0.52 | +0.20 | +0.19 | -0.15 | +0.59 | +0.31 (+0.5%) | 67.31 | 67.00 | 67.31 |

| Country | % Share of Australia's Wool Exports by Weight of Wool Shipped | | | Year-on-Year % Change July to May | |
|----------------------|---|-------------------------|-------------------------|-----------------------------------|----------|
| | May 2017 | July to May This Season | July to May Last Season | By Weight | By Value |
| China | 80.3% | 79.3% | 75.4% | +11.1% | +23.0% |
| India | 7.3% | 6.0% | 7.3% | -12.8% | -3.0% |
| Italy | 4.3% | 4.4% | 4.6% | +1.1% | +16.4% |
| Czech Republic | 2.7% | 4.6% | 5.0% | -2.9% | -3.5% |
| Malaysia | 0.3% | 0.6% | 1.5% | -57.3% | -59.6% |
| Korea | 1.7% | 1.6% | 1.8% | -5.1% | -5.3% |
| Taiwan | 0.7% | 0.7% | 0.8% | -6.2% | -3.6% |
| Egypt | 1.2% | 1.0% | 1.2% | -11.7% | +6.7% |
| Change all Countries | | | | +5.7% | +15.5% |



| AVERAGE EMI | |
|-------------|------|
| This Year | 1523 |
| Last Year | 1410 |
| 2015/16 | 1254 |
| 2014/15 | 1102 |
| 2013/14 | 1070 |

| SEASON AVERAGES | | |
|-----------------|-----------|------|
| Region | This Year | Diff |
| North | 1591 | +121 |
| South | 1480 | +110 |
| West | 1566 | +111 |

| THIS YEAR'S EMI | |
|-----------------|------|
| This Week | 1522 |
| First Week | 1524 |
| Low (14/07) | 1522 |
| High (7/07) | 1524 |

| COMPARED WITH WKS 1/2 | | |
|-----------------------|-----------|------|
| Region | This Week | Diff |
| North | 1588 | -3 |
| South | 1480 | 0 |
| West | 1570 | +4 |

| BALES OFFERED | |
|---------------------|---------|
| This Year | 97,604 |
| Last Year | 80,087 |
| Difference | +17,517 |
| % Diff | +21.9% |
| FIRST OFFERED BALES | |
| Difference | +22.3% |
| % of Offering | 94.2% |

| REGION BALES | | |
|---------------------|--------|--------|
| This Sale: | | |
| North | 16,598 | |
| South | 22,917 | |
| West | 6,939 | |
| Progressive Totals: | | |
| North | 34,122 | +19.7% |
| South | 45,605 | +30.5% |
| West | 17,877 | +7.4% |

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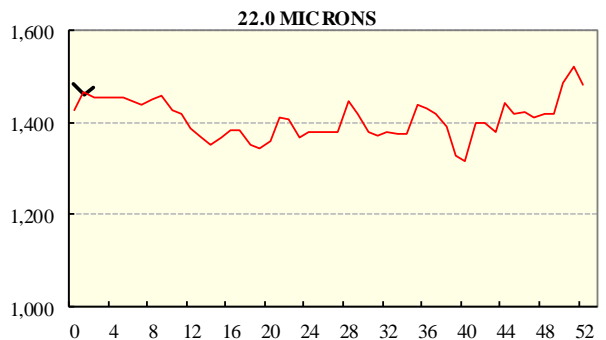
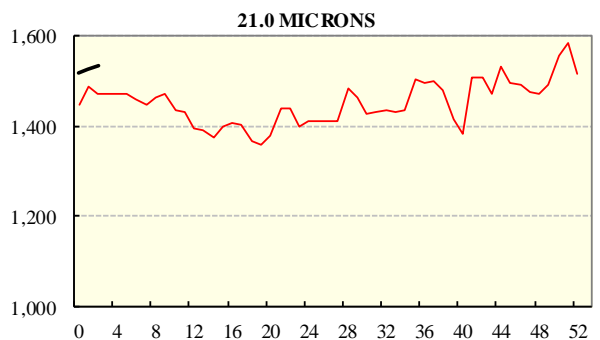
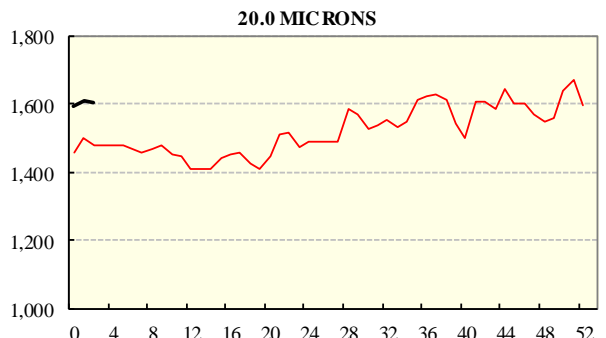
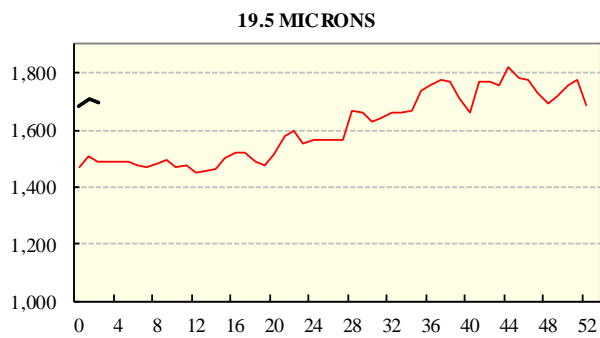
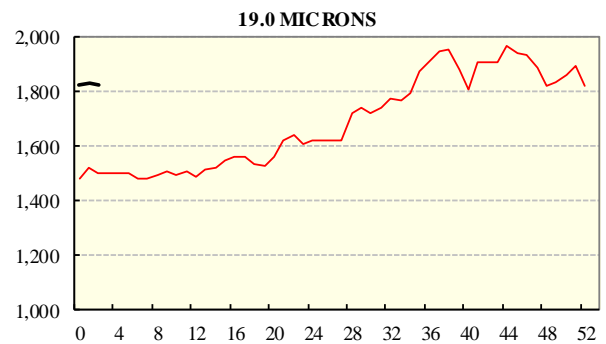
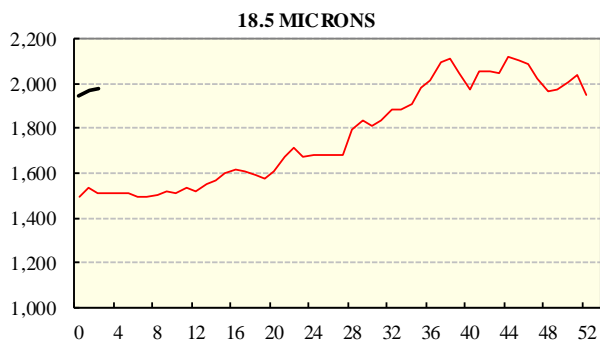
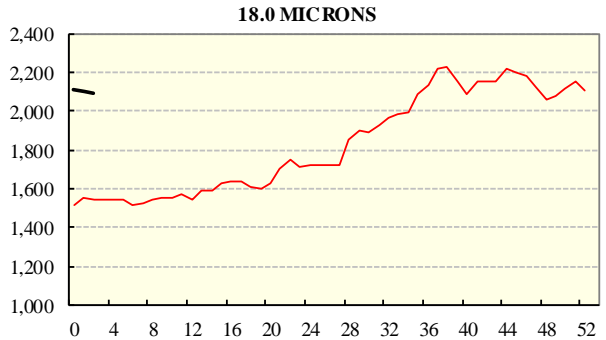
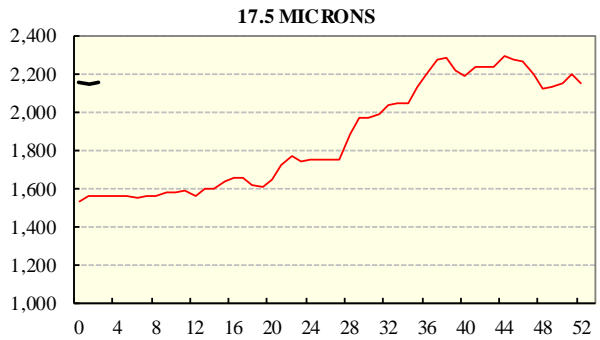
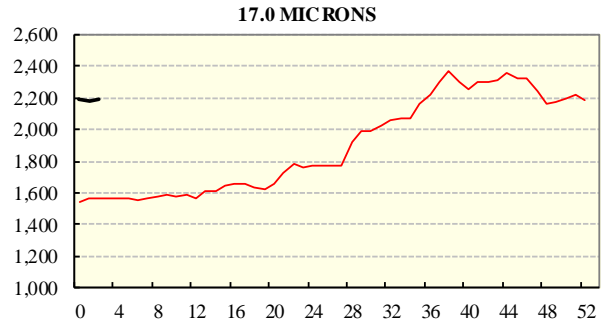
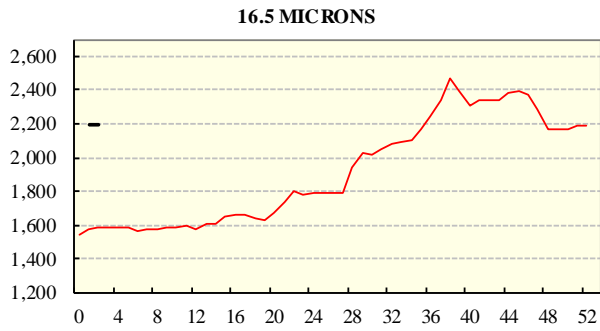
For further information

Peter Morgan

03 9311 0103

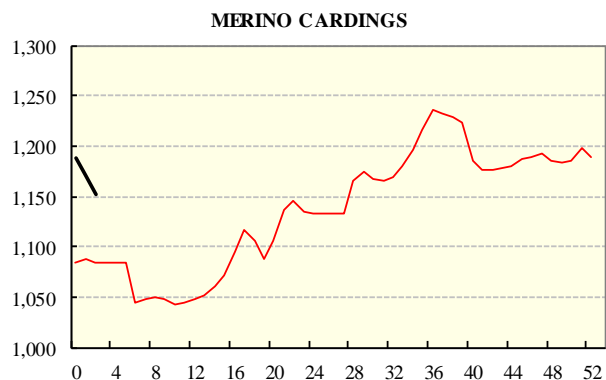
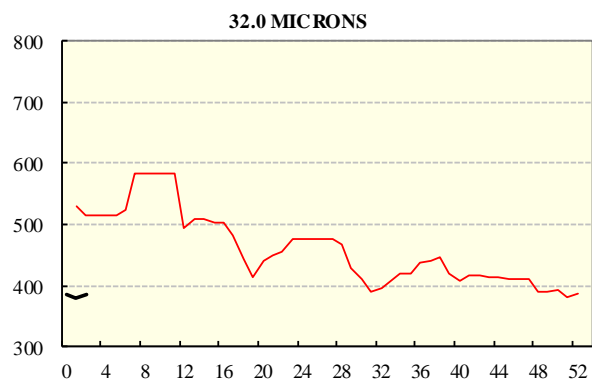
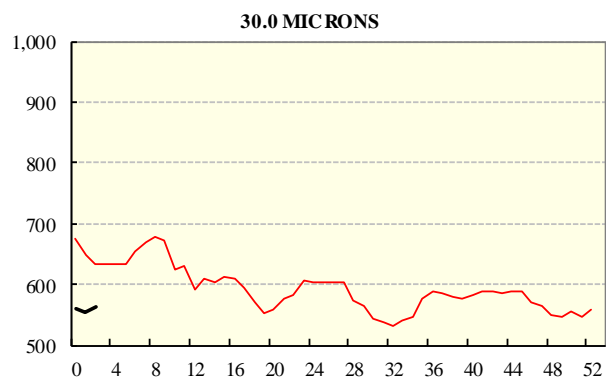
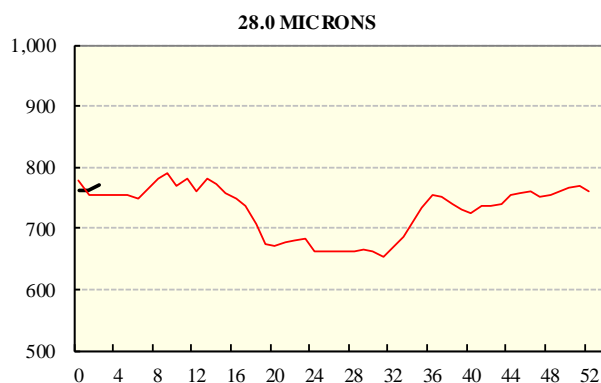
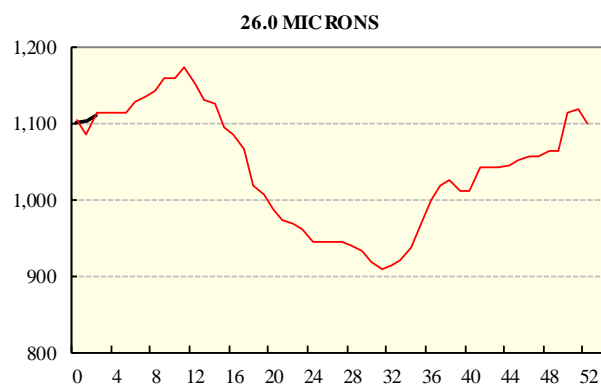
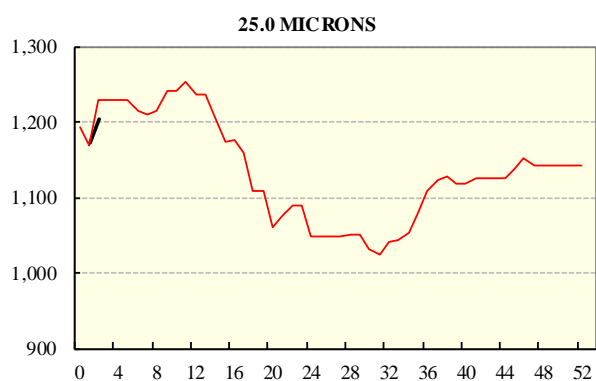
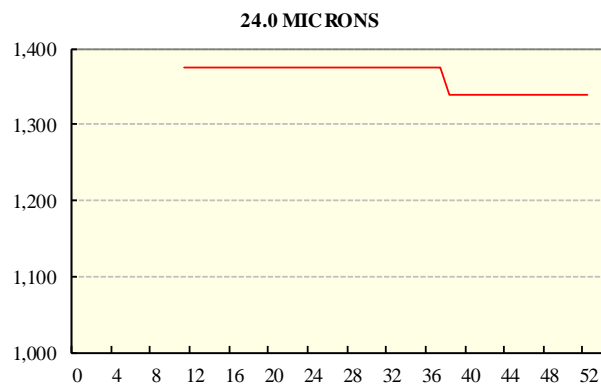
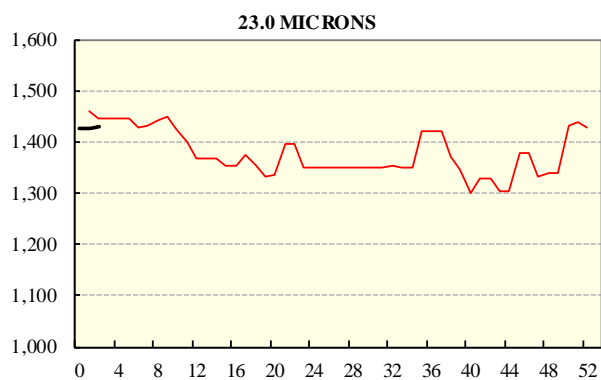
AVERAGE AWEX MICRON PRICE GUIDES

2017/18(black graph line) and f+B36wf (red graph line)



AVERAGE AWEX MICRON PRICE GUIDES

2017/18(black graph line) and f+B36wf (red graph line)



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

(In Australian, United States and European Currencies)

