

# AUSTRALIAN WOOL INDUSTRIES SECRETARIAT INC

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## AWIS WOOL MARKET REVIEW Week Ending 16 September 2016 (Week 11)

The AWEX EMI finished 6¢ higher (+0.5%) in Australian currency and 26¢ lower (-2.6%) in US currency at sales in Sydney, Melbourne and Fremantle this week.

37,436 bales were on offer nationally, compared with 40,070 bales last sale. 5.3% of the offering was passed in.

AWEX reports that the value of the wool sold was \$55.8 million.

| Day-to-Day and Sale-to-Sale Changes in AWEX Regional Indicators (Week 11) |           |           |                              |           |          |                     |                   |                      |        |
|---|-----------|-----------|------------------------------|-----------|----------|---------------------|-------------------|----------------------|--------|
| Centre  | Last Sale |           | Day-to-Day Changes (Week 11) |           |          | Sale-to-Sale Change | Closing Indicator | Sale-to-Sale Changes |        |
|   | Week      | Indicator | Tuesday                      | Wednesday | Thursday |                     |                   | US ¢                 | Euro ¢ |
| Eastern   | 10        | 1305      | No Sale                      | +11       | -5       | +6 (+0.5%)          | 1311              | -26                  | -22    |
| Northern  | 10        | 1330      | No Sale                      | +18       | -8       | +10 (+0.8%)         | 1340              | -23                  | -20    |
| Southern  | 10        | 1289      | No Sale                      | +6        | -5       | +1 (+0.1%)          | 1290              | -28                  | -25    |
| Western   | 10        | 1379      | No Sale                      | +11       | -6       | +5 (+0.4%)          | 1384              | -28                  | -24    |

Wool prices were again strongly influenced by changes in the US exchange rate. However, the rate moved down sharply this week, falling by 3.0% (2.29¢) to close at 74.69¢ on Thursday, compared with a rise of 2.1% last week. It was the largest weekly fall since mid-May 2013.

The fall appeared to be associated with global economic uncertainty early in the week, some of which was associated with uncertainty about the directions that Central Banks may take in the future; and renewed speculation about US interest rates. The uncertainty led to major falls in share markets on Monday.

While it is difficult to be sure of all the reasons why prices fall, it is not unusual for an increase in global economic uncertainty to be accompanied by a fall in global commodity prices and a fall in the US exchange rate that protects prices in Australian currency.

Looking at changes in the different wool types, the fine Merinos did better than the medium and broad Merinos, as was the case last week. It was also a good week for Merino skirtings, crossbreds and oddments.

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

| 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                    | 134¢          | 164¢          | 182¢          | 189¢          | 190¢          |
| South                    | 123¢          | 144¢          | 163¢          | 168¢          | 169¢          |

| Market Indicator         | Changes From              |                        |                      |  |
|--------------------------|---------------------------|------------------------|----------------------|--|
|                          | Four Sales Ago<br>Week 07 | Start of<br>the Season | Week 11<br>Last Year | Season Average to<br>Week 11 Last Year |
| Eastern Market Indicator | +13 (+1.0%)               | -5 (-0.4%)             | +51 (+4.0%)          | +57 (+4.6%)                            |
| Western Market Indicator | -7 (-0.5%)                | -35 (-2.5%)            | +72 (+5.5%)          | +112 (+8.7%)                           |

| 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  |
| <b>Since Last Sale</b>   |       |       |       |       |       |       |       |       |       |       |       |       |
| Change ¢   |       | +11   | +9    | +16   | +28   | +17   | +1    | -4    | -6    | -11   | -23   |       |
| Change %   |       | +0.7% | +0.6% | +1.0% | +1.9% | +1.1% | +0.1% | -0.3% | -0.4% | -0.8% | -1.6% |       |
| <b>Since Start of the Season</b>                                       |       |       |       |       |       |       |       |       |       |       |       |       |
| Change ¢   | +12   | +22   | +23   | +21   | +16   | 0     | -27   | -43   | -51   | -44   | -53   |       |
| Change %   | +0.8% | +1.4% | +1.5% | +1.4% | +1.1% | 0.0%  | -1.8% | -2.9% | -3.4% | -3.0% | -3.6% |       |
| <b>Since Same Week Last Year</b>                                       |       |       |       |       |       |       |       |       |       |       |       |       |
| Change ¢   | +94   | +114  | +118  | +107  | +106  | +124  | +115  | +113  | +111  | +112  | +99   | +118  |
| Change %   | +6.3% | +7.7% | +8.0% | +7.3% | +7.4% | +9.0% | +8.5% | +8.5% | +8.4% | +8.6% | +7.6% | +9.4% |

| Sale-to-Sale Changes in Other Average AWEX Price Guides |       |       |        |        |      |                 |
|---|-------|-------|--------|--------|------|-----------------|
| Micron  | 25.0  | 26.0  | 28.0   | 30.0   | 32.0 | MC <sup>#</sup> |
| <b>Since Last Sale</b>                                  |       |       |        |        |      |                 |
| Change ¢  | +11   | +13   | +11    | +6     |      | +1              |
| Change %  | +0.9% | +1.1% | +1.4%  | +1.0%  |      | +0.1%           |
| <b>Since Start of the Season</b>                        |       |       |        |        |      |                 |
| Change ¢  | +54   | +72   | +26    | -12    |      | -42             |
| Change %  | +4.5% | +6.5% | +3.4%  | -1.9%  |      | -3.9%           |
| <b>Since Same Week Last Year</b>                        |       |       |        |        |      |                 |
| Change ¢  |       | +35   | -170   | -266   |      | -44             |
| Change %  |       | +3.1% | -17.9% | -29.7% |      | -4.0%           |

# Average Merino Cardings Price Guide

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## AWIS WOOL MARKET REVIEW Week Ending 16 September 2016 (Week 11)

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 July ABS export data.

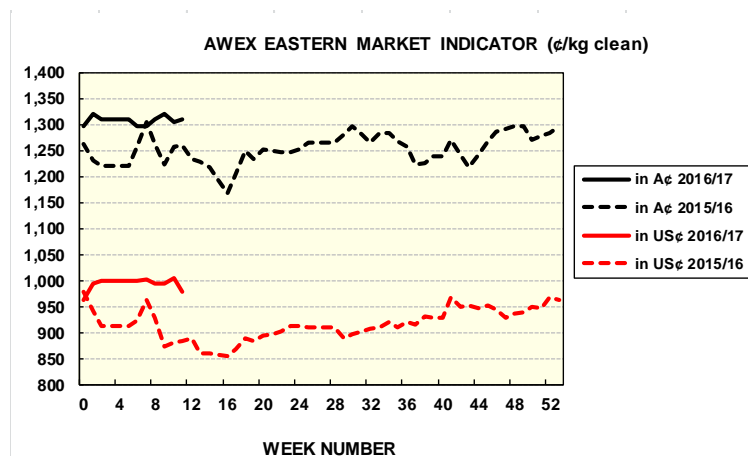
| Details of this Week's Offering and the Comparison with the Previous Sale's Offering |               |               |             |                       |             |               |
|--|---------------|---------------|-------------|-----------------------|-------------|---------------|
| Centre   | Last Sale     | This Sale     |             |                       |             |               |
|  | Offering      | Offering      | Passed-In   | Withdrawn Before Sale | Re- Offered | Bales Sold    |
| North  | 11,622        | 10,322        | 6.1%        | 1.5%                  | 2.9%        | 9,693         |
| South  | 20,101        | 19,519        | 4.8%        | 2.8%                  | 3.3%        | 18,573        |
| West   | 8,347         | 7,595         | 5.5%        | 0.9%                  | 3.2%        | 7,181         |
| <b>Australia</b>   | <b>40,070</b> | <b>37,436</b> | <b>5.3%</b> | <b>2.0%</b>           | <b>3.1%</b> | <b>35,447</b> |

| Actual and % Changes in the Progressive Offerings from Last Year |              |
|--|--------------|
| +5,841   | +5.7%        |
| +5,363   | +3.8%        |
| +8,402   | +15.6%       |
| <b>+19,606</b>   | <b>+6.6%</b> |

| Next Sale Offerings and Year-on-Year Differences |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Centre   | Week 12       | Week 13       | Week 14       | Differences   |
| North  | 8,008         | 9,670         | 10,850        | <b>-8.6%</b>  |
| South  | 26,100        | 20,025        | 25,143        | <b>+24.9%</b> |
| West   | 7,785         | 8,220         | 8,020         | <b>+15.2%</b> |
| <b>New Zealand</b>                               | <b>2,250</b>  |               |               |               |
| <b>Australia</b>                                 | <b>41,893</b> | <b>37,915</b> | <b>44,013</b> | <b>+13.5%</b> |
| <b>Differences</b>                               | <b>+12.6%</b> | <b>+14.5%</b> | <b>+13.5%</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                 | 76.98     | -0.46              | -1.19 | +0.03 | -0.56 | -0.11 | -2.29 (-3.0%)       | 74.69         | 74.69            | 77.11 |
| Euro                          | 68.41     | -0.59              | -0.82 | +0.11 | -0.47 | -0.24 | -2.01 (-2.9%)       | 66.40         | 66.40            | 68.98 |

| Country                     | % Share of Australia's Wool Exports by Weight of Wool Shipped |                          |                          | Year-on-Year % Change July to July |              |
|-----------------------------|---|--------------------------|--------------------------|------------------------------------|--------------|
|                             | July 2016   | July to July This Season | July to July Last Season | By Weight                          | By Value     |
| China                       | 73.9%   | 73.9%                    | 74.8%                    | -6.2%                              | -10.2%       |
| India                       | 8.5%  | 8.5%                     | 10.5%                    | -22.9%                             | -19.2%       |
| Italy                       | 5.3%  | 5.3%                     | 5.2%                     | -1.8%                              | +17.2%       |
| Czech Republic              | 5.5%  | 5.5%                     | 2.0%                     | +155.0%                            | +155.2%      |
| Malaysia                    | 1.1%  | 1.1%                     | 1.7%                     | -37.6%                             | -44.3%       |
| Korea                       | 1.7%  | 1.7%                     | 1.4%                     | +13.9%                             | +16.6%       |
| Taiwan                      | 1.2%  | 1.2%                     | 0.8%                     | +45.6%                             | +52.7%       |
| Egypt                       | 1.2%  | 1.2%                     | 1.9%                     | -41.3%                             | -41.8%       |
| <b>Change all Countries</b> |   |                          |                          | <b>-5.0%</b>                       | <b>-7.4%</b> |



| AVERAGE EMI |      |
|-------------|------|
| This Year   | 1309 |
| Last Year   | 1254 |
| 2014/15     | 1102 |
| 2013/14     | 1070 |
| 2012/13     | 1035 |

| SEASON AVERAGES |           |      |  |
|-----------------|-----------|------|--|
| Region          | This Year | Diff |  |
| North           | 1333      | +54  |  |
| South           | 1293      | +55  |  |
| West            | 1399      | +91  |  |

| THIS YEAR'S EMI |      |
|-----------------|------|
| This Week       | 1311 |
| First Week      | 1320 |
| Low (0/01)      | 1297 |
| High (0/01)     | 1320 |

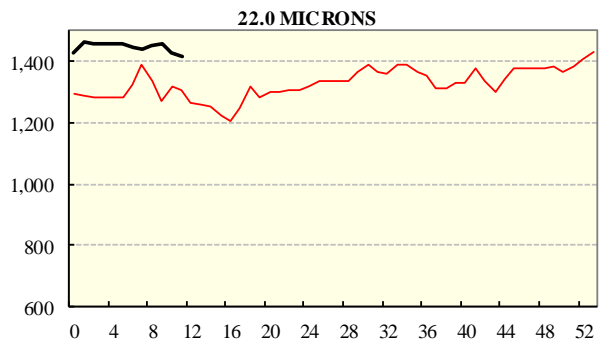
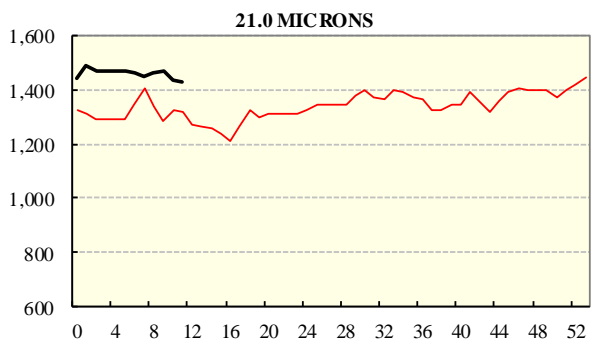
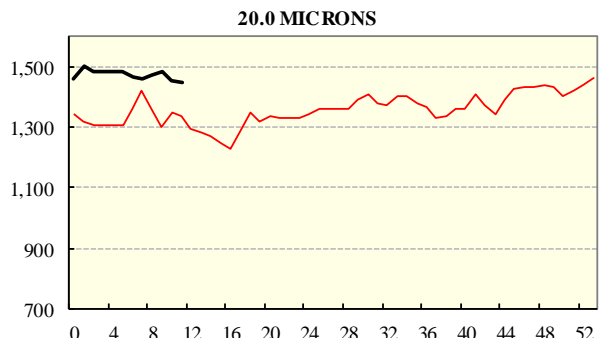
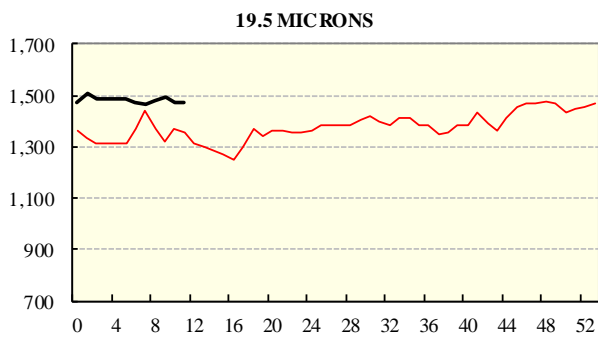
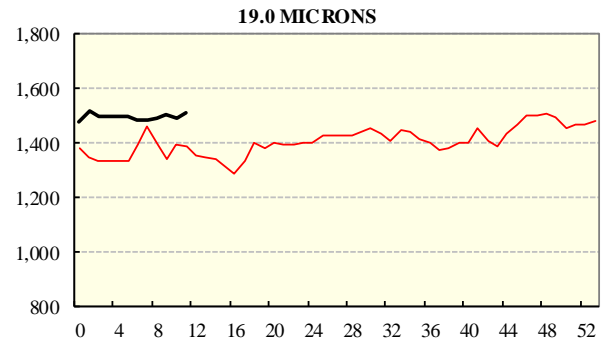
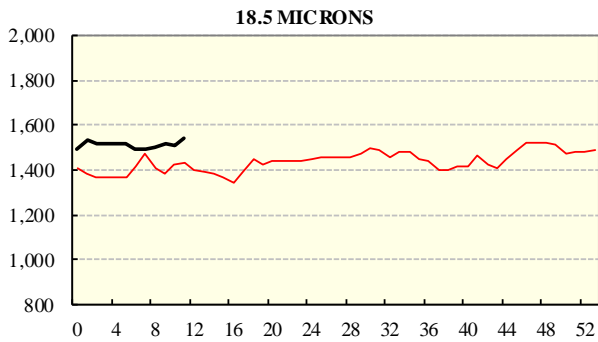
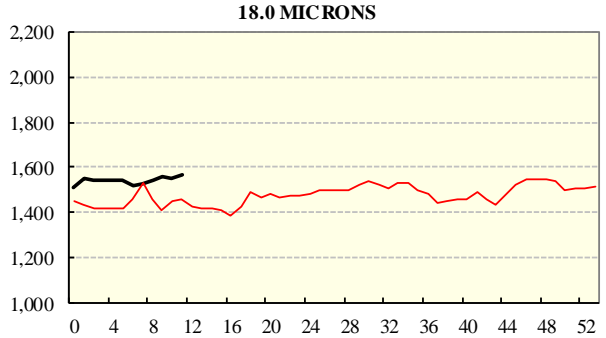
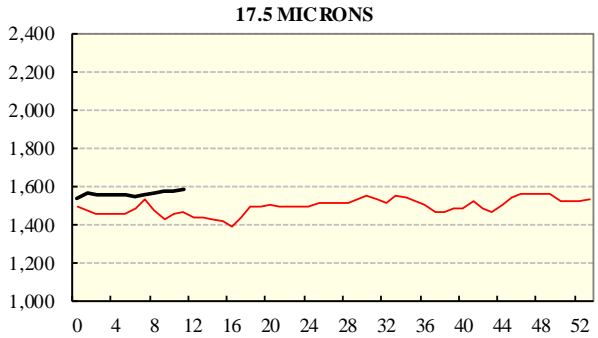
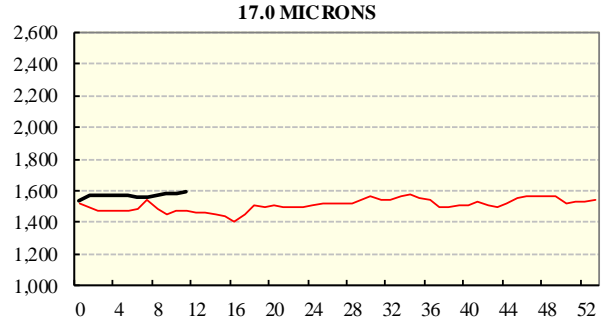
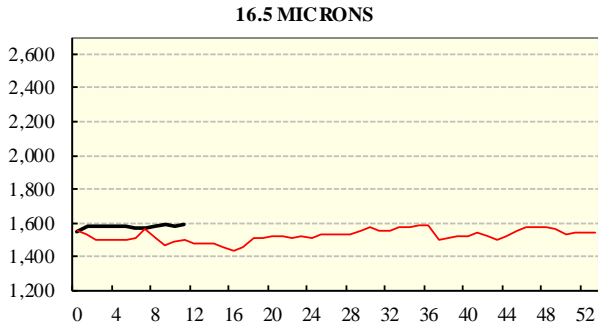
| COMPARED WITH WKS 1/2 |           |      |
|-----------------------|-----------|------|
| Region                | This Week | Diff |
| North                 | 1340      | 3    |
| South                 | 1290      | -11  |
| West                  | 1384      | -35  |

| BALES OFFERED       |         |
|---------------------|---------|
| This Year           | 317,266 |
| Last Year           | 297,660 |
| Difference          | 19,606  |
| % Diff              | 6.6%    |
| FIRST OFFERED BALES |         |
| Difference          | 7.9%    |
| % of Offering       | 95.8%   |

| REGION BALES        |         |       |
|---------------------|---------|-------|
| This Sale:          |         |       |
| North               | 63      |       |
| South               | 10,322  |       |
| West                | 19,519  |       |
| Progressive Totals: |         | Diff  |
| North               | 108,473 | 5.7%  |
| South               | 146,370 | 3.8%  |
| West                | 62,423  | 15.6% |

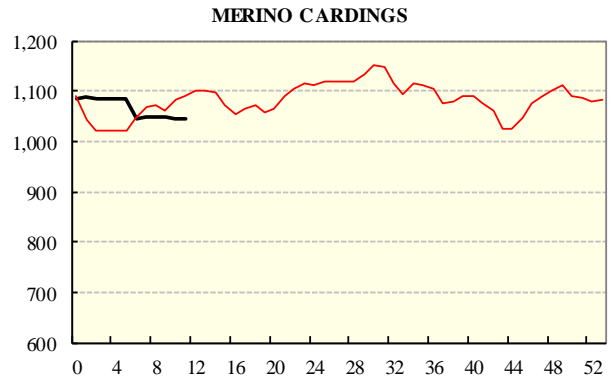
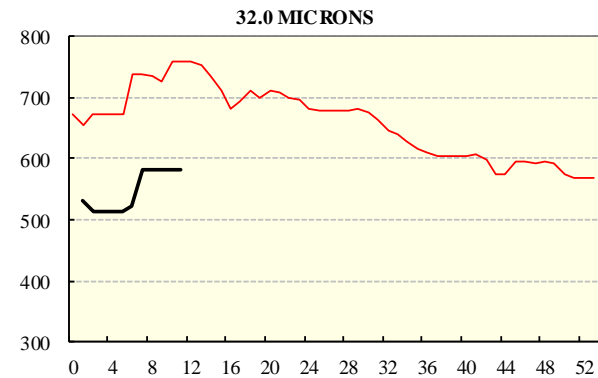
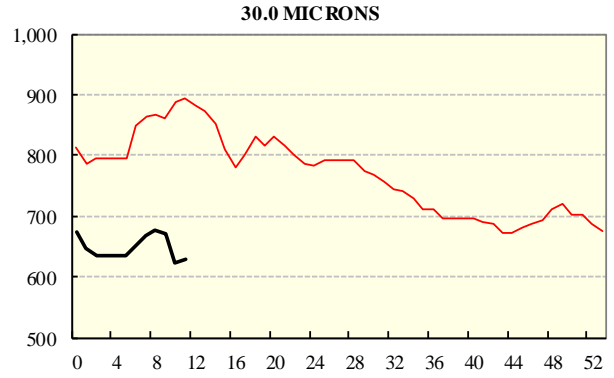
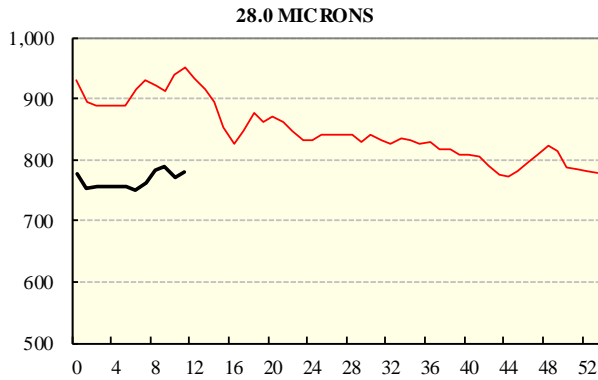
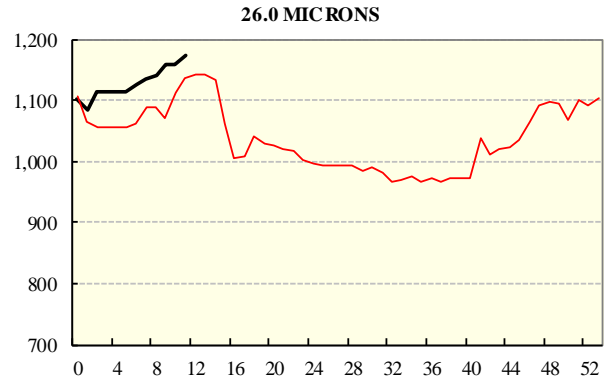
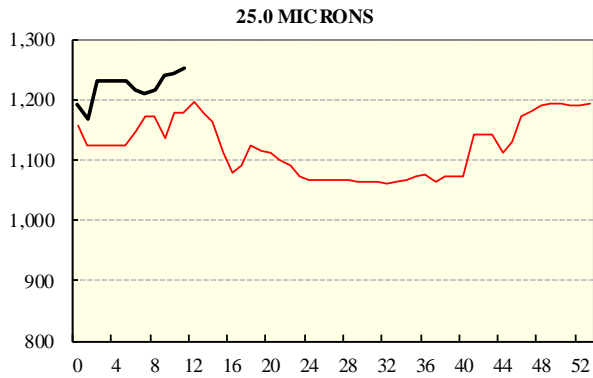
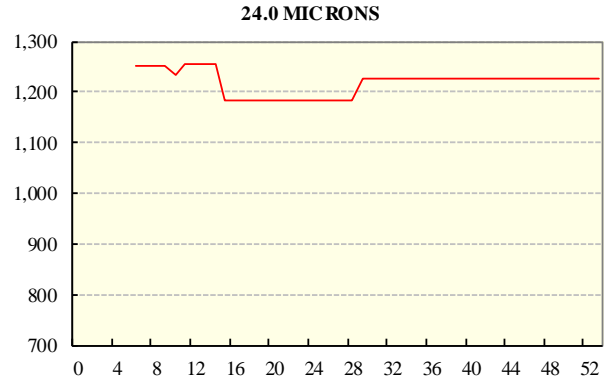
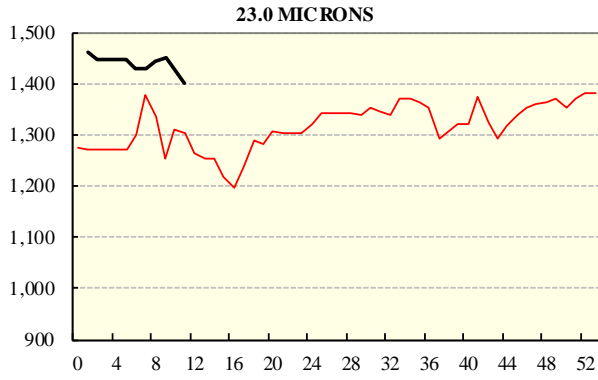
# AVERAGE AWEX MICRON PRICE GUIDES

2016/17 (black graph line) and 2015/16 (red graph line)

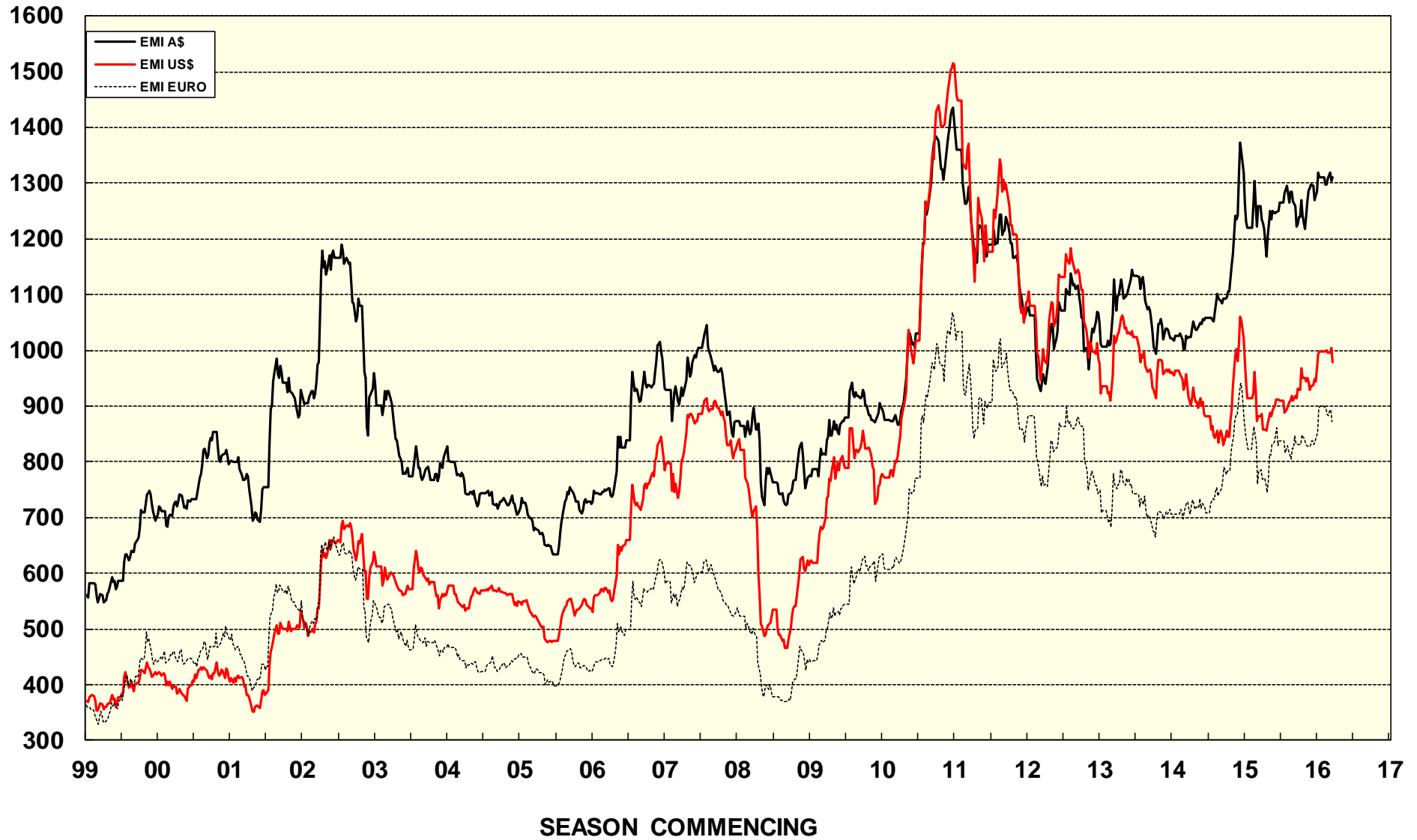


# AVERAGE AWEX MICRON PRICE GUIDES

2016/17( black graph line) and 2015/16 (red graph line)



### EASTERN MARKET INDICATOR (EMI) SINCE 1999/00 (¢/kg clean) (In Australian, United States and European Currencies)



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