

AUSTRALIAN WOOL INDUSTRIES SECRETARIAT INC

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AWIS WOOL MARKET REVIEW

Week Ending 21 October 2016 (Week 16)

The AWEX EMI finished 13¢ higher (+1.0%) in Australian currency and 28¢ higher (+2.8%) in US currency at sales in Sydney, Melbourne and Fremantle this week.

34,556 bales were on offer nationally, compared with 29,372 bales last sale. 3.5% of the offering was passed in.

AWEX reports that the value of the wool sold was \$54.4 million (\$1,631 per bale).

| Day-to-Day and Sale-to-Sale Changes in AWEX Regional Indicators (Week 16) | | | | | | | | | |
|---|-----------|-----------|------------------------------|-----------|----------|---------------------|-------------------|----------------------|--------|
| Centre | Last Sale | | Day-to-Day Changes (Week 16) | | | Sale-to-Sale Change | Closing Indicator | Sale-to-Sale Changes | |
| | Week | Indicator | Tuesday | Wednesday | Thursday | | | US ¢ | Euro ¢ |
| Eastern | 15 | 1318 | No Sale | +5 | +8 | +13 (+1.0%) | 1331 | +28 | +29 |
| Northern | 15 | 1359 | No Sale | +5 | +8 | +13 (+1.0%) | 1372 | +28 | +30 |
| Southern | 15 | 1291 | No Sale | +5 | +9 | +14 (+1.1%) | 1305 | +28 | +30 |
| Western | 15 | 1375 | No Sale | +6 | +10 | +16 (+1.2%) | 1391 | +31 | +32 |

The market continued on from it firm close on Thursday of the previous week to record further rises in both Australian and US currency on both Wednesday and Thursday. The closing value of 1021¢ for the EMI in US currency is the highest for the season.

The market was again driven by rises for Merino types, with the AWEX MPGs up for all Merino micron ranges and wool types. The gains were more evenly distributed over the different micron values this week, which left the difference between the 16.5 and 22 micron MPGs at similar levels to those of last week. Merino Cardings were in strong demand, particularly on Thursday when their average AWEX Price Guide closed at 1094¢, the highest so far this season.

Crossbred wools eased again, with falls of around 0.5% on average.

The US Exchange Rate moved up sharply during the week to finish 1.33¢ (1.8%) higher at 76.70¢ on Thursday. Financial analysts attributed much of the lift to improved commodity prices, particularly for coal.

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

The expected number of bales on offer in the coming week is back up to 44,900.

| 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 | 233¢ | 255¢ | 265¢ | 266¢ | 279¢ |
| South | 220¢ | 240¢ | 265¢ | 261¢ | 266¢ |

| Market Indicator | Changes From | | | |
|--------------------------|---------------------------|------------------------|----------------------|--|
| | Four Sales Ago Week 12 | Start of the Season | Week 16 Last Year | Season Average to Week 16 Last Year |
| Eastern Market Indicator | +44 (+3.4%) | +15 (+1.1%) | +162 (+13.9%) | +72 (+5.8%) |
| Western Market Indicator | +28 (+2.1%) | -28 (-2.0%) | +186 (+15.4%) | +119 (+9.4%) |

| 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 ¢ | | +9 | +16 | +7 | +16 | +17 | +21 | +12 | +9 | +17 | | |
| Change % | | +0.5% | +1.0% | +0.4% | +1.0% | +1.1% | +1.4% | +0.8% | +0.6% | +1.2% | | |
| Since Start of the Season | | | | | | | | | | | | |
| Change ¢ | +80 | +82 | +91 | +89 | +90 | +54 | +22 | -36 | -73 | -76 | | |
| Change % | +5.1% | +5.2% | +5.8% | +5.8% | +5.9% | +3.6% | +1.5% | -2.4% | -4.9% | -5.2% | | |
| Since Same Week Last Year | | | | | | | | | | | | |
| Change ¢ | +228 | +250 | +261 | +249 | +273 | +276 | +275 | +226 | +195 | +181 | | |
| Change % | +15.9% | +17.8% | +18.7% | +18.0% | +20.4% | +21.4% | +22.1% | +18.4% | +16.1% | +15.0% | | |

| 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 ¢ | +3 | -9 | -6 | -2 | 0 | +23 |
| Change % | +0.3% | -0.8% | -0.8% | -0.3% | 0.0% | +2.1% |
| Since Start of the Season | | | | | | |
| Change ¢ | -22 | -16 | -5 | -31 | -20 | +8 |
| Change % | -1.8% | -1.5% | -0.7% | -4.8% | -3.8% | +0.7% |
| Since Same Week Last Year | | | | | | |
| Change ¢ | +99 | +78 | -76 | -170 | -180 | +42 |
| Change % | +9.2% | +7.8% | -9.2% | -21.8% | -26.4% | +4.0% |

Average Merino Cardings Price Guide

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AWIS WOOL MARKET REVIEW Week Ending 21 October 2016 (Week 16)

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 August ABS export data.

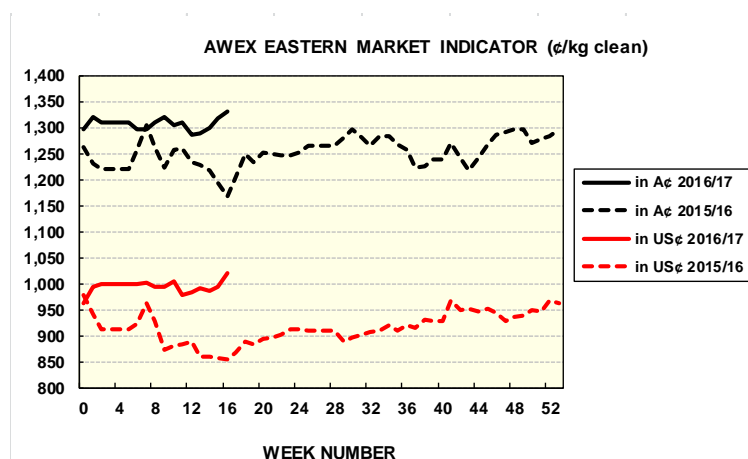
| Details of this Week's Offering and the Comparison with the Previous Sale's Offering | | | | | | |
|--|---------------|---------------|-------------|-----------------------|-------------|---------------|
| Centre | Last Sale | This Sale | | | | |
| | Offering | Offering | Passed-In | Withdrawn Before Sale | Re- Offered | Bales Sold |
| North | 7,585 | 9,184 | 2.8% | 0.8% | 3.0% | 8,930 |
| South | 13,485 | 16,671 | 3.6% | 1.9% | 4.6% | 16,067 |
| West | 8,302 | 8,701 | 4.0% | 1.1% | 5.0% | 8,349 |
| Australia | 29,372 | 34,556 | 3.5% | 1.4% | 4.3% | 33,346 |

| Actual and % Changes in the Progressive Offerings from Last Year | |
|--|--------------|
| -2,579 | -1.7% |
| -4,403 | -1.8% |
| +11,345 | +12.4% |
| +4,363 | +0.9% |

| Next Sale Offerings and Year-on-Year Differences | | | | |
|--|---------------|---------------|---------------|--------------|
| Centre | Week 17 | Week 18 | Week 19 | Differences |
| North | 12,314 | 10,880 | 11,240 | +9.5% |
| South | 23,380 | 24,500 | 20,430 | +16.2% |
| West | 9,185 | 8,220 | 8,120 | -9.0% |
| New Zealand | 2,700 | 1,200 | | |
| Australia | 44,879 | 43,600 | 39,790 | +8.4% |
| Differences | +20.8% | +9.4% | -3.6% | |

| 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 | 75.37 | +0.45 | +0.17 | +0.72 | -0.05 | +0.04 | +1.33 (+1.8%) | 76.70 | 74.69 | 77.11 |
| Euro | 68.42 | +0.33 | +0.42 | +0.46 | +0.19 | +0.14 | +1.54 (+2.3%) | 69.96 | 66.40 | 69.96 |

| Country | % Share of Australia's Wool Exports by Weight of Wool Shipped | | | Year-on-Year % Change July to August | |
|-----------------------------|---|----------------------------|----------------------------|--------------------------------------|--------------|
| | August 2016 | July to August This Season | July to August Last Season | By Weight | By Value |
| China | 76.9% | 75.2% | 74.5% | -2.0% | -3.6% |
| India | 6.0% | 7.5% | 9.5% | -23.3% | -19.6% |
| Italy | 6.3% | 5.7% | 5.0% | +5.9% | +19.8% |
| Czech Republic | 5.3% | 5.4% | 3.4% | +54.3% | +61.7% |
| Malaysia | 1.0% | 1.0% | 1.3% | -22.9% | -36.7% |
| Korea | 1.7% | 1.7% | 1.5% | +5.7% | +2.9% |
| Taiwan | 0.1% | 0.7% | 0.9% | -19.5% | -14.6% |
| Egypt | 0.8% | 1.0% | 1.5% | -34.5% | -36.1% |
| Change all Countries | | | | -2.9% | -3.7% |



| AVERAGE EMI | |
|-------------|------|
| This Year | 1307 |
| Last Year | 1254 |
| 2014/15 | 1102 |
| 2013/14 | 1070 |
| 2012/13 | 1035 |

| SEASON AVERAGES | | |
|-----------------|-----------|------|
| Region | This Year | Diff |
| North | 1337 | +58 |
| South | 1288 | +50 |
| West | 1386 | +78 |

| THIS YEAR'S EMI | |
|-----------------|------|
| This Week | 1331 |
| First Week | 1320 |
| Low (26/10) | 1287 |
| High (17/10) | 1331 |

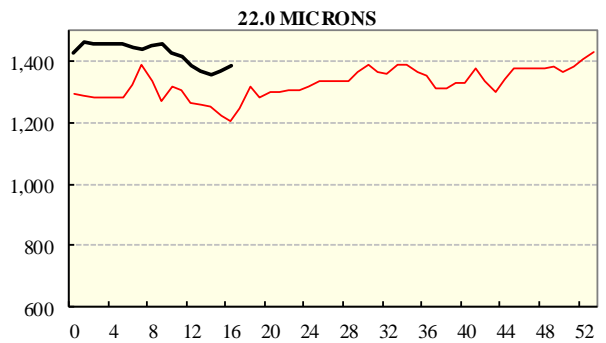
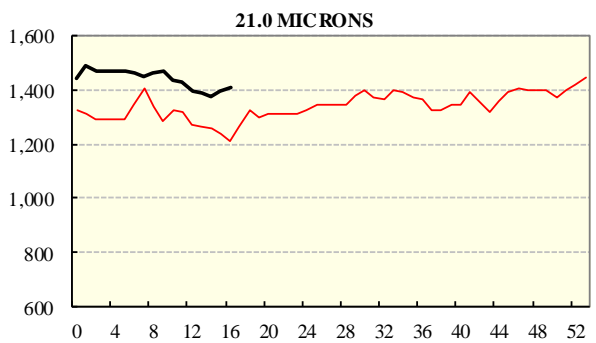
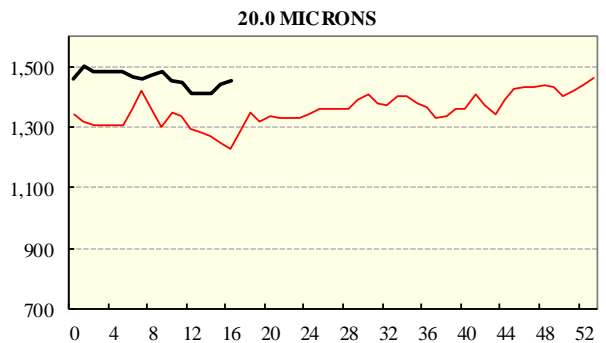
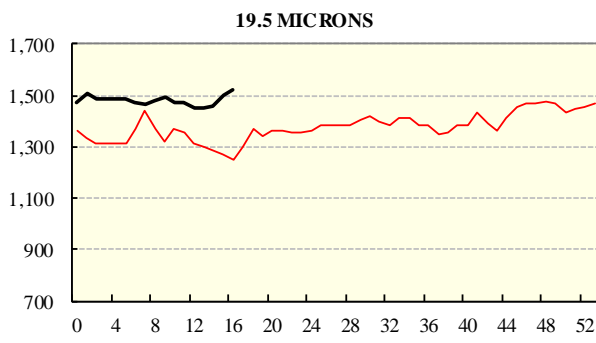
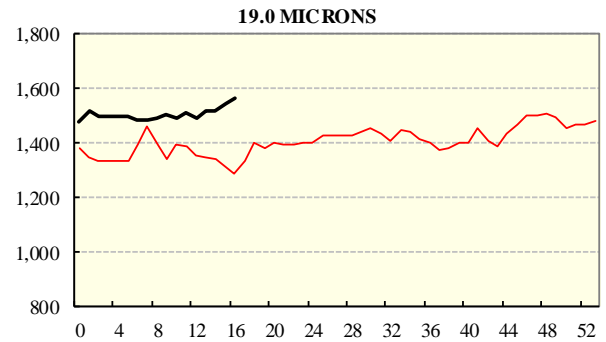
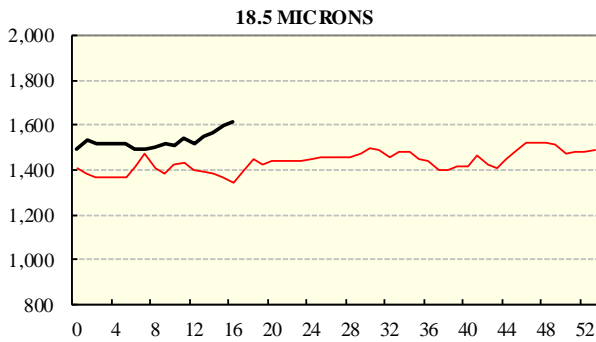
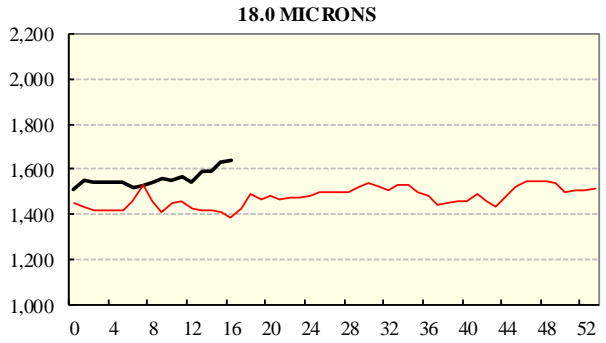
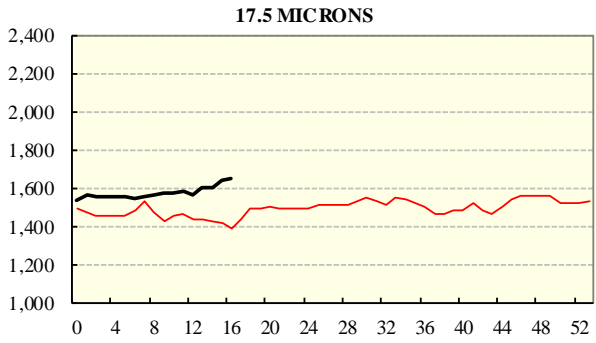
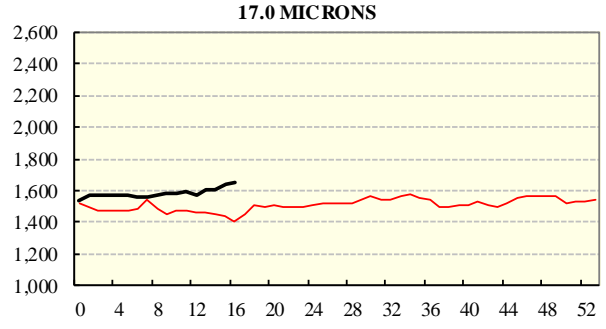
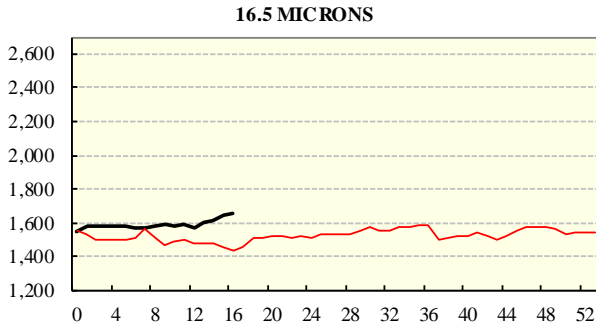
| COMPARED WITH WKS 1/2 | | |
|-----------------------|-----------|------|
| Region | This Week | Diff |
| North | 1372 | +35 |
| South | 1305 | 4 |
| West | 1391 | -28 |

| BALES OFFERED | |
|---------------------|---------|
| This Year | 489,636 |
| Last Year | 485,273 |
| Difference | 4,363 |
| % Diff | 0.9% |
| FIRST OFFERED BALES | |
| Difference | 1.5% |
| % of Offering | 95.7% |

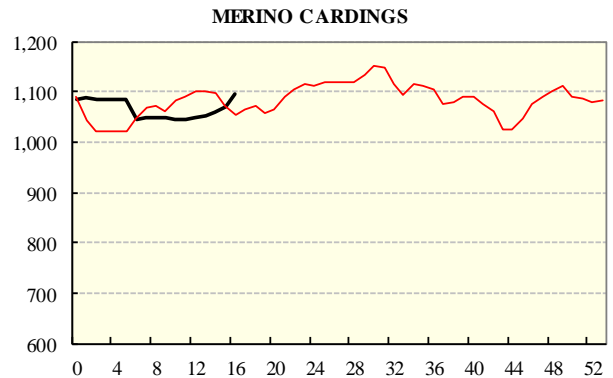
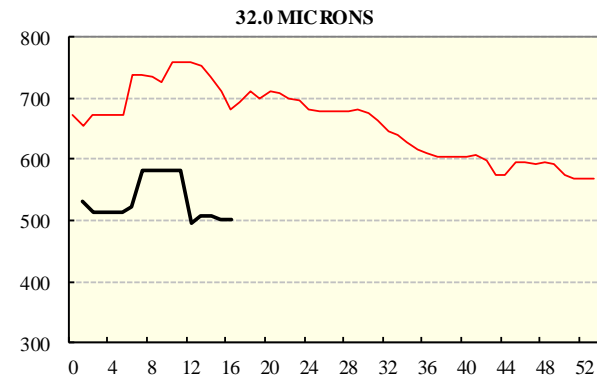
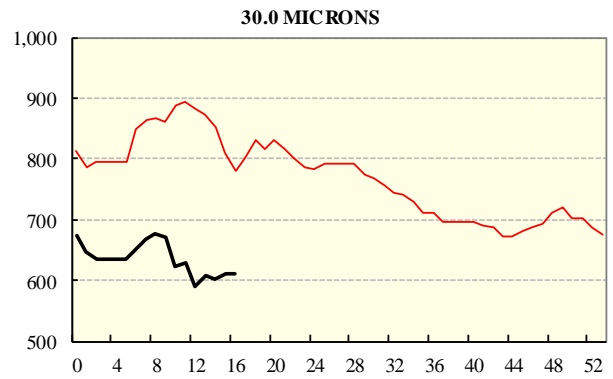
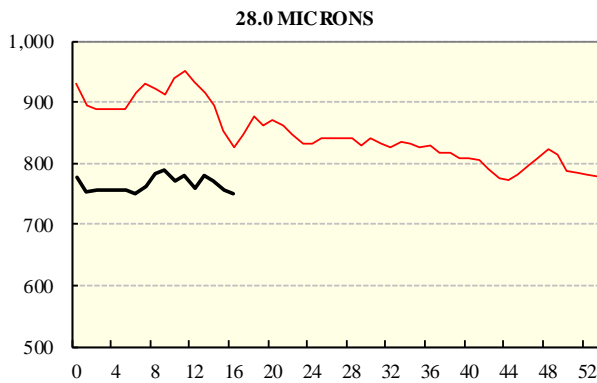
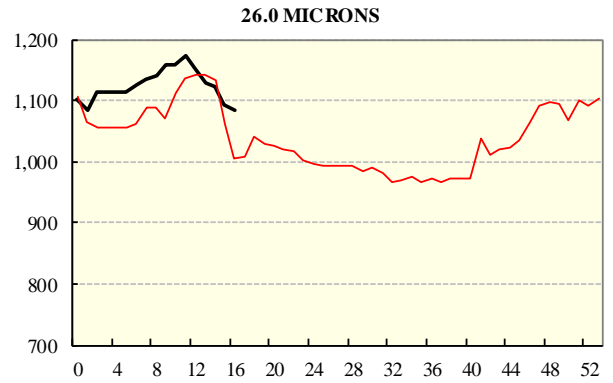
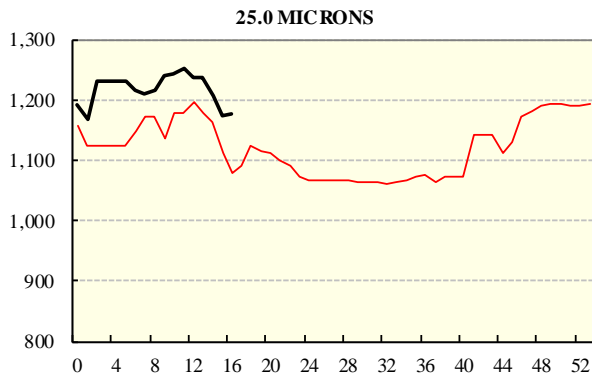
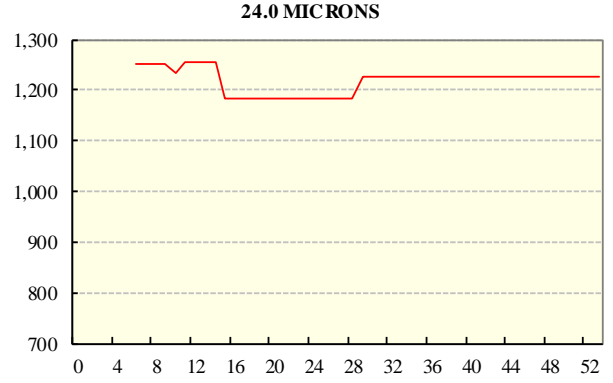
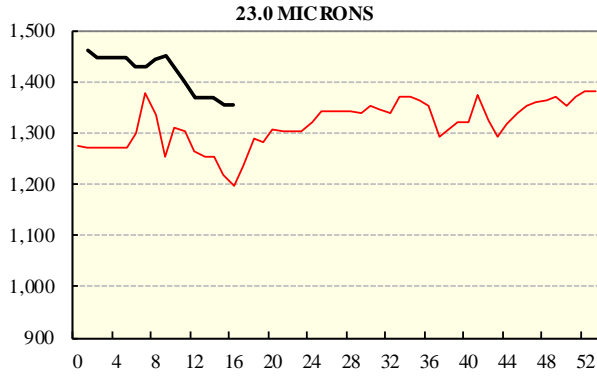
| REGION BALES | | |
|---------------------|---------|-------|
| This Sale: | | |
| North | 6,880 | |
| South | 65 | |
| West | 9,184 | |
| Progressive Totals: | | Diff |
| North | 151,211 | -1.7% |
| South | 235,939 | -1.8% |
| West | 102,486 | 12.4% |

AVERAGE AWEX MICRON PRICE GUIDES

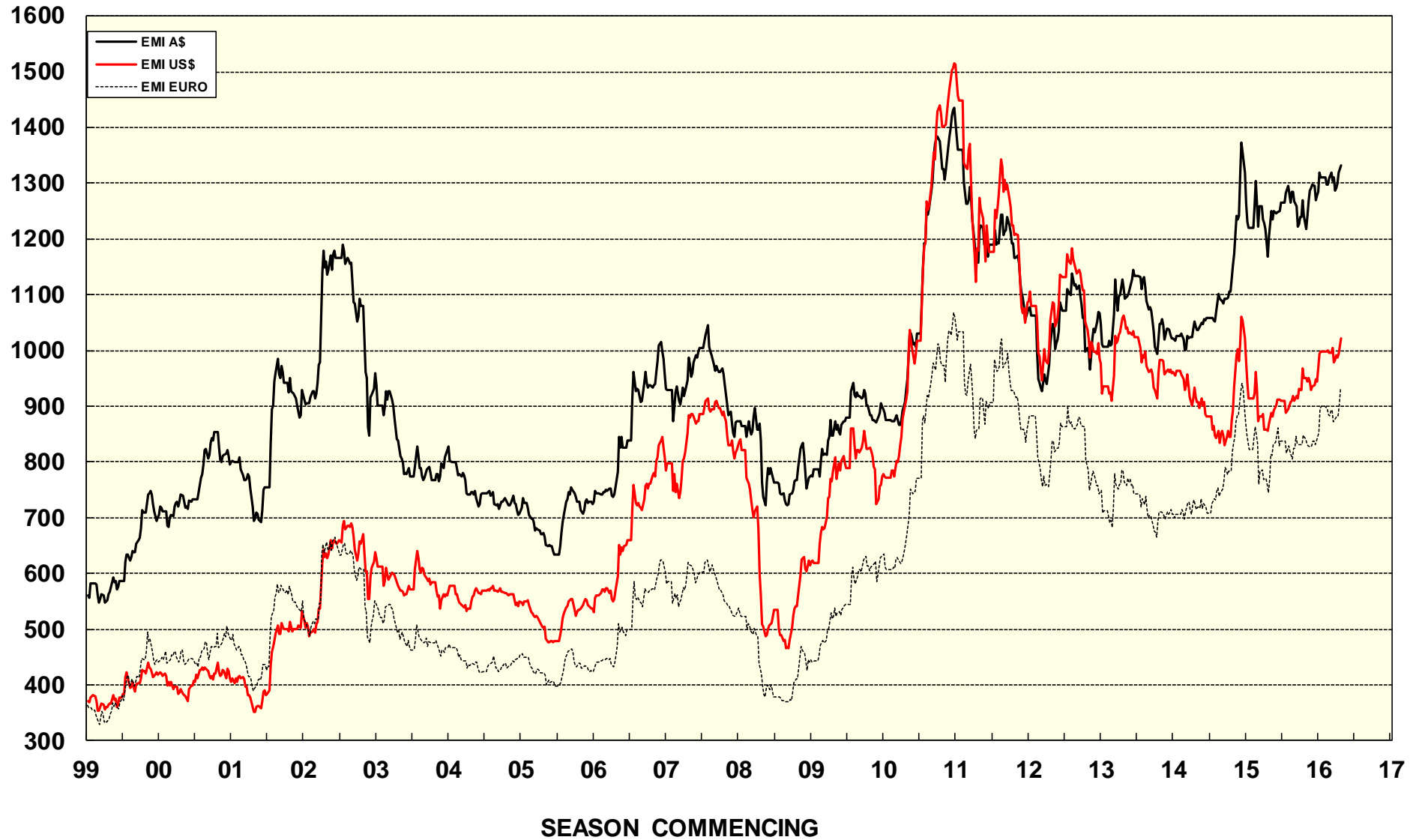
2016/17(black graph line) and 2015/16 (red graph line)



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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For further information

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