

AUSTRALIAN WOOL INDUSTRIES SECRETARIAT INC

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AWIS WOOL MARKET REVIEW

Week Ending 3 March 2017 (Week 35)

The AWEX EMI made its biggest gain since the first sale in January when it finished 51¢ higher (+3.5%) in Australian currency and 34¢ higher (+3.1%) in US currency at sales in Sydney, Melbourne and Fremantle this week. It has risen by 145¢ (+10.7%) in A\$ and by 142¢ (+14.1%) in US\$ since the closing sale prior to Christmas.

40,626 bales were on offer nationally, compared with 45,144 bales last sale. 2.9% of the offering was passed in. This included 1.4% of the Merino bales and 7.5% of the crossbred bales

AWEX reports that the value of the wool sold was \$66.5 million (\$1,686 per bale, the highest so far this season).

| Day-to-Day and Sale-to-Sale Changes in AWEX Regional Indicators (Week 35) | | | | | | | | | |
|---|-----------|-----------|------------------------------|-----------|----------|---------------------|-------------------|----------------------|--------|
| Centre | Last Sale | | Day-to-Day Changes (Week 35) | | | Sale-to-Sale Change | Closing Indicator | Sale-to-Sale Changes | |
| | Week | Indicator | Tuesday | Wednesday | Thursday | | | US ¢ | Euro ¢ |
| Eastern | 34 | 1449 | No Sale | +32 | +19 | +51 (+3.5%) | 1500 | +34 | +36 |
| Northern | 34 | 1530 | No Sale | +32 | +20 | +52 (+3.4%) | 1582 | +35 | +37 |
| Southern | 34 | 1397 | No Sale | +32 | +19 | +51 (+3.7%) | 1448 | +34 | +35 |
| Western | 34 | 1482 | No Sale | +59 | +6 | +65 (+4.4%) | 1547 | +45 | +46 |

The market opened very strongly on Wednesday; and followed it up with another strong performance on Thursday.

New record values were set for the EMI, NMI, SMI and the WMI (for the first time this season); and for the average AWEX MPGs for 18.5 to 20.0 microns. Good gains of mostly greater than 4% were made in all the average AWEX Merino MPGs, with the broader Merinos doing as well as the fine wool Merinos this week. Merino skirtings were in very keen demand, as were oddments. The average AWEX Merino Cardings Price Guide rose by another 20¢ (+1.7%) to close at 1216¢, also another record level. It has risen 47¢ (4.0%) in the last three sales.

It was also a good week for crossbred prices up to 30 microns.

The US Exchange Rate was relatively stable during the week, finishing 0.32¢ (-0.4%) lower to close at 76.55¢ on Thursday.

There is a strong expectation among financial analysts that the US Federal Reserve will lift interest rates this month.

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

The market is keeping up the supply of wool to auction, with the expected offerings for the next three sales up by 5.5%.

| 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 | 554¢ | 658¢ | 715¢ | 739¢ | 747¢ |
| South | 544¢ | 644¢ | 677¢ | 695¢ | 717¢ |

| Market Indicator | Changes From | | | |
|--------------------------|---------------------------|------------------------|----------------------|--|
| | Four Sales Ago Week 31 | Start of the Season | Week 35 Last Year | Season Average to Week 35 Last Year |
| Eastern Market Indicator | +78 (+5.5%) | +184 (+14.0%) | +232 (+18.3%) | +103 (+8.2%) |
| Western Market Indicator | +91 (+6.3%) | +128 (+9.0%) | +223 (+16.8%) | +123 (+9.5%) |

| 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 ¢ | +71 | +83 | +89 | +94 | +76 | +78 | +68 | +60 | +65 | +64 | | |
| Change % | +3.4% | +4.0% | +4.3% | +4.7% | +4.0% | +4.4% | +4.1% | +3.9% | +4.5% | +4.7% | | |
| Since Start of the Season | | | | | | | | | | | | |
| Change ¢ | +592 | +588 | +574 | +545 | +457 | +361 | +237 | +120 | +21 | -23 | -33 | |
| Change % | +37.4% | +37.5% | +36.7% | +35.2% | +30.0% | +23.9% | +15.8% | +8.0% | +1.4% | -1.6% | -2.3% | |
| Since Same Week Last Year | | | | | | | | | | | | |
| Change ¢ | +591 | +600 | +609 | +595 | +531 | +460 | +349 | +234 | +131 | +76 | +57 | |
| Change % | +37.4% | +38.5% | +39.9% | +39.7% | +36.6% | +32.6% | +25.1% | +17.0% | +9.6% | +5.6% | +4.2% | |

| 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 ¢ | +27 | +27 | +26 | +32 | 0 | +20 |
| Change % | +2.6% | +2.9% | +3.7% | +5.9% | 0.0% | +1.7% |
| Since Start of the Season | | | | | | |
| Change ¢ | -120 | -135 | -20 | -64 | -104 | +130 |
| Change % | -10.0% | -12.3% | -2.6% | -10.0% | -19.9% | +12.0% |
| Since Same Week Last Year | | | | | | |
| Change ¢ | +6 | -1 | -92 | -134 | -198 | +104 |
| Change % | +0.6% | -0.1% | -11.1% | -18.8% | -32.1% | +9.4% |

Average Merino Cardings Price Guide

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AWIS WOOL MARKET REVIEW

Week Ending 3 March 2017 (Week 35)

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 January ABS export data.

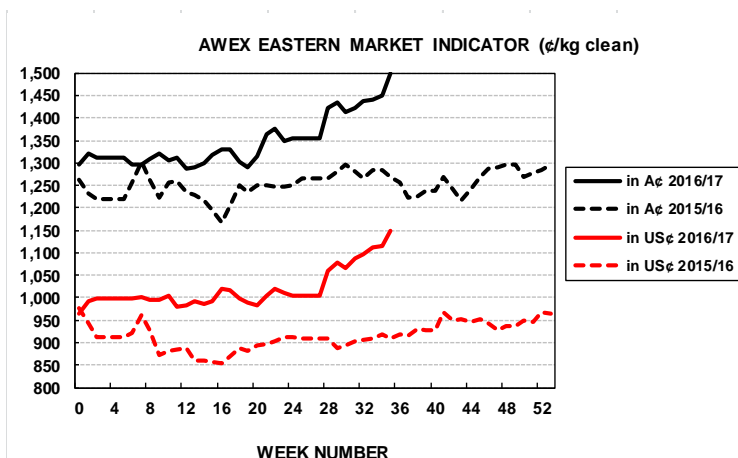
| Details of this Week's Offering and the Comparison with the Previous Sale's Offering | | | | | | |
|--|-----------|-----------|-----------|-----------------------|------------|------------|
| Centre | Last Sale | This Sale | | | | |
| | Offering | Offering | Passed-In | Withdrawn Before Sale | Re-Offered | Bales Sold |
| North | 11,617 | 12,722 | 2.6% | 0.6% | 3.5% | 12,389 |
| South | 24,703 | 20,238 | 2.8% | 2.1% | 5.1% | 19,663 |
| West | 8,824 | 7,666 | 3.5% | 0.9% | 8.4% | 7,395 |
| Australia | 45,144 | 40,626 | 2.9% | 1.4% | 5.2% | 39,447 |

| Actual and % Changes in the Progressive Offerings from Last Year | |
|--|-------|
| +23,129 | +6.8% |
| +21,701 | +3.6% |
| +17,905 | +7.3% |
| +62,735 | +5.3% |

| Next Sale Offerings and Year-on-Year Differences | | | | |
|--|---------|---------|---------|-------------|
| Centre | Week 36 | Week 37 | Week 38 | Differences |
| North | 11,471 | 10,174 | 10,600 | +17.7% |
| South | 25,194 | 20,895 | 21,350 | +9.0% |
| West | 10,883 | 9,450 | 9,150 | +3.5% |
| New Zealand | | | | |
| Australia | 42,577 | 40,519 | 41,100 | +5.5% |
| Differences | +6.8% | +3.7% | +5.8% | |

| 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 | 76.87 | +0.30 | -0.22 | -0.07 | -0.32 | -0.01 | -0.32 (-0.4%) | 76.55 | 73.75 | 77.13 |
| Euro | 72.77 | +0.16 | -0.11 | -0.22 | -0.05 | +0.13 | -0.09 (-0.1%) | 72.68 | 66.40 | 72.77 |

| Country | % Share of Australia's Wool Exports by Weight of Wool Shipped | | | Year-on-Year % Change July to January | |
|----------------------|---|-----------------------------|-----------------------------|---------------------------------------|----------|
| | January 2017 | July to January This Season | July to January Last Season | By Weight | By Value |
| China | 85.7% | 78.6% | 73.4% | +17.0% | +23.3% |
| India | 2.5% | 6.2% | 7.8% | -13.5% | -6.1% |
| Italy | 2.7% | 4.7% | 5.6% | -7.4% | +1.1% |
| Czech Republic | 3.7% | 4.8% | 5.4% | -3.4% | -1.4% |
| Malaysia | 0.6% | 0.9% | 1.6% | -42.1% | -46.9% |
| Korea | 1.6% | 1.4% | 1.7% | -4.7% | -7.0% |
| Taiwan | 0.1% | 0.7% | 0.9% | -15.0% | -11.2% |
| Egypt | 0.7% | 0.9% | 1.0% | -11.8% | -1.3% |
| Change all Countries | | | | +9.3% | +14.1% |



| AVERAGE EMI | |
|-------------|------|
| This Year | 1352 |
| Last Year | 1254 |
| 2014/15 | 1102 |
| 2013/14 | 1070 |
| 2012/13 | 1035 |

| SEASON AVERAGES | | |
|-----------------|-----------|------|
| Region | This Year | Diff |
| North | 1400 | +121 |
| South | 1320 | +82 |
| West | 1418 | +110 |

| THIS YEAR'S EMI | |
|-----------------|------|
| This Week | 1500 |
| First Week | 1320 |
| Low (23/09) | 1287 |
| High (3/03) | 1500 |

| COMPARED WITH WKS 1/2 | | |
|-----------------------|-----------|------|
| Region | This Week | Diff |
| North | 1582 | +245 |
| South | 1448 | +147 |
| West | 1547 | +128 |

| BALES OFFERED | |
|---------------------|-----------|
| This Year | 1,247,847 |
| Last Year | 1,185,112 |
| Difference | +62,735 |
| % Diff | +5.3% |
| FIRST OFFERED BALES | |
| Difference | +5.3% |
| % of Offering | 95.3% |

| REGION BALES | | |
|---------------------|---------|-------|
| This Sale: | | |
| North | 12,722 | |
| South | 20,238 | |
| West | 7,666 | |
| Progressive Totals: | | Diff |
| North | 361,586 | +6.8% |
| South | 624,094 | +3.6% |
| West | 262,167 | +7.3% |

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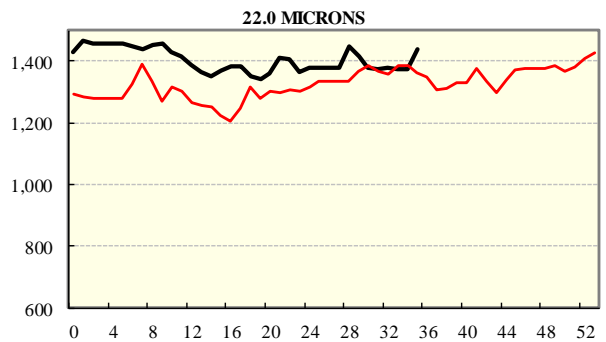
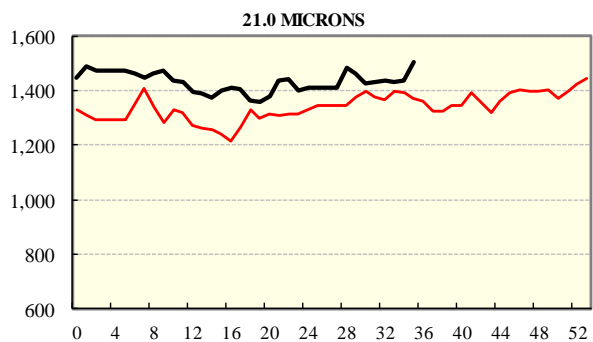
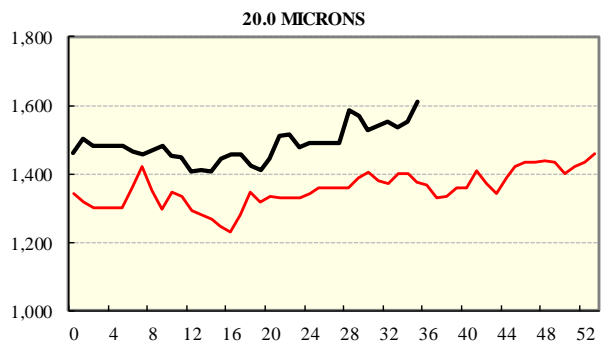
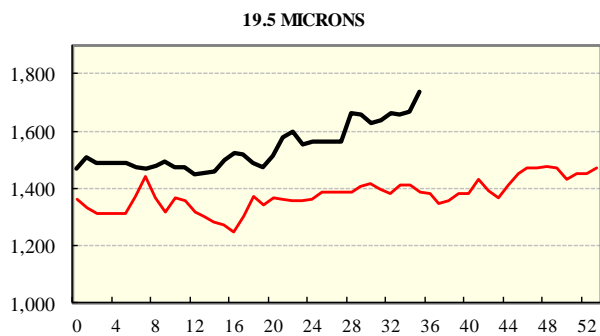
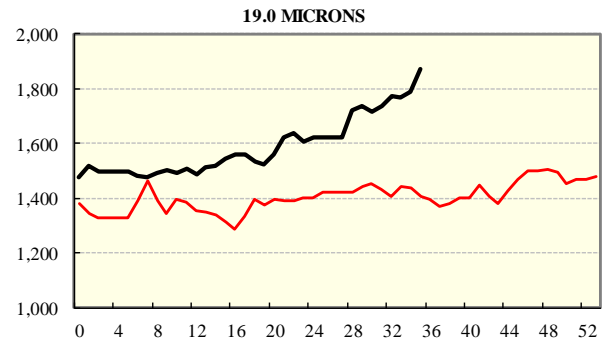
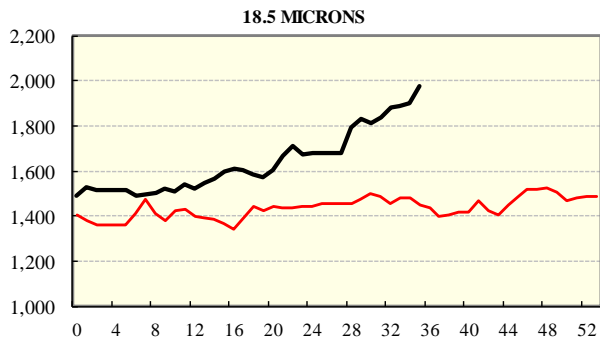
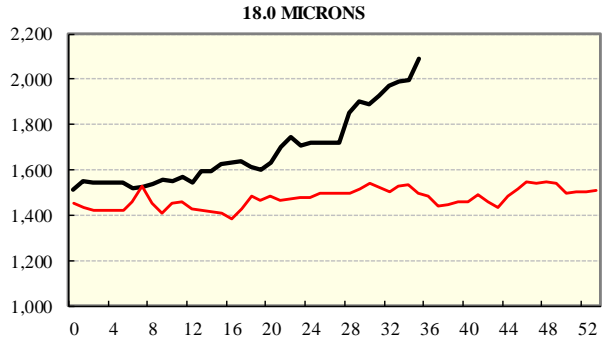
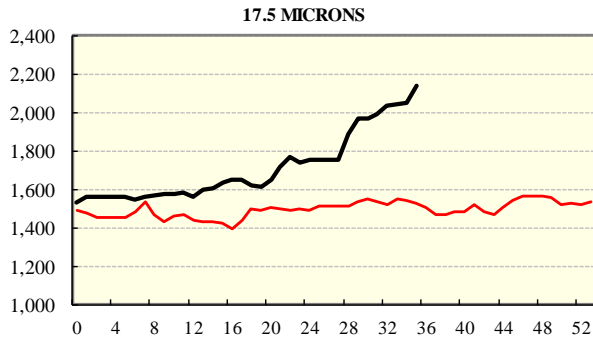
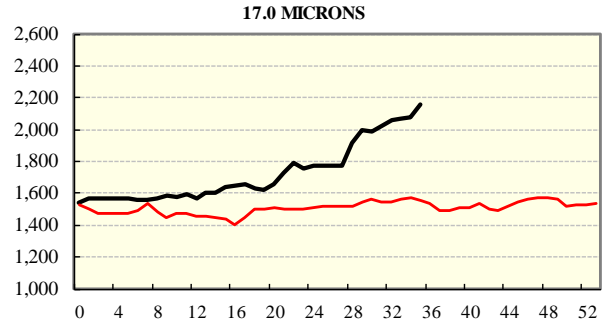
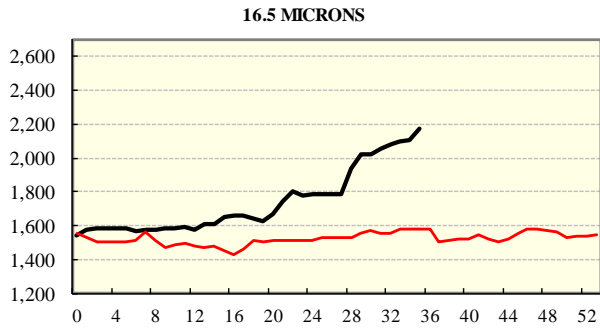
For further information

Peter Morgan

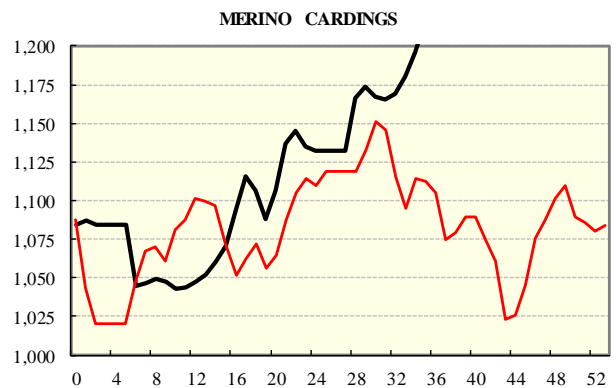
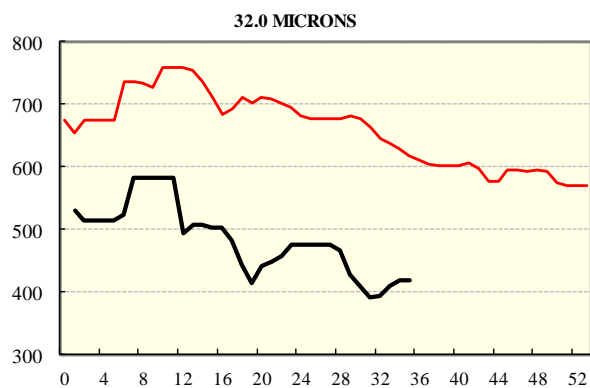
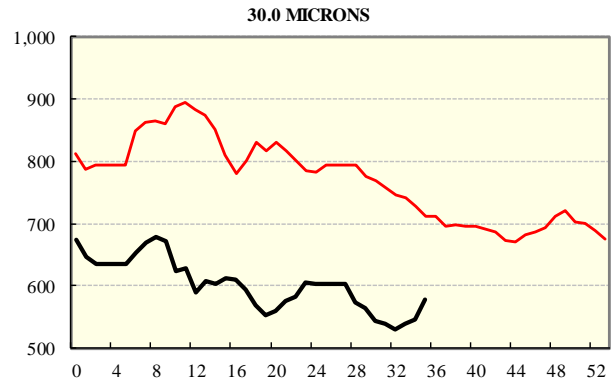
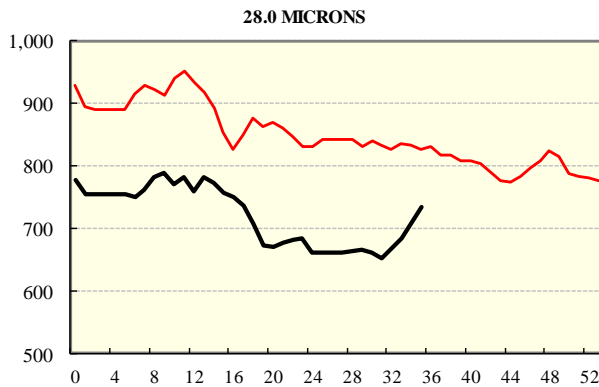
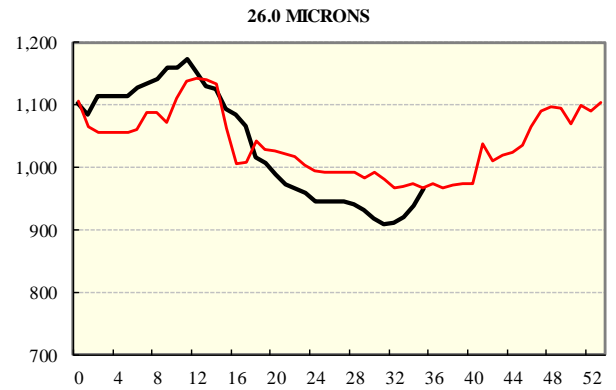
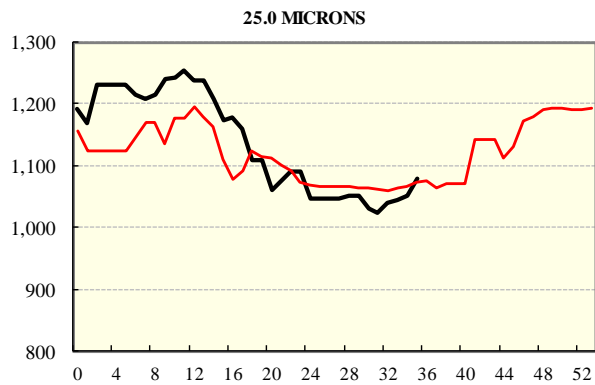
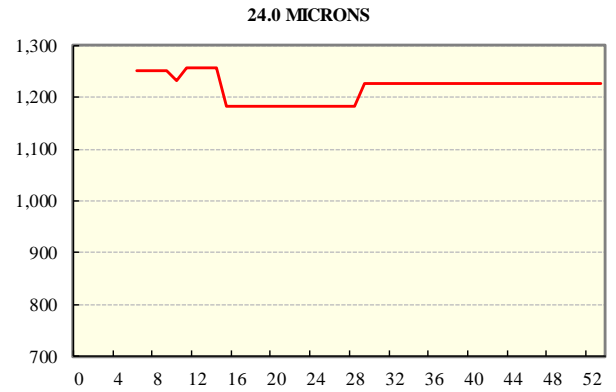
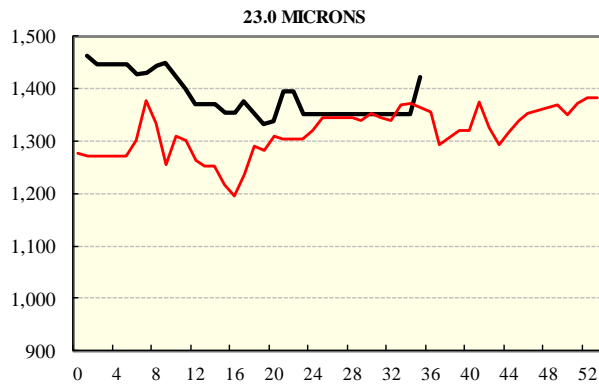
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AVERAGE AWEX MICRON PRICE GUIDES

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)

