

WEEKLY WOOL MARKET REPORT

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Wk 49 02/06/2016. The AWEX EMI closed on 1296c down 1c at auction sales in Australia this week. The result ended a 5 week (11 consecutive trading day) rally in the EMI, which had its sights set on breaking through the 1300c barrier. Whilst this was the longest run without a loss in over a year the result could be contributed to the strengthening AUD – USD exchange rate more so than a fundamental market change demonstrated by the 4 USC increase in the EMI.

Just 34,000 bales were offered nationally which was the second smallest (three-centre) offering for the season. The Merino Fleece sector struggled to maintain on the opening day however good support returned on the 19.5 µ and coarser fleece lots which closed the week firm to 10c dearer, whilst the finer micron categories lost up to 10c and the lower quality lots struggling to get within 20c of last weeks levels.

The limited offering of suitable lots made it hard to gauge the true market demand. The same experience was evident in the skirting catalogue, with the best style and measured lots attracting good support. Merino Cardings recorded 5 to 20c whilst the result for the Crossbred selection was erratic with some lots -5c for the week and some lots + 15c.

Next week's offering of 28,594 bales is the smallest sale in 12 months and remains at the mercy of the currency and order suitability.

Michael Avery from Southern Aurora Wool reports:- "Trading was focused in the prompt months again but pushed out to August were over 40t traded. July traded at cash with buyers less concerned this week that the post financial year sale volumes will adversely affect prices. Put Options traded in the spring at fair value with premiums reflecting the risk. The AUD weaken a little as the week progressed but had marginal affect on prices. We expect export demand to again hold at this week's traded forward levels.

Indicative levels for the 21 micron:- August 1360; Sept 1335; Oct 1325; Nov 1315; Dec 1305. Demand on the 19.0 micron forward contract presents opportunities to hedge at the 1400 level and above out to early 2018." ~ Marty Moses

Region	Centre	02/06/2016	26/05/2016	Variance	Bales Offered	Bales Sold	Pass-in %	Next Sale Offering
Northern	Sydney	1,323	1,327	-4	8,354	7,788	6.8%	12,454
Southern	Melbourne	1,278	1,278	Unch	14,723	13,827	6.1%	16,041
Western	Fremantle	1,370	No Sale	-5	8,966	8,012	10.6%	No Sale
National	AWEX EMI	1,296	1,297	-1	32,043	29,627	7.5%	28,495

MPG Summary

MPG North	Percentile	2/06/2016	16/05/2016	Variance	5 Year Average	5 year var	5 year % var
17	83.2%	1,574	1,583	-9	1,467	107	7.3%
18	89.0%	1,553	1,557	-4	1,379	174	12.6%
19	91.8%	1,506	1,509	-3	1,305	201	15.4%
20	97.2%	1,436	1,441	-5	1,251	185	14.8%
21	97.3%	1,404	1,404	0	1,236	168	13.6%
22	97.6%	1,386	1,386	0	1,167	219	18.8%
30	89.0%	715	715	0	628	87	13.8%