

AUSTRALIAN WOOL INDUSTRIES SECRETARIAT INC

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AWIS WOOL MARKET REVIEW

Week Ending 7 October 2016 (Week 14)

The AWEX EMI finished 10¢ higher (+0.8%) in Australian currency and 4¢ lower (-0.4%) in US currency at sales in Sydney, Melbourne and Fremantle this week.

36,849 bales were on offer nationally, compared with 33,917 bales last sale. 5.4% of the offering was passed in.

AWEX reports that the value of the wool sold was \$54.0 million (\$1,549 per bale).

| Day-to-Day and Sale-to-Sale Changes in AWEX Regional Indicators (Week 14) | | | | | | | | | |
|---|-----------|-----------|------------------------------|-----------|----------|---------------------|-------------------|----------------------|--------|
| Centre | Last Sale | | Day-to-Day Changes (Week 14) | | | Sale-to-Sale Change | Closing Indicator | Sale-to-Sale Changes | |
| | Week | Indicator | Tuesday | Wednesday | Thursday | | | US ¢ | Euro ¢ |
| Eastern | 13 | 1290 | No Sale | +10 | 0 | +10 (+0.8%) | 1300 | -4 | -1 |
| Northern | 13 | 1333 | No Sale | +7 | +1 | +8 (+0.6%) | 1341 | -5 | -2 |
| Southern | 13 | 1263 | No Sale | +11 | 0 | +11 (+0.9%) | 1274 | -2 | 0 |
| Western | 13 | 1363 | No Sale | -6 | -9 | -15 (-1.1%) | 1348 | -23 | -19 |

The market opened strongly on Wednesday, particularly in Melbourne where there was some catching up to do from the good market on the previous Thursday, when Melbourne did not sell. The market remained firm in Sydney and Melbourne on Thursday, but finished on an easier note in Fremantle when it sold later in the day.

The greatest gains were at the fine end, where they were largely driven by gains in Melbourne on Wednesday. Trade reports indicate that the broader Merinos have often been too long to meet processor's requirements in recent weeks.

Merino skirtings started strongly and were in keen demand on both days. Crossbreds were largely unchanged except for a 15¢ fall in the 26 MPG in Melbourne on Thursday. Oddments were also in good demand.

The US Exchange Rate eased slightly on Thursday, after firming earlier in the week when the Reserve Bank held the official interest rate at 1.5%. The Exchange Rate finished 0.88¢ (-1.1%) lower to close at 75.96¢ on Thursday.

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

Looking ahead, the expected offering for Week 15 has dropped back sharply after a run where most sales were larger than last year. The fall is not surprising, given the amount of rain and flooding over eastern Australia in the last five weeks.

| 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 | 222¢ | 243¢ | 251¢ | 256¢ | 263¢ |
| South | 198¢ | 228¢ | 238¢ | 240¢ | 241¢ |

| Market Indicator | Changes From | | | |
|--------------------------|---------------------------|------------------------|----------------------|--|
| | Four Sales Ago Week 10 | Start of the Season | Week 14 Last Year | Season Average to Week 14 Last Year |
| Eastern Market Indicator | -5 (-0.4%) | -16 (-1.2%) | +83 (+6.8%) | +59 (+4.7%) |
| Western Market Indicator | -31 (-2.2%) | -71 (-5.0%) | +105 (+8.4%) | +109 (+8.5%) |

| 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 ¢ | | +1 | +2 | +1 | +16 | +3 | +7 | -5 | -15 | -13 | | |
| Change % | | +0.1% | +0.1% | +0.1% | +1.0% | +0.2% | +0.5% | -0.4% | -1.1% | -1.0% | | |
| Since Start of the Season | | | | | | | | | | | | |
| Change ¢ | +30 | +37 | +40 | +47 | +41 | +10 | -39 | -83 | -105 | -108 | | |
| Change % | +1.9% | +2.4% | +2.6% | +3.0% | +2.7% | +0.7% | -2.6% | -5.6% | -7.1% | -7.4% | | |
| Since Same Week Last Year | | | | | | | | | | | | |
| Change ¢ | +134 | +159 | +173 | +176 | +179 | +181 | +178 | +140 | +121 | +102 | | |
| Change % | +9.1% | +11.0% | +12.1% | +12.4% | +12.9% | +13.5% | +13.9% | +11.0% | +9.6% | +8.2% | | |

| 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 ¢ | | -9 | +1 | -1 | 0 | +8 |
| Change % | | -0.8% | +0.2% | -0.2% | 0.0% | +0.8% |
| Since Start of the Season | | | | | | |
| Change ¢ | +8 | +24 | +17 | -38 | -15 | -26 |
| Change % | +0.7% | +2.2% | +2.3% | -5.9% | -2.9% | -2.4% |
| Since Same Week Last Year | | | | | | |
| Change ¢ | +43 | -9 | -121 | -249 | -228 | -37 |
| Change % | +3.7% | -0.8% | -13.5% | -29.2% | -31.0% | -3.4% |

Average Merino Cardings Price Guide

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AWIS WOOL MARKET REVIEW Week Ending 7 October 2016 (Week 14)

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.

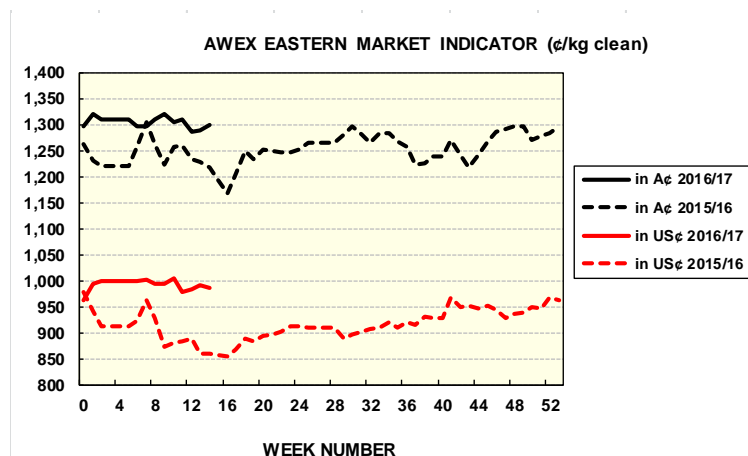
| Details of this Week's Offering and the Comparison with the Previous Sale's Offering | | | | | | |
|--|---------------|---------------|-------------|-----------------------|-------------|---------------|
| Centre | Last Sale | This Sale | | | | |
| | Offering | Offering | Passed-In | Withdrawn Before Sale | Re- Offered | Bales Sold |
| North | 10,176 | 7,781 | 2.4% | 1.6% | 4.3% | 7,598 |
| South | 16,994 | 19,846 | 5.1% | 3.5% | 7.3% | 18,843 |
| West | 6,747 | 9,222 | 8.7% | 1.7% | 3.0% | 8,421 |
| Australia | 33,917 | 36,849 | 5.4% | 2.7% | 5.6% | 34,862 |

| Actual and % Changes in the Progressive Offerings from Last Year | |
|--|--------------|
| +602 | +0.4% |
| +7,730 | +3.9% |
| +10,612 | +14.2% |
| +18,944 | +4.7% |

| Next Sale Offerings and Year-on-Year Differences | | | | |
|--|---------------|---------------|---------------|--------------|
| Centre | Week 15 | Week 16 | Week 17 | Differences |
| North | 7,958 | 10,050 | 10,040 | -0.4% |
| South | 16,567 | 22,597 | 23,616 | +0.8% |
| West | 8,566 | 8,220 | 8,220 | -0.7% |
| New Zealand | 2,700 | | 2,000 | |
| Australia | 33,091 | 40,867 | 41,876 | +0.2% |
| Differences | -12.3% | +0.3% | +12.8% | |

| 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 | 76.84 | -0.54 | Public | +0.42 | -0.39 | -0.37 | -0.88 (-1.1%) | 75.96 | 74.69 | 77.11 |
| Euro | 68.44 | -0.42 | Holiday | +0.50 | -0.48 | -0.21 | -0.61 (-0.9%) | 67.83 | 66.40 | 68.98 |

| 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 | 1304 |
| Last Year | 1254 |
| 2014/15 | 1102 |
| 2013/14 | 1070 |
| 2012/13 | 1035 |

| SEASON AVERAGES | | |
|-----------------|-----------|------|
| Region | This Year | Diff |
| North | 1332 | +53 |
| South | 1286 | +48 |
| West | 1387 | +79 |

| THIS YEAR'S EMI | |
|-----------------|------|
| This Week | 1300 |
| First Week | 1320 |
| Low (26/10) | 1287 |
| High (23/11) | 1320 |

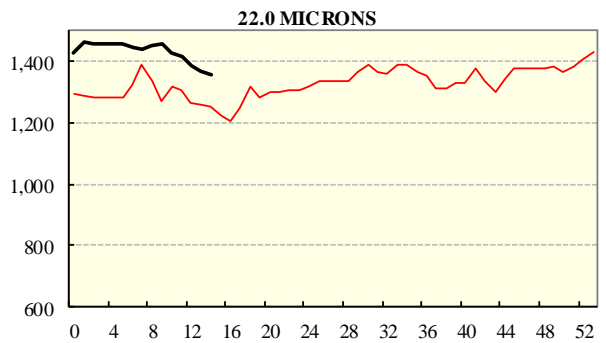
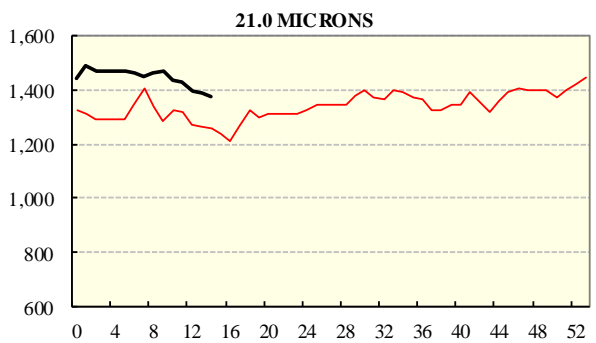
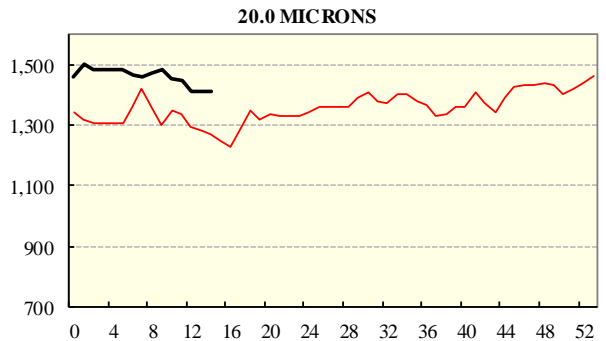
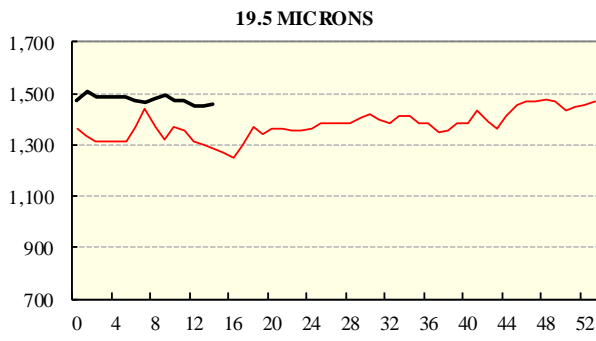
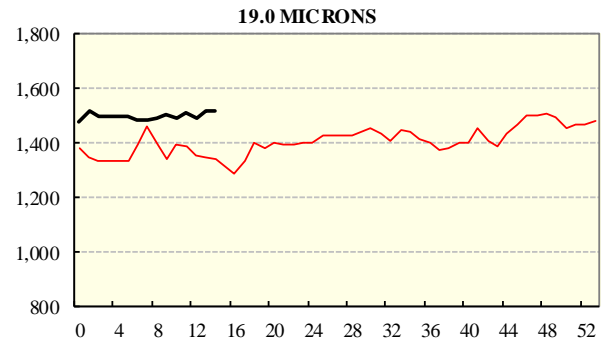
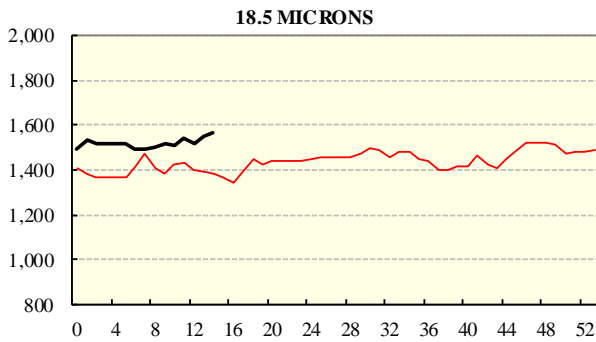
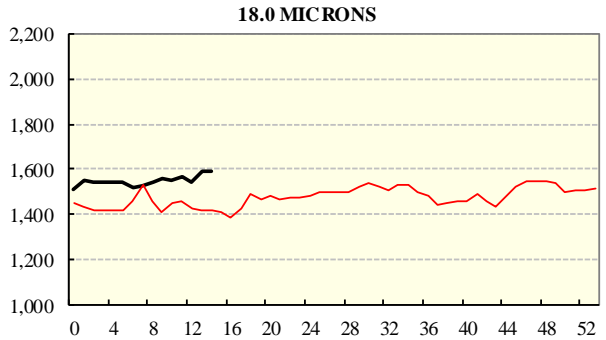
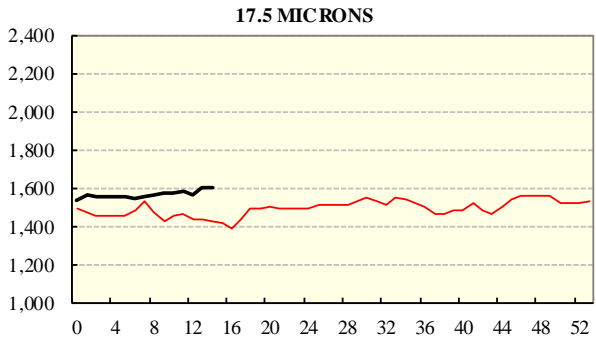
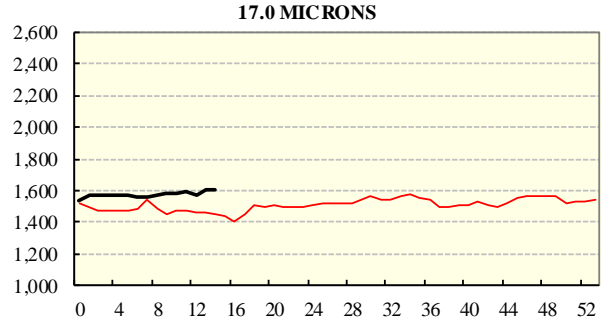
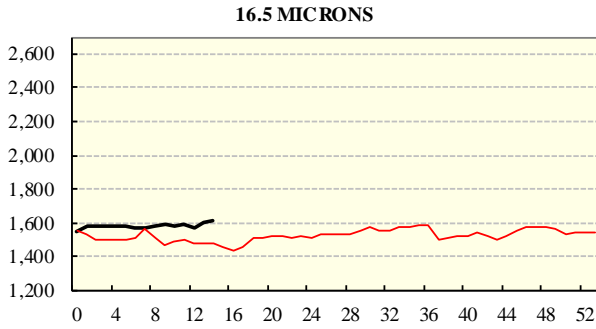
| COMPARED WITH WKS 1/2 | | |
|-----------------------|-----------|------|
| Region | This Week | Diff |
| North | 1341 | 4 |
| South | 1274 | -27 |
| West | 1348 | -71 |

| BALES OFFERED | |
|---------------------|---------|
| This Year | 425,708 |
| Last Year | 406,764 |
| Difference | 18,944 |
| % Diff | 4.7% |
| FIRST OFFERED BALES | |
| Difference | 5.7% |
| % of Offering | 95.8% |

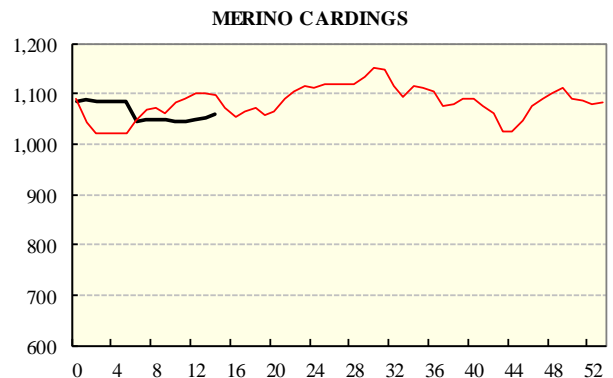
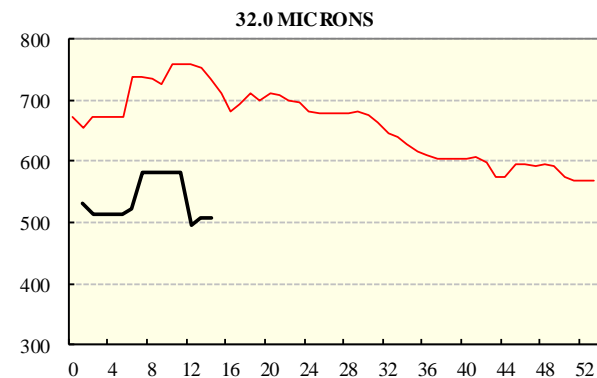
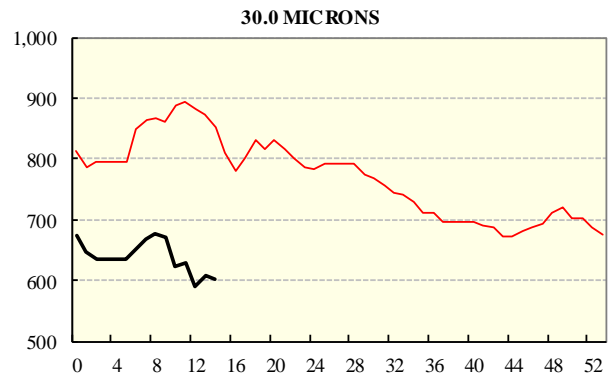
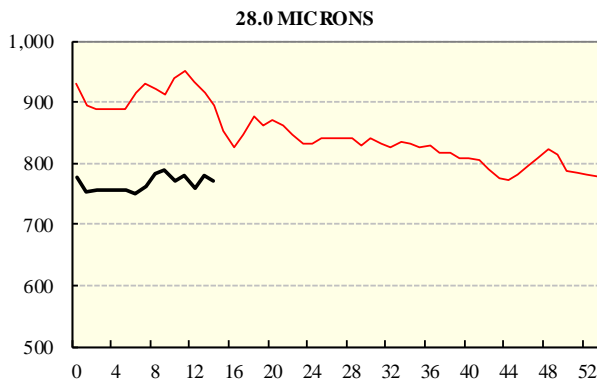
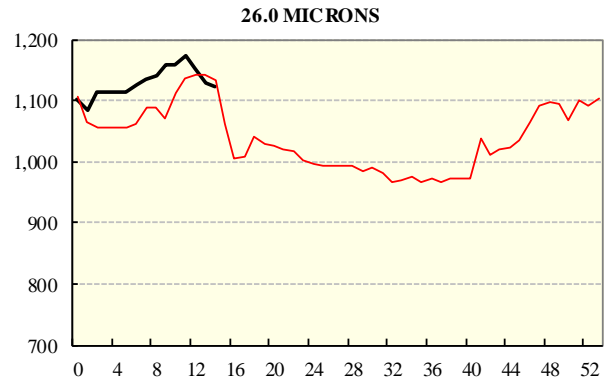
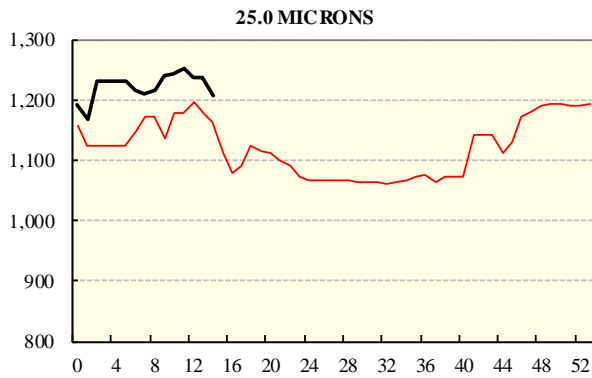
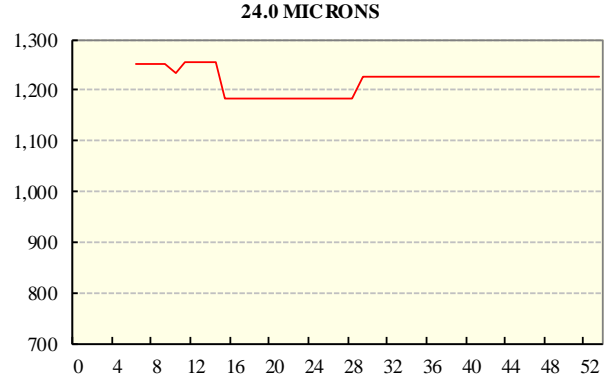
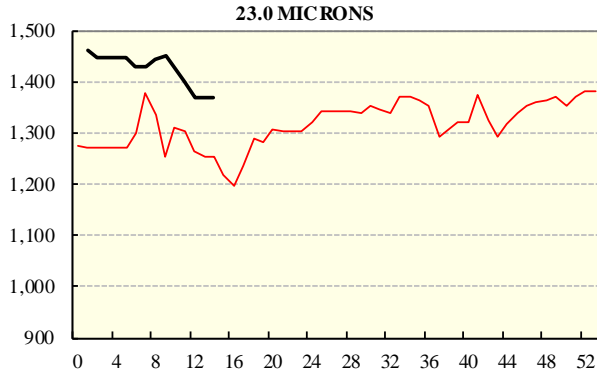
| REGION BALES | | |
|---------------------|---------|-------|
| This Sale: | | |
| North | 6,588 | |
| South | 64 | |
| West | 7,781 | |
| Progressive Totals: | | Diff |
| North | 134,442 | 0.4% |
| South | 205,783 | 3.9% |
| West | 85,483 | 14.2% |

AVERAGE AWEX MICRON PRICE GUIDES

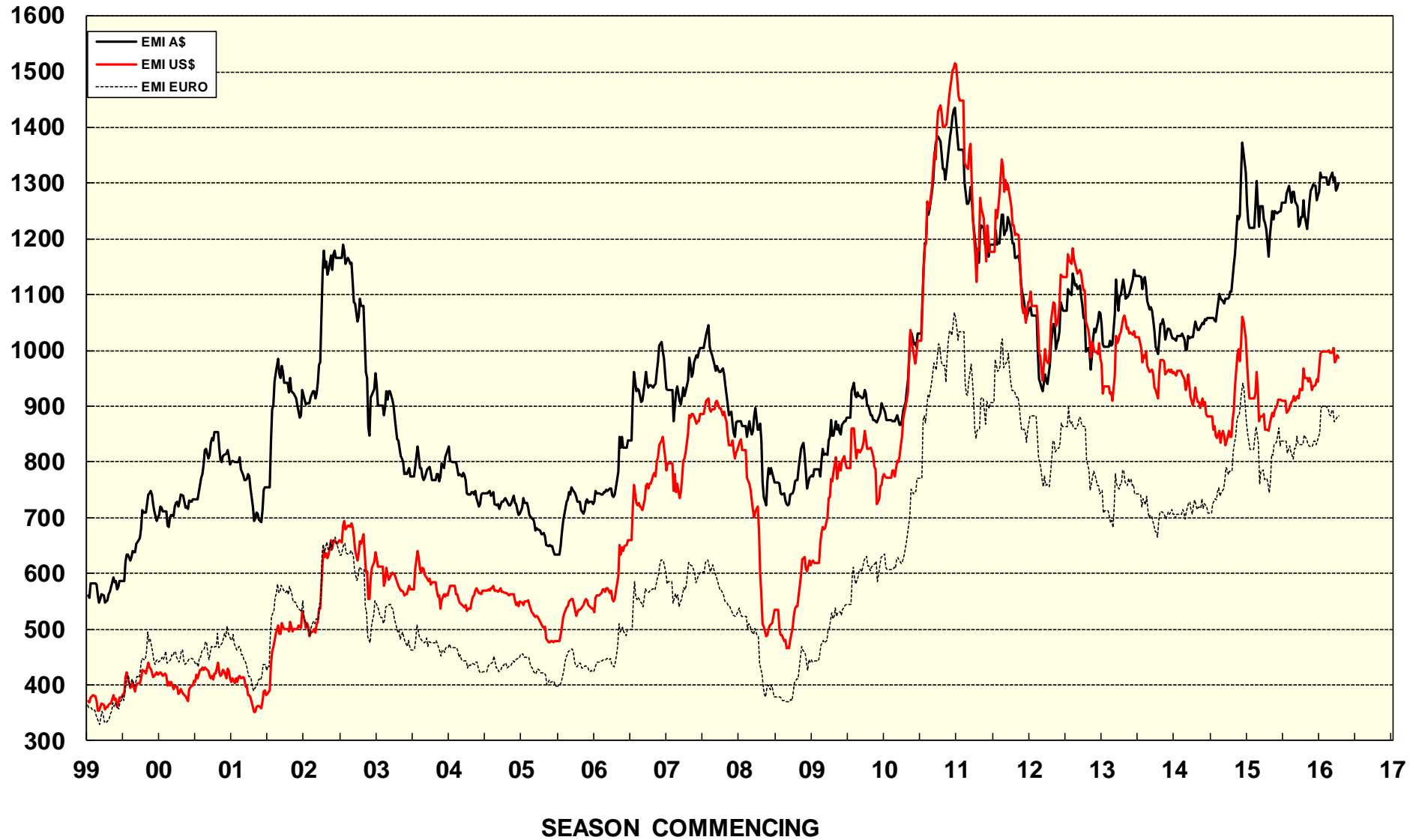
2016/17(black graph line) and 2015/16 (red graph line)



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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